

# MM Fund



## 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 Performance<sup>1</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	TSX
2023	+8.37%	-1.63%	+0.54%	+0.14%									+7.33%	+7.59%
2022	-1.14%	+2.95%	+2.21%	-4.78%	+0.92%	-9.33%	+6.18%	-2.52%	-6.53%	+8.34%	+0.98%	-3.18%	-7.13%	-5.84%
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%

## Statistics<sup>1</sup>

Cumulative Return (since inception)	124.99%	78.25%
Annualized Compound Return	10.97%	7.70%
Last 12 Months Return	0.63%	2.67%
Sharpe Ratio	0.59	0.58
Avg. Monthly Gain	3.62%	2.66%
Avg. Monthly Loss	-4.06%	-2.95%
Max. Drawdown	31.03%	22.25%
Annualized Std. Deviation	18.45%	13.28%
% of Winning Months	65.96%	64.89%
Correlation	0.81	

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## 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
'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	206.9106
- Class F	224.9866

<sup>1</sup> 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

Bank failures continue to dominate the news and markets. First Republic failed at the end of April, and JP Morgan picked through the carcass for profitable assets, with the government covering losses. We've already had 3 of the 4 largest US bank failures in history this year, with assets totaling over ½ a trillion dollars. The three bank failures combined are already bigger than the losses from the banking system collapse of the financial crisis in 08.

2022 was the first year since 1945 in which money left the US banking system, as bank depositors can earn 4-5% more by moving to high yielding money market or short-term treasury bonds. Yet, Fed Chairman Powell stubbornly continues on the glidepath of raising rates, even as the rate hikes are causing bank failures and bank runs.

Inflation is still running hot, and wages have not kept up with inflation for the last 25 months. US inflation was below expectations at 4.9% in April, the smallest 12-month increase since April 21, and almost half the peak of 9.1%.

Consensus is now that the Fed is done, having raised rates at the fastest pace in history. The fed funds rate is now at 5.25% and above the inflation rate so monetary policy is now restrictive for the first time in four years. We worry there is more damage under the surface as monetary policy has 6-18 month lags with its effects on the economy.

"Sell in May and go away" is a popular market maxim, especially with those that want to enjoy the summer without worrying about markets. May through October has been the weakest stretch for the S&P 500, on average, since 1952. However, we note the S&P 500 was up in 9 of the last 10 Mays.

Endless war, inflation and unsustainable US budget deficits are eroding the confidence in the US dollar. Many central banks around the world are buying gold, as alternative to the reserve currency US dollar. Unlike other assets, gold is no one's liability, carries no credit risk, and is scarce so that it has been a store of value for Millenia. Gold is trading near the all-time record high of \$2070 in US dollars, and is at all-time highs in all other currencies. Now there are even worries the US government may default for the first time, as US debts are broaching the authorized debt ceiling. In short, we like gold at this point, and initiated a position in a prospective junior miner in April, bringing our gold weight to 6.8%. We bought another gold company in May.

We also added a quickly growing online health care company to our portfolio in April.

We are just entering "earnings season" for our small and mid capitalization companies, and so far our companies have generally posted stellar results. Markets have agreed with this assessment.

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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](http://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.