

## 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%	-4.57%								+2.43%	+2.27%
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)	114.71%	69.43%
Annualized Compound Return	10.19%	6.92%
Last 12 Months Return	-4.84%	-2.46%
Sharpe Ratio	0.55	0.52
Avg. Monthly Gain	3.62%	2.66%
Avg. Monthly Loss	-4.07%	-3.01%
Max. Drawdown	31.03%	22.25%
Annualized Std. Deviation	18.45%	13.36%
% of Winning Months	65.26%	64.21%
Correlation	0.81	

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## 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	197.2854
- Class F	214.7071

<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

Stocks and commodities were pressured in May, by worries around US debt default as the US reached its mandated debt ceiling of \$31.4 trillion. The US Congress voted to kick the default can down the road to 2025 in early June. Longer term, however, mushrooming debt at 123% of GDP is not sustainable, so either taxes are increased, spending is slashed, or debt is defaulted.

The long-awaited recession from historically aggressive fed tightening continues to be a mirage, as it is always just on the horizon. The US added a strong 339,000 jobs in May, however ISM manufacturing and services index continue to weaken, suggesting a slowing economy.

The hype and reality around incredible advances in AI, have caused one of the narrowest markets in history, as the Nasdaq gained 7.6% in May and the Nasdaq technology sector soared 13.8%. However, the rest of the market was down on US debt limit/default worries. Broader markets and the MM Fund have since reversed positively after the debt limit agreement in early June. The MM Fund has only a 6.6% direct technology weight. We expect even our small capitalization software stocks will continue to benefit from big data and the ability of AI to exploit it.

Over 80% of stock trading is now automated in the form of either passive index funds (over 60%) or quantitative models (under 20%). So "active investing", where individual stocks are picked according to fundamentals, is down to less than 20% of the market.

Our focus amongst the small and mid-capitalization stocks on the TSX receives even less attention. So we feel like an endangered species searching for gems amongst the small and mid-capitalization rubble. 11.9% of the MM portfolio is micro-capitalization stocks (less than \$100 million market capitalization), and 41.2% is mid capitalization (\$100m to \$1B). The fund also has 10.3% in convertibles and preferred shares, another undercovered area. We are still old-fashioned stock pickers who meet management, do company and industry research, scrutinize income and balance sheets, while also using technical analysis for timing. We look for severely undervalued companies with growth potential. Often our companies are "orphans" as they have no street research coverage so no one has heard of them. But that is an opportunity for us, as we believe good financial results, and execution by management will in time draw investor attention like flies to a cow.

The yield of the portfolio has grown to 3.2% from 2.97% in March 2022, and 2.6% in March 2021, which is more than twice the S&P 500 yield of 1.51%. 41% of the portfolio has a yield greater than 4%, where we are "paid to wait" and generally content to collect our dividends or interest. Even better almost ¼ of our equity investments increased their dividend over the past 2 years.

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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.