

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%	-6.53%	+8.34%			-5.01%	-6.19%
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) 114.41%
 Annualized Compound Return 11.02%
 Last 12 Months Return -6.91%
 Sharpe Ratio 0.59
 Avg. Monthly Gain 3.70%
 Avg. Monthly Loss -4.17%
 Max. Drawdown 31.03%
 Annualized Std. Deviation 18.78%
 % of Winning Months 65.91%
 Correlation 0.82

MM Fund

114.41%
 11.02%
 -6.91%
 0.59
 3.70%
 -4.17%
 31.03%
 18.78%
 65.91%
 0.82

TSX

65.06%
 7.11%
 -4.89%
 0.54
 2.53%
 -3.00%
 22.25%
 13.13%
 65.91%

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 198.1874
 - Class F 214.4102

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

Monthly volatility for the markets continues to be off the charts. October is known as the "scariest" month, but the S&P 500 actually soared almost 8%. The 2022 bear market resumed in August, as the S&P 500 fell 4.2% and then fell another 9.3% in September, after gaining 9.1% in July, its best showing since 1939. June was the 3rd worst June ever: -8.4%.

But from a technical perspective we take heart that we are entering the seasonally strong November through May period, and that the charts suggest the broader indices have not carved out significant new lows since June.

October was notable as the value "old economy" Dow outperformed and had its best month since 1976, and close to best month since 1938, with a 13.9% gain. The hi-tech highly valued Nasdaq that has generally outperformed since 2009, was only up 5% in the month. In fact, this was the best monthly outperformance for Dow versus Nasdaq since 2002. Small and mid-caps also outperformed as the Russell 2000 was up 11.2%, the mid-caps gained 10.5%, and micro-caps gained 9.8%.

The prospect of these trends continuing benefits MM as 38% of our investments are mid-cap (less than \$1 billion), and 9% are micro-cap (less than \$100 million). We eschew and cannot countenance highly valued securities and look for "diamonds in the rough" amongst cheap stocks.

The ISM manufacturing at 50.2 suggests the manufacturing economy is no longer growing, and new orders at 49.2 suggests contraction in the months ahead.

The U.S. continues to show strong jobs gains despite the Fed having raised rates 375 bps in only 10 months, but positively (from an inflation perspective), the rate of wage gains fell to 4.7%, the lowest rate of wage gains since August 2021. Negatively for workers, their wage increases are not even close to keeping up with 8.2% inflation.

However, below the surface there seems to be a weakening in labor conditions, as the US lost 490K full-time jobs since March, offset by 492K part-time employees, and 126K workers were forced to work multiple jobs. Also, the number of unemployed workers tracked by the household survey rose 306K in October.

A big negative for the economy and from an inflation perspective is that labor force participation fell to 62.2% versus a high of 63.4% pre-pandemic. A shrinking labor force decreases the supply of labor, increases inflation, and makes it harder to finance our social programs.

Earnings season for our small and mid-cap stocks is from late October to mid-November, and thus far most of our companies are showing decent to strong earnings growth that is generally well received by markets. Our 8.3% gain in October, the best performance since 2020, was helped by our 27.9% energy weightings, a win in Twitter, and some nice gains among a few mid and small caps.

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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.