

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
2023	+8.37%	-1.63%	+0.54%	+0.14%	-4.57%	+1.09%	+6.18%	-2.52%	-6.53%	+8.34%	+0.98%	-3.18%	+3.54%	+5.70%
2022	-1.14%	+2.95%	+2.21%	-4.78%	+0.92%	-9.33%	-1.95%	+1.25%	-1.02%	+3.58%	-3.25%	+1.29%	-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%

Statistics¹

Cumulative Return (since inception)	117.05%
Annualized Compound Return	10.23%
Last 12 Months Return	6.10%
Sharpe Ratio	0.56
Avg. Monthly Gain	3.58%
Avg. Monthly Loss	-4.07%
Max. Drawdown	31.03%
Annualized Std. Deviation	18.36%
% of Winning Months	65.63%
Correlation	0.81

MM Fund

Cumulative Return (since inception)	75.11%
Annualized Compound Return	7.29%
Last 12 Months Return	10.43%
Sharpe Ratio	0.55
Avg. Monthly Gain	2.67%
Avg. Monthly Loss	-3.01%
Max. Drawdown	22.25%
Annualized Std. Deviation	13.32%
% of Winning Months	64.58%
Correlation	0.81

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	199.2725
- Class F	217.0522

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

MUS inflation has plunged over the last year from a high of 9% a year ago to only 3% yoy in June.

Core services CPI ex-shelter fell to 3.9% the lowest since Jan 2022 but still above the Fed's target of 2-3% so we expect the Fed will remain restrictive through at least the rest of 2023, with perhaps one more rate hike. Goods inflation has plunged to 1.3%, however services inflation remains hot at 6.2% with the reopening. Services are mainly domestic, and workers want and are demanding higher wages as their wages have not kept up with the pandemic surge in prices. Average hourly earnings are up 4.4%, and wages are sticky having only come down from a peak of 5% in November.

The US dollar fell to a 15 month low this week on expectations that the Fed is near done tightening, while other countries continue to raise rates. In September the US dollar index had peaked as stocks bottomed. The US dollar has now plunged 14% in the last ten months, even as the Fed continued to raise interest rates aggressively. Only in the last two weeks is US dollar weakness starting to push commodities higher as oil prices have soared \$8, and gold pushed \$50 higher over the last week.

Mega cap tech (MAGFANNT) continues to drive indices higher in 2023 with excitement around the rapid adoption of AI, while the rest of the market, and particularly small and mid-capitalization stocks continue

to lag. The IT sector is approaching 30% of total S&P 500 market capitalization, nearing the peak it last reached in the technology bubble of 2000. The sector is now at 28.8%, but if we include the 8.4% communication services (Alphabet, Meta, Netflix, etc.) - a new sector that did not even exist in 2000 - technology is much more important to market performance than in 2000.

MM cannot avoid these headwinds as the Fund is 10.9% small cap (<\$100M), 40% mid cap (<\$1B) and 10.5% fixed income where we are paid nicely to wait, and we are underweight the benchmarks with a 6.3% IT weight versus the TSX at 7.9% and zero in communication services versus 4.2% for the TSX.

In June MM Fund benefited from wins in small capitalization stocks in electrification and AI.

So far in July (mid-month) energy is the top performing sector for the S&P 500, benefiting MM as energy is our largest sector at 27.7%.

We recently initiated a position in a dividend paying technology company. We have been accumulating our best ideas for the upcoming earnings season and we are optimistic that our companies will continue to show growth.

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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.