

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%	+8.38%	-0.71%	-2.92%	+1.32%	+5.11%		+15.20%	+7.54%
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%	-1.87%	-9.93%

Statistics¹

Cumulative Return (since inception)	141.48%	78.17%
Annualized Compound Return	11.10%	7.14%
Last 12 Months Return	11.53%	2.28%
Sharpe Ratio	0.61	0.53
Avg. Monthly Gain	3.65%	2.75%
Avg. Monthly Loss	-3.94%	-2.98%
Max. Drawdown	31.03%	22.25%
Annualized Std. Deviation	18.19%	13.37%
% of Winning Months	65.35%	63.37%
Correlation	0.80	

MM Fund

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	220.7527
- Class F	241.4825

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 negative correlation between interest rates and stocks was illustrated perfectly in November as bond yields fell and stocks soared. The S&P 500 surged 9.1%, after 3 months of losses, while the 10-year US bond yield plunged from 4.93% to 4.33%, breaking a streak of 6 months of higher yields.

The market has been discounting a goldilocks environment for the last six weeks: not too cold and not too hot, after running hot since mid-2021. However, now the risk is definitely on the cold side, as the economy continues to cool from the lagged effects of the most aggressive rate hiking cycle in history. However, for now, slower growth means lower inflation, lower bond yields and higher multiples for stocks. At some point this can flip quickly as slower growth, stalls the economy and brings on a recession with declining earnings.

As a reminder, the MM Fund is a long-only mutual fund that 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 US equity securities.

The "core" portfolio has more than doubled to 71.5% from 29.2% of the portfolio at year-end 2020, as fortunately we became more defensive well ahead of the bear market that began in early 2022. The "more" consists of investments in companies that may have stretched balance sheets, or are unprofitable, or have cyclical businesses. It also includes warrants and small and micro capitalization stocks that will likely have more volatility but a higher potential for capital gains in bull markets. "More" investments generally do not have a yield.

The Fund currently has a 10.6% fixed income position consisting of high yielding corporate bonds and preferred shares. Fixed income was 9.5% at the beginning of 2022, and only 6.8% at the beginning of 2021. We have been increasing our fixed income exposure to take advantage of highest yields in 16 years. The fixed income portfolio has generally held up despite rising rates, and we had some nice wins amongst the interest rate reset preferred shares.

We continue to increase our exposure to stable dividend payers where we are "paid to wait" and we are generally content to collect our dividends. We especially like companies that have a track record of dividend increases, like Pizza Pizza and Telus. Most of our "core" companies have increased dividends since 2020. Historically, dividend payers outperform in bear and down markets. The yield of the portfolio has grown to 3.46% from 2.97% in March 2022, and 2.6% in March 2021, which is more than twice the S&P 500 yield of 1.5%. 36.3% of the portfolio has a yield greater than 4%, up from 28.7% in March 22.

Overall we are happy to be up more than 15% this year, particularly given our significant fixed income position, and only a 29% weighting in the more speculative "more" investments.

The Fund has a weighting of 6.6% in US large capitalization equities, where we want exposure to the type of companies that do not trade on the TSX. We currently hold a semi-conductor company, an auto company and a generic pharma company in the US portfolio. 10.6% of the Fund is allocated to micro-cap equities (market cap of less than \$100 million), 41% to mid-cap (market cap of less than \$1 billion) and 37.7% to large-cap companies.

Energy is the largest sector in the MM Fund with a 30.4% weight. MM Fund has exposure to energy in all forms: pipelines, mid-stream, refining, oil, international, natural gas and energy services. Even with the pullback in oil and natural gas prices, valuations and dividends in the sector remain attractive. Our thesis around energy is simply that oil prices are rangebound in the \$70-90 range as OPEC+ manages supply, with a bias to the upside around geopolitics. In that range the stocks are cheap and will benefit from increased dividends and share buy backs over time.

Our next largest sector is industrials at 20.3%, a diverse set of companies including an aerospace company, a building supply company and a company making transformers for the electrification of the economy. Financials, at 11.5%, includes a life insurance company and a non-prime lender - all pay attractive dividends. Non-cyclical health care is at 10.4%, comprised of two growing companies in the home care space and a generic pharma company. Consumer discretionary at 9.8% includes restaurant royalty stocks and an auto company - all pay high dividends. Materials at 9.4% includes gold, copper and fertilizer companies.

In November, the Fund benefitted from a broad-based rally in financials, small and mid-cap stocks. The Fund is also benefitting from record gold prices, with a 5.5% position in gold stocks. Our biggest (high quality) problem in November was that a couple of new positions ran away from us before we could accumulate full positions. We tend not to chase unless fundamentals change dramatically so we will wait patiently for our opportunity to buy more.

On average, stocks are up 70% of the time in December, with an average gain of +1.50% for the S&P 500 as Santa usually comes to town. We wish our dear investors a wonderful holiday, and good fortune and health in 2023.

Investor Contacts:

Gary Ostoich
416-601-3171
gostoich@spartanfunds.ca

Ed Sollbach
416-601-5607
esollbach@spartanfunds.ca

Paul Patterson
416-601-3175
ppatterson@spartanfunds.ca

Advisor Contact:

Brent Channell
416-601-3172
bchannell@spartanfunds.ca

Spartan Fund Management Inc.
150 King St. W., Suite 200
Toronto, ON M5H 1J9

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 assurance 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.