

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	-1.14%	+2.95%	+2.21%	-4.78%	+0.92%	-9.33%	+6.18%	-2.52%					-6.20%	-7.19%
2021	+7.45%	+6.55%	+0.57%	+1.94%	-0.44%	-1.26%	-1.95%	+1.25%	-1.02%	+3.58%	-3.25%	+1.29%	+15.09%	+25.09%
2020	+0.30%	-7.54%	-23.34%	+19.79%	+11.07%	+4.95%	+8.08%	+3.50%	-2.21%	+2.85%	+10.98%	+11.25%	+37.90%	+5.60%
2019	+8.01%	+7.55%	+4.14%	+0.83%	-4.33%	+1.10%	+0.95%	-4.72%	+1.49%	+1.76%	+3.43%	+1.91%	+23.54%	+22.88%
2018	+0.20%	-2.07%	-1.86%	+1.99%	+1.54%	-0.22%	+0.29%	-1.24%	-1.29%	-9.57%	-4.79%	-6.07%	-21.32%	-8.89%
2017	-0.72%	+1.54%	+0.68%	+5.44%	+4.30%	+1.41%	-1.65%	-0.67%	+1.45%	+2.38%	+2.80%	+0.61%	+18.79%	+9.10%
2016	-6.98%	+5.47%	+4.15%	+0.68%	+3.53%	+0.50%	+0.97%	+5.78%	+3.49%	+3.17%	+1.08%	+1.73%	+25.52%	+21.08%
2015							-2.26%	-7.08%	-4.17%	+7.06%	+3.69%	+1.56%	-1.87%	-9.93%

Statistics¹

Cumulative Return (since inception) 111.73%
 Annualized Compound Return 11.10%
 Last 12 Months Return -5.76%
 Sharpe Ratio 0.60
 Avg. Monthly Gain 3.62%
 Avg. Monthly Loss -4.09%
 Max. Drawdown 31.03%
 Annualized Std. Deviation 18.59%
 % of Winning Months 66.28%
 Correlation 0.81

MM Fund

TSX 63.30%
 7.12%
 -3.38%
 0.55
 2.47%
 -2.95%
 22.25%
 13.03%
 66.28%

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
 '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 196.0426
 - Class F 211.7271

¹ Performance numbers are net of management and performance fees for the period commencing July 15, 2015 for the Class F 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 2022 bear market resumed in August, as the S&P 500 fell 4.2% in August, after gaining 9.1% in July, its best showing since 1939. The S&P 500 was down 17% for the year through August, its 5th worst showing in history.

The strength of the economy is a mirage as the U.S. economy is technically already in a recession with two quarters of negative growth. Most people and companies are not noticing it yet as rising prices give the illusion of prosperity. For instance, even though 5.8 million more people are working than a year ago, their wages grew 5.2%, while inflation is 7.6%, so that total wages of all the working people actually dropped on a real, inflation adjusted basis, even though more people are working in the economy.

The Bank of Canada hiked rates for the fifth straight time, by 75 bps to 3.25%, and promised more to come, after zero interest rates and money printing allowed inflation to fester over the last two years. This is the highest rate since shortly before the Global Financial Crisis in 2008. Higher rates will put further stress on the Canadian economy, and especially the Canadian housing market, which by some measures is the most overvalued in the world. Equifax says total Canadian consumer debt rose 8.2% year-over-year, to a record \$2.3 trillion, a whopping 147% of GDP.

Rising rates particularly hurts highly valued growth companies, as the hoped for future profits are worth less when discounted at higher rates. The NASDAQ suffered its longest losing streak since 2016. The MM Fund has a small 8.2% position in technology versus 27% for the S&P 500. Even in the bear market

we had some nice wins this summer with two micro-cap SAS software companies, and a company making transformers for decarbonification of the economy.

Given the challenges of rapidly tightening monetary policy, we continue to focus on our "core" dividend paying stocks and bonds. The "core" yield portfolio has more than doubled to 68.8% from 29% at year-end 2020, and 63.6% in June of this year. The core portfolio consists of sustainable high yielding or dividend paying equities, and to a lesser extent, real estate investment trusts, convertibles, debt securities, preferred shares, and U.S. equity securities that we hope to hold for many years, as long as our investment thesis holds true. The "more" consists of more "speculative" equity and debt, plus securities like warrants and small and micro capitalization stocks, that will likely have more volatility but a higher potential for capital gains in bull markets, so we want to aggressively increase the "more" again, once we believe a new bull market has started.

We continue to increase our exposure to stable dividend payers where we are "paid to wait". Historically, dividend payers outperform in bear and down markets. The yield of the portfolio has grown to 3.57% from 2.97% in March, and 2.6% in March 2021. We have increased our weighting in preferred shares and convertibles, where we are "paid to wait" to a record 11.6%, up from 7.4% at year-end 2020.

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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.