

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
2022	-1.16%	+2.92%											+1.73%	-0.13%
2021	+7.38%	+6.55%	+0.57%	+1.92%	-0.47%	-1.29%	-1.97%	+1.23%	-1.05%	+3.56%	-3.27%	+1.26%	+14.76%	+25.09%
2020	+0.28%	-7.56%	-23.35%	+19.76%	+11.04%	+4.93%	+8.05%	+3.47%	-2.24%	+2.83%	+11.20%	+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)	124.10%	75.72%
Annualized Compound Return	12.96%	8.89%
Last 12 Months Return	2.04%	20.09%
Sharpe Ratio	0.70	0.70
Avg. Monthly Gain	3.61%	2.45%
Avg. Monthly Loss	-3.94%	-2.71%
Max. Drawdown	31.45%	22.25%
Annualized Std. Deviation	18.54%	12.62%
% of Winning Months	67.50%	67.50%
Correlation	0.79	

MM Fund

TSX

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	213.8135
- Class D	224.1020
- Class F	229.7306

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

All eyes are on the tragic events unfolding in Ukraine and we don't know that we have any insights beyond the 24/7 news cycles. A global pandemic and soaring inflation are now relatively minor worries compared to war in Europe, that potentially could go nuclear.

The best outcome for humanity and the economy seems to be a near term stalemate. But, then the markets would immediately shift focus to unacceptably high inflation, that will only rise higher with soaring commodity prices because of Russian sanctions. January inflation in the U.S. was higher than expected at 7.5%, the highest level in 40 years. Fed Chair Powell is sure to raise rates for the first time in 4 years on March 16th, despite the war, and will likely have to raise rates many more times this year to slow down the economy further to quell inflation.

Economic numbers continue to be good for now, but these do not reflect the impact of a 35% rise in oil prices to \$116 since the beginning of February. Higher oil prices mean consumers and companies have less money left over after their necessary energy expenditures. The U.S. created a much better than expected 678,000 jobs in February and the unemployment rate fell 0.2% to 3.8%. The ISM services index at 56.5 and the manufacturing index at 58.6 suggest the economy was still growing rapidly in February.

The U.S. dollar and bonds rose (yields fell) with the invasion of Ukraine on a flight to safety. Bond yields are down 26 bps since the first day of the invasion on February 24th while the U.S. dollar rose 2.5%. Stocks are flat through March 4th. What was unusual is that energy and commodities in general soared with a rising U.S. dollar. Oil is up 26%, copper is up 10.5%, and gold is up 4.6% to \$1,986. The Bloomberg Commodity Index had a record gain of 13% in the first week of March, far higher than the weekly records from the OPEC oil shock of 1973 and 1974.

Rising commodities will only make the inflation problem that much worse. It makes sense to us that as inflation rises, people and institutions globally would rather own gold than keep their money in banks with zero interest, and 7.5% losses to inflation annually. Gold and silver have provided inflation protection over millennia - bitcoin is still relatively untested with only a twelve-year history. Also, in times of turmoil, gold is portable and available if banks are closed or networks are unavailable.

MM is prepared for what could well be an extended period of volatility and inflation, as energy (20.7%) and materials (15.3%: copper, gold, lumber and rare earths) are now the largest sectors in the Fund. The Fund also has large positions in more stable non-cyclical sectors like health care (9.7%), real estate (5.8%) and telecom (4.5%). Outside of the energy and materials sectors we are generally seeing solid earnings growth.

With the 3% plunge on Monday March 7th, the S&P 500 is now down 12.5% from its highs at yearend. Thankfully MM only has an 8% position in technology, while the S&P 500 still has a 28% weight, so we have been less impacted by the 21% drawdown in the Nasdaq, and the 21% drawdown in the small-cap Russell 2000.

The Fund has a 9.7% fixed income position consisting of bonds and preferred shares. Overall, 63.8% of the portfolio has a dividend or coupon, and generally dividend stocks have lower volatility than the market overall. 26% of the portfolio has a yield greater than 4%, where we are "paid to wait" and generally content to collect our dividends. Overall, the portfolio has a blended 2.8% yield. Dividends for the Fund are growing as nine of our companies initiated or raised dividends in the last few months.

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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 assurance 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.