

## 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%	1.09%	8.38%	-0.71%	-2.92%	1.32%	5.11%	1.80%	17.27%	11.75%
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) 145.83%  
 Annualized Compound Return 11.22%  
 Last 12 Months Return 17.27%  
 Sharpe Ratio 0.62  
 Avg. Monthly Gain 3.62%  
 Avg. Monthly Loss -3.94%  
 Max. Drawdown 31.03%  
 Annualized Std. Deviation 18.10%  
 % of Winning Months 65.69%  
 Correlation 0.80

## MM Fund

## TSX

145.83%  
 11.22%  
 17.27%  
 0.62  
 3.62%  
 -3.94%  
 31.03%  
 18.10%  
 65.69%  
 0.80

## 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 224.5307  
 - Class F 245.8289

<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

2023 turned out to be a surprisingly good year for investors generally and MM Fund specifically (+17.27%), given the headwinds of the most aggressive Fed tightening campaign in history, and two wars that thankfully did not escalate into broader conflicts. The main reason markets surged to end the year was the alleged Fed "pivot" to go from raising to slashing interest rates in 2024. Before the strong US jobs report, markets were expecting the Fed to start cutting rates in March, with 6 interest rate cuts being priced in for 2024. However, the US economy generated a much better than expected 216,000 jobs in December, and with wages growing to 4.1%, wage inflation, the biggest component of inflation, is pushing overall inflation higher than the Fed wants.

US inflation, as measured by the core CPI (excluding food and energy), shows prices rising by 4% over the last year, double the Fed's target of 2%. The lesson of the 70's is that premature easing before inflation is really quelled, will result in inflation surging again, and we believe the Fed will not want to risk inflation becoming permanently entrenched above 4%. So, we are not as optimistic as the markets about lower inflation and lower rates, which would allow markets to price in higher valuation multiples

for 2024. However, 2024 is a US election year, with all the drama that unfortunately likely entails, and both the White House and this very political Fed want to keep the US economy growing heading into the November vote.

In December, the timing was right to initiate positions on two small capitalization companies that we are quite excited about. We followed both for years, including multiple meetings with management, and both businesses now have accelerating business momentum.

Despite two wars in oil producing regions, energy investments were generally a headwind for our portfolio in 2023. Still, given the still major importance of energy to the global economy, we believe our 30% portfolio energy weight is a good hedge against potential escalation of these wars into conflicts that could potentially double energy prices in weeks, pummeling consumer confidence, and non-energy investments.

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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.