

## 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
2024	4.92%	2.96%	9.00%	0.14%	-4.57%	1.09%	8.38%	-0.71%	-2.92%	1.32%	5.11%	1.80%	17.75%	6.62%
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)	189.47%
Annualized Compound Return	12.98%
Last 12 Months Return	28.84%
Sharpe Ratio	0.72
Avg. Monthly Gain	3.70%
Avg. Monthly Loss	-3.94%
Max. Drawdown	31.03%
Annualized Std. Deviation	18.10%
% of Winning Months	66.67%
Correlation	0.80

	MM Fund	TSX
Cumulative Return (since inception)	189.47%	97.40%
Annualized Compound Return	12.98%	8.12%
Last 12 Months Return	28.84%	13.96%
Sharpe Ratio	0.72	0.61
Avg. Monthly Gain	3.70%	2.74%
Avg. Monthly Loss	-3.94%	-2.98%
Max. Drawdown	31.03%	22.25%
Annualized Std. Deviation	18.10%	13.22%
% of Winning Months	66.67%	64.76%
Correlation	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	263.7146
- Class F	289.4660

<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

US payrolls again blew away estimates, with 303,000 new jobs versus the 214,000 estimate, and above the highest Wall Street forecast. Inflation for March was higher than expected, the fourth hot print in a row. Moreover, it seems to be accelerating in the wrong direction: UP! US CPI rose at a 3.5% rate over the last year, much higher than 3.2% the previous month. Services inflation, excluding rents, jumped from 3.8% in February to 4.8% in March, more than double the Fed's 2% target.

Strong jobs, falling unemployment and higher than expected inflation caused markets to trim their estimates of Fed rate cuts to two for 2024, down significantly from the six that were expected in January. The continued strength in the US economy and hotter inflation caused bond yields to rise over 4.5%, the highest level since November. Higher bond yields caused the bull market to stall out in April after a strong 5 month run.

Stock market strength continues to pile up the accolades:

- For just the 8th time since 1950 the S&P 500 posted back-to-back quarterly gains of 10% or more
- The S&P 500 had five straight months of gains from November through March — a feat that's only been accomplished one other time this century - in 2013
- The S&P 500 hasn't pulled back 2% on a closing basis since the October 27th low, however it looks like this long streak will be snapped on April 10th
- Although we came close in the first week of April, this has been the longest streak without a 2% decline in over five years

MM benefitted from broad based gains in March, particularly amongst small and mid-cap stocks, which have lagged the mega cap stocks since fall 2022. The Fund also benefitted from gains in the energy sector and from gold stocks, with gold at all-time highs. Gold is a hedge against higher inflation, geopolitical risk and political risk as 60 countries are holding elections this year. We could also have an election in Canada this year, as the current minority government will become the longest minority in over 100 years this year.

One of the few free lunches in finance, other than company lunches, are the risk reducing benefits of diversification. In our previous role as quantitative analysts, we found that portfolio risk balloons when single stock investments are greater than 8% weights. Accordingly, as a rule of thumb we are uncomfortable with weights beyond 8%, no matter how attractive the investment is on other metrics. We have sold down our largest winning position to 6.7% in order to reduce portfolio risk. Even though the company's profitability continues to grow, the stock valuation metrics (like price earnings, price book and dividend yield) are not as attractive as six years ago when we first initiated the position.

We have reinvested the proceeds in eight new positions this year, that we believe have a stronger likelihood to double or better from current prices. Indicators suggest markets have been getting frothy after a strong 6 month run. The Fund sold Micron on the AI jump and initiated a 1.5% cash position that is yielding 5% in order to take advantage of possible lower prices in the future.

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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.