

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
2024	4.92%	2.96%	9.00%	0.15%									17.93%	4.68%
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%

Statistics¹

Cumulative Return (since inception)	189.91%	93.80%
Annualized Compound Return	12.87%	7.82%
Last 12 Months Return	28.86%	8.73%
Sharpe Ratio	0.71	0.59
Avg. Monthly Gain	3.65%	2.74%
Avg. Monthly Loss	-3.94%	-2.95%
Max. Drawdown	31.03%	22.25%
Annualized Std. Deviation	18.02%	13.18%
% of Winning Months	66.98%	64.15%
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	264.0981
- Class F	289.9071

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 ISM Services Index fell to 49.4 in April, 2 points lower than March, joining the ISM Manufacturing Index in contractionary territory in April. The US economy added only 175,000 jobs in April, far below expectations, while the unemployment rose 0.1% to 3.9%. The US Employment Cost Index rose 1.2% in the first quarter, more than expected, amid a rise in wages and benefits. Slow growth and sticky unacceptably high inflation spells stagflation in our books.

Inflation is not falling as quickly as the Fed hoped, diminishing the hopes investors had that the Fed would slash rates this year. Bond yields soared 48 bps in April, on the prospects of "higher for longer" and higher yields pressured stocks, as the S&P 500 fell over 4%.

77% of S&P 500 companies have reported earnings above expectations, which is about average for earnings season. For Q1 2024, the earnings growth rate for the S&P 500 is 5.0% over the last year, that would mark the highest year-over-year earnings growth rate since Q2 2022 (5.8%). The forward 12-month price-earnings valuation ratio for the S&P 500 is 19.9. This is above the 5-year average of 19.1 and above the 10-year average of 17.8.

Furthermore, bond yields are at the high end of the 0.53% to 5% range of the last five years. Stocks were TINA (There Is No Alternative) when yields on cash and bonds were below 1% during the pandemic. However, it is hard to justify current valuations on the broad stock indices, when one can earn around 5% on cash or government bonds.

The Fund has been actively taking profits, and has invested in two new interesting small capitalization names in May - both companies are in the security space. In total the Fund has been very active, investing in ten new small and mid-capitalization stocks this year, that we believe have attractive prospects. One of the companies is classified as "core" to our portfolio, as it is highly profitable with a high dividend. The other nine are "mores" as they do not pay a dividend. Overall, the dividend paying "core" still comprises 64% of the portfolio, compared to the range of 30% to 70% of the last nine years.

Many of our small and mid-capitalization companies started reporting financial results in the second week of May, and so far markets are generally pleased with reported numbers.

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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.