

Spartan Overview

Spartan, established in 2006, is a Toronto-based investment management company that specializes in niche investment strategies managed by experienced investment managers with proven track records. Spartan's infrastructure adheres to institutional standards with independent risk management and compliance, and well-known third party service providers. This allows our investment management teams to focus on investing and provides investors with the comfort that their money is being managed to the same standard as larger funds.

Fund Overview, Objectives and Strategy

The MM Fund invests utilizing a "core and more" approach. The core portfolio consists of sustainable high yielding or dividend paying Canadian equity securities and, to a lesser extent, real estate investment trusts, convertibles, debt securities, preferred shares and U.S. equity securities.

The "more" consists of equity and debt, plus potentially warrants, small and micro capitalization stocks, that will likely have more volatility but a higher potential for capital gains. We will focus on inexpensive secular growth securities or beaten down stocks that have turnaround potential, because of new management, or because of an improvement in their macro-economic factors. We may also look to shorter-term event driven trading opportunities around, for instance, earnings, politics, war, famine, scandal, seasonality, apathy, etc.

Investments will mostly be made in Canadian equity securities and, to a lesser extent, debt securities and U.S. equity securities. The holdings in the core portfolio will typically be held for longer periods.

Monthly Performance¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	TSX
2021	+7.38%	+6.55%	+0.57%	+1.92%	-0.47%	-1.29%	-1.97%	+1.23%					+14.33%	+20.16%
2020	+0.28%	-7.56%	-23.35%	+19.76%	+11.04%	+4.93%	+8.05%	+3.47%	-2.24%	+2.83%	+11.00%	+11.20%	+37.54%	+5.60%
2019	+7.98%	+7.53%	+4.11%	+0.81%	-4.35%	+1.08%	+0.93%	-4.74%	+1.47%	+1.74%	+3.40%	+1.89%	+23.19%	+22.88%
2018	+0.18%	-2.09%	-1.89%	+1.97%	+1.52%	-0.24%	+0.27%	-1.27%	-1.31%	-9.60%	-4.81%	-6.09%	-21.54%	-8.89%
2017	-0.75%	+1.52%	+0.66%	+5.43%	+4.21%	+0.77%	-1.67%	-0.69%	+1.43%	+2.36%	+2.77%	+0.59%	+17.69%	+9.10%
2016	-7.00%	+5.44%	+4.12%	+0.65%	+3.51%	+0.48%	+0.95%	+5.75%	+3.49%	+3.15%	+1.04%	+1.67%	+25.13%	+21.08%
2015							-2.26%	-7.10%	-4.19%	+7.05%	+4.11%	+1.13%	-1.95%	-9.93%

Statistics¹

Cumulative Return (since inception)	119.47%
Annualized Compound Return	13.69%
Last 12 Months Return	41.88%
Sharpe Ratio	0.72
Avg. Monthly Gain	3.67%
Avg. Monthly Loss	-4.21%
Max. Drawdown	31.45%
Annualized Std. Deviation	19.12%
% of Winning Months	68.92%
Correlation	0.80

MM Fund

119.47%
13.69%
41.88%
0.72
3.67%
-4.21%
31.45%
19.12%
68.92%
0.80

TSX

69.01%
8.94%
28.24%
0.69
2.43%
-2.88%
22.25%
12.88%
68.92%

Fund Information

RSP Eligible?	Yes
Minimum Investment	\$500
Invest/Redeem Frequency	Weekly
Short Term Trading Fee	2% if < 30 days
Redemption Notice	1 day
'A' Class Fees (SPA520)	2.00% pa
'D' Class Fees (SPA522)	1.25% pa
'F' Class Fees (SPA521)	1.00% pa
Incentive Fee	10%
Hurdle	
TSX Total Return Index	

Service Providers

Advisor	Spartan Fund Management Inc.
Custodian	Laurentian Bank Securities
Auditor	Deloitte LLP
Administrator	SGGG Fund Services
Legal Counsel	Borden Ladner Gervais

NAV/Unit

- Class A	210.1534
- Class D	219.4663
- Class F	224.6579

¹ Performance numbers are net of management and performance fees for the period commencing July 15, 2015 for the Class D units, but do not take into account early redemption fees if investments are held less than 1 year. Returns and statistics for other classes are available on request. 'Monthly' returns are simple returns and are not annualized. 'Annualized Std. Deviation' is the standard deviation, which measures the amount of variability of returns that has historically occurred relative to the average return. 'Max. Drawdown' is the maximum percentage decline, from the highest point to the lowest point. 'Sharpe Ratio' is the Annualized Compound Return divided by the Annualized Std. Deviation, both measured since inception. 'Correlation' measures the degree to which two securities move in relation to each other.

Monthly Commentary

The U.S. had a disappointing new jobs report in August, as rising Delta cases and confusion about vaccine mandates and vaccine efficacy has caused a sharp drop in consumer confidence. Only 235,000 jobs were added, the worst showing since January, versus expectations for 720,000 new jobs. There was no growth in leisure and hospitality jobs suggesting the reopening has stalled out because of increased fear around increased case counts.

The Michigan consumer confidence plunged to 70.3 in August, from 81.2, the lowest reading in a decade. This was the biggest tumble in 50 years, outside of the 2008 global financial crisis, and the first wave of shutdowns in April 2020. Consumers were worried about surging Delta case counts and higher inflation.

Inflation continues to run hot as wages rose 4.3% year-over-year in August. Overall U.S. prices rose 5.4% year-over-year in July, a 13-year high. In Canada inflation spiked to 3.7% in July, the highest level in a decade. Case counts are also surging in Asia where vaccination rates are far lower, pressuring the manufacturing hub for the world. Investors are starting to realize that global Covid supply chain disruptions will continue into 2022, meaning that the Fed's hope that inflation will be transitory is wishful thinking. U.S. bond yields of 1.35% are far too low to compensate investors for inflation that is eroding the value of the dollar. Bond yields have edged up 20 bps since bottoming in early August at 1.17%.

U.S. and Canadian economic numbers have generally disappointed over the last couple months, and rising inflation combined with weak economic growth has become a Canadian election issue. Inflation hasn't been an issue for investors for over 30 years, with the 41-year decline in bond yields from almost 20% in 1981, but that may be changing. Older folks will be reminded of the woeful 70s stagflation economic show that Trudeau Sr. starred in.

Stagflation is ultimately a big problem for the Fed, as the Fed uses loser monetary policy to increase growth, but tighter monetary policy to fight inflation: it cannot tackle both inflation and growth at the same time.

The Fund benefitted from large gains in a technology stock in August, plus smaller gains in health care and energy, and these gains have so far carried over into September.

We continue to emphasize the inflation and early reopening trade, along with a smattering of bonds and preferred, health care and technology stocks. Except for a small airline leasing company, we are staying away from travel and tourism sectors, until there are more solid signs that the pandemic is finally under control.

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Please review the most recent offering memorandum for a detailed description of the Fund's strategy, objectives and risk factors. The above is provided for informational purposes only and is qualified in its entirety by way of the most recent offering documents, which is only available to qualified investors. Prospective investors should consult with a professional financial advisor before investing. Past performance cannot predict future results. Share value and yields will fluctuate. There can be no assurances that any of the Fund's objectives will be met. See Terms and Conditions of our website (www.spartanfunds.ca) for important information and qualifications regarding the use of benchmarking and indices. The index above was chosen as it is a widely used benchmark of the Canadian equity market. While the Fund uses this index for long-term performance comparisons, it is not managed relative to the composition of the index. There are differences which include security holdings, geographic and sector allocation which impact comparability. As a result, the Fund may experience periods when its performance differs materially from the index. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise indicated, rates of return for periods greater than one year are historical annual compound total returns including changes in unit or share value and reinvestment of all distributions, and do not take into account any sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The Fund is a related and connected issuer of Spartan Fund Management Inc. Spartan may act as dealer in connection with the distribution of securities of the Fund and will also receive management and performance fees from the Fund.