

MM Fund



October 2021

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%	-1.05%	+3.56%			+17.16%	+23.38%
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%

Statistics

Cumulative Return (since inception)	124.90%
Annualized Compound Return	13.74%
Last 12 Months Return	44.62%
Sharpe Ratio	0.73
Avg. Monthly Gain	3.67%
Avg. Monthly Loss	-4.08%
Max. Drawdown	31.45%
Annualized Std. Deviation	18.91%
% of Winning Months	68.42%
Correlation	0.80

MM Fund

Cumulative Return (since inception)	73.54%
Annualized Compound Return	9.15%
Last 12 Months Return	38.77%
Sharpe Ratio	0.71
Avg. Monthly Gain	2.48%
Avg. Monthly Loss	-2.85%
Max. Drawdown	22.25%
Annualized Std. Deviation	12.88%
% of Winning Months	68.42%
Correlation	0.80

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	215.0953
- Class D	224.9020
- Class F	230.3329

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. added 531,000 new jobs in October, the highest gain in 3 months, and the unemployment rate fell .2% to 4.6%. The economy has rebounded strongly from the pandemic, with unemployment plunging from a high of 14.8% in April 2020, because of unprecedented fiscal and monetary stimulus.

The unemployment rate is approaching the Fed's target of full employment, however the costs of all this stimulus pushed on a semi-closed economy is rising inflation. U.S. consumer prices rose 5.4% over last year in September, the highest inflation reading in 30 years.

The Fed announced on November 3rd that it will begin withdrawing stimulus, by tapering asset purchases (money printing) by \$15 billion per month, from \$120 billion currently. The reduction begins immediately in November, and so if the current trajectory holds asset purchases will stop completely in June of 2022.

When the pandemic began the MM Fund pivoted to "early reopening" and "Covid" investments. In 2021 the fund sold down "Covid" and has focused on inflation because of unprecedented global money printing, combined with clogged supply chains and a continued focus on the goods economy. Energy companies have moved from extreme losses when oil briefly traded negative last May, to extremely profitable as oil and

natural gas prices have doubled over the past year. Oil prices and U.S. natural gas prices are both at the highest levels in 7 years, while natural gas storage levels are below normal as we enter the high demand winter season. Energy, materials and industrials are now the top sectors for the fund, versus industrials, financial and health care at the beginning of the year. Materials companies consists of copper, gold, rare earths and a packaging company.

Earnings for our companies have generally shown nice increases, especially in the energy and materials sectors, and three of our dividend payers have announced significant dividend increases.

With 1.5% ten year bond yields and zero percent rates for cash, we are still in the sweet spot in terms of growth and interest rates: TINA There Is No Alternative (to stocks). Continued goldilocks for stocks, likely means a strong year for equities will end strongly extending into early 2022. However, after 3 unbelievable years, we are less optimistic about the year 2022, with inflation and continued rising interest rates being our primary concern. We will continue to position the portfolio to benefit/protect capital in a rising interest rate/inflationary environment, and will expand on our thoughts and tactics in coming months.

Commentary continued on p. 2 >>>>>

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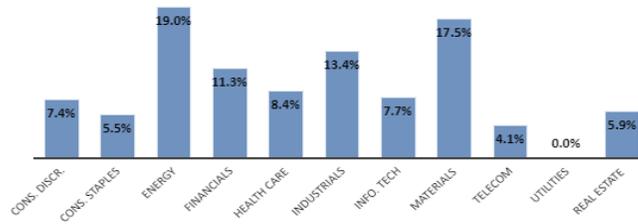
Please review the most recent offering memorandum for a detailed description of the Fund's strategy, objectives and risk factors. The above is provided for informational purposes only and is qualified in its entirety by way of the most recent offering documents, which is only available to qualified investors. 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.

MM Fund



Sector Allocation



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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.

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