

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%				+13.13%	+17.48%
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)	117.17%
Annualized Compound Return	13.31%
Last 12 Months Return	43.60%
Sharpe Ratio	0.70
Avg. Monthly Gain	3.67%
Avg. Monthly Loss	-4.08%
Max. Drawdown	31.45%
Annualized Std. Deviation	19.02%
% of Winning Months	68.00%
Correlation	0.80

MM Fund

Cumulative Return (since inception)	65.25%
Annualized Compound Return	8.43%
Last 12 Months Return	28.02%
Sharpe Ratio	0.66
Avg. Monthly Gain	2.43%
Avg. Monthly Loss	-2.85%
Max. Drawdown	22.25%
Annualized Std. Deviation	12.85%
% of Winning Months	68.00%
Correlation	0.80

TSX

Cumulative Return (since inception)	65.25%
Annualized Compound Return	8.43%
Last 12 Months Return	28.02%
Sharpe Ratio	0.66
Avg. Monthly Gain	2.43%
Avg. Monthly Loss	-2.85%
Max. Drawdown	22.25%
Annualized Std. Deviation	12.85%
% of Winning Months	68.00%
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	207.8312
- Class D	217.1718
- Class F	222.3616

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

Contrary to expectations that the unemployed would be taking jobs with the expiry of covid-related benefits, the September U.S. jobs report was simultaneously too hot and too cold. 'Too hot' in that unemployment plunged to 4.8% from 5.2%, through the Fed's year-end target, while average hourly earnings increased 0.6%, to 4.6% year-over-year. Too hot means that the Fed must start to taper its money printing program, and then hike rates in late 2022, pressuring both the real economy and valuations. Too cold' in that it missed all estimates with only 194K new jobs, versus 500K estimates. The post-pandemic world is marked by supply disruptions, and the supply of labor is no exception. Too cold means slower growth, and the combination of too hot inflation and too slow growth suggests '70s style stagflation.

U.S. emergency pandemic benefits expired for 8 million people in September, so hopes were that many of these folks would take up some of the 10.9 million jobs that are available in the U.S., although it seems many have decided to leave the workforce permanently. The employment participation rate declined 0.1% to 61.6%, as 183K people bid "adieu" to working in the midst of increasing wages, vaccinations and a wide re-opening.

The University of Michigan Consumer Confidence Index is lower than it was in the pandemic and is now at the lowest level since 2011. A Goldman Sachs survey showed over 40% of consumers are still uncomfortable with travel. The plunge in consumer confidence suggests future growth may slow markedly. For example, 78% of U.S. restaurants say business conditions are worse now than they were 3 months ago because of the Delta variant, rising food and labor costs, and food shortages. The rise in

gasoline prices to the highest level since 2014, will surely further erode consumer confidence and pocketbooks.

The re-opening is being throttled by Delta, vaccine passports and break through cases. The one positive news is the Merck pill, which can reduce the risk of hospitalization by 50%. More therapeutics need to be approved and, more importantly, be available to Canadians.

We continue to emphasize the inflation and early re-opening trade, along with a smattering of bonds and preferreds, and health care and technology stocks. We reduced our exposure to materials in September, with the sale of two small cap exploration names, while increasing our energy exposure, with an initial position in a pipeline technology company and a profitable dividend-paying natural gas company. Energy is now the largest sector in the fund, followed by materials and industrials.

Energy includes one pipeline, one mid-stream company, three oil producers, one natural gas producer, and one small capitalization pipeline software company. The MM Fund now has a 17.1% exposure to energy, over double the 8.7% at year-end. Industrials include one aviation company, one airline leasing company, one building materials company, one green industrial company, one urban engineering company, and preferred shares for an aviation company. Given rising interest rates, and continued Covid and supply chain pressures throttling growth, we have been focusing on dividend paying "core" stocks. The "core" portfolio has increased to 54.4% from 29.2% at year-end.

Investor Contacts:

Gary Ostoich
416-601-3171
gostoch@spartanfunds.ca

Ed Sollbach
416-601-5607
esollbach@spartanfunds.ca

Paul Patterson
416-601-3175
ppatterson@spartanfunds.ca

Advisor Contact:

Brent Channell
416-601-3172
bchannell@spartanfunds.ca

Spartan Fund Management Inc.
100 Wellington St. W., Suite 2101
Toronto, ON M5K 1J3
www.spartanfunds.ca

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.