MM Fund

Spartan Fund Management

July 2026

Spartan Overview

Established in 2006, Spartan Fund Management is an investment fund manager that specializes in providing a broad selection of alternative investment solutions that meet a variety of investment needs. We believe that niche, non-conventional investment strategies tend to outperform more traditional strategies and/or add needed diversification. We also believe that alternative investment strategies provide better risk-return opportunities for investors than do conventional strategies. Spartan accesses alternative investment strategies either through internal investment teams or by way of feeder funds that invest in existing funds that are managed by external fund managers.

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[1]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	TSX
2026	+8.26%	+4.17%	-8.08%	+8.94%	+1.28%	-3.20%	-4.43%						+5.81%	+12.52%
2025	+0.10%	-3.72%	-0.98%	-1.01%	+5.58%	+5.79%	+3.44%	+7.49%	+8.27%	+7.85%	0.00%	+5.85%	+45.03%	+31.68%
2024	+4.92%	+2.96%	+9.00%	+0.15%	+1.33%	-3.66%	+5.50%	-2.01%	+2.20%	+1.86%	+3.89%	-1.81%	+26.39%	+21.65%
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

	MM Fund	TSX
Cumulative Return (since inception)	376.79%	233.70%
Annualized Compound Return	15.19%	11.49%
Last 12 Months Return	40.58%	32.26%
Sharpe Ratio	0.86	0.90
Avg. Monthly Gain	3.83%	2.85%
Avg. Monthly Loss	-3.79%	-2.80%
Max. Drawdown	31.03%	22.25%
Annualized Std. Deviation	17.59%	12.73%
% of Winning Months	66.92%	66.92%
Correlation	0.78	

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
'D' Class Fees (SPA522)	1.25% 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	425.2546
- Class D	0.0000
- Class F	476.7887

*[1] Performance numbers are net of management and performance fees for the period commencing July 15, 2015 for the Class D 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 Fed did not raise rates in the July meeting, but Fed Chairman Warsh came into the July meeting with the most uncertainty around a Fed meeting in 30 years, as he does not like to give guidance ("hand holding"). There were also 3 dissents around the Fed decision, who wanted an immediate rate hike. Life is certainly more interesting for investors and journalists as every meeting is now "live", without guidance hemming in the Federal Reserve Board decision making.

US inflation continues to slowly decrease as prices rose 3.4% for the 12 months ending July, down from 3.5% in June. Core inflation also fell to 2.5% from 2.6%. Inflation was driven by the 14.7% increase in energy prices, and 4.3% increase in electricity prices.

US employers unexpectedly cut 23,000 jobs in July, while the May and June payroll figures were revised down by a combined 103,000. However a border closed to immigration meant the unemployment rate actually declined to 4.1%, the lowest level in a year. There were a couple of one-time factors: a 40k loss in the leisure and hospitality sector, suggesting a World Cup unwind, and a 50k loss in government education (teachers).

There was positive data for US manufacturing as the ISM Manufacturing PMI rose to 55.6 from 53.3, trouncing market expectations, suggesting tariffs and forced reshoring are stimulating a manufacturing renaissance. This was the highest rate of manufacturing expansion since the COVID bounce back in 2022.

A softer labour market reduces rate pressure on the Fed, while also weakening the growth outlook. The small 0.1% monthly increase in hourly wages also suggests subdued inflationary pressures.

MM Fund is a long-only mutual fund that follows a "Core & More" investment approach. The Core portfolio includes high-yielding or dividend-paying Canadian equities, real estate securities, convertibles, debt securities, preferred shares, and U.S. equities. These are stable dividend payers where we are "paid to wait". We favour companies with a history of dividend increases, such as Pembina and Hammond Power. Most Core holdings have increased dividends since 2020. Historically, dividend payers outperform in bear and down markets.

The More portion includes warrants and higher-volatility small- and micro-cap equities that offer high potential capital gains during bull markets. These are typically:

Turnaround opportunities: companies that may have strained balance sheets or may be unprofitable but are taking steps toward sustainable growth. This category also includes cyclical businesses poised for improvement.
Growth companies: companies that exhibit high revenue growth.

The Fund currently is split almost equally between Core and More, with a 51% of investments classified as Core.

The Fund's micro-cap equity allocation (companies under $100 million in market cap) is now 8.3%, down from 11.4% last year, as some of our smaller holdings have graduated to mid-cap status. The mid-cap allocation is now 37%, about the same as year-end 2024, while large-cap equities are now 44.6% up from 40.2% as some of our investments have graduated to the billion-dollar club. In Canada, mid-caps are defined as being under $1 billion in market cap, which constitutes small-caps in the U.S.

The Fund currently holds 5.8% in fixed income, primarily high-yield corporate bonds and preferred shares. This compares to 9.5% at the start of 2022. Fixed income has declined mathematically as the equity portfolio grew over 45% in 2025, and one of our large bond positions was converted into equity.

Continued on next page ->

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
www.spartanfunds.ca

MM Fund

Spartan Fund Management

July 2026

The current portfolio yield is 1.75%, versus the S&P 500's yield of 1.03%. Currently, 25% of the portfolio yields more than 4.00%. Portfolio yields have declined as many of our growth and materials names have no dividend, while many of our "Core" yield names have a lower yield because of price appreciation. Also, some of our high yielding "Core" yield stocks were taken over early in the year. Our challenge for the rest of the year will be to increase that yield back up to above 2%. We believe yield generally offers protection in down markets. The S&P 500 yield has declined 12 bps over the last 6 months as yield stocks have been bid up.

The Fund has 12.1% allocated to U.S. large-cap equities, offering exposure to companies not listed on the TSX. Holdings include a healthcare services firm, a travel company, Ford, Citibank, and Teva Pharmaceuticals, which doubled in value in 2024 after resolving multi-billion-dollar opioid litigation.

MM Fund is not an index-hugging fund. Our micro- and mid-cap names are too small for inclusion in the S&P/TSX Composite, and our sector weights differ significantly. For instance:
Financials: 10% (vs. 37% in TSX)
Healthcare: 12.5% (vs. 0.3% in TSX and 9.1% in S&P 500)

Materials is the Fund's largest sector at 31.5%. We have exposure to gold and silver producers and explorers, as well as copper, fertilizer and service companies. Materials also include a consumer staple packaging company and a construction focused cement company.

All-In Sustaining Costs (AISC) for the entire gold industry are roughly US$1,600/oz. With gold prices over US$4,000 per ounce, gold miners are very profitable. As a result, median profit margins for the top 20 precious/base metals miners are ~31% vs. ~17% for Financials/Tech, the next-best S&P sectors.

Yes, gold miners are nearly TWICE as profitable as the tech industry.

MM was hurt in June and July by the US$500 fall in gold prices to below US$4,000, that also dragged down the entire materials sector. Gold has bounced US$500 since mid-July, and the bounce in materials and small caps helped the Fund to reverse the July losses in the first week of August.

We increased our silver exposure at the end of July, after reducing it in June and July. We also increased our gold exposure in early August. We'd note that with record debts in developed economies, central banks globally continue to increase their gold exposure.

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
www.spartanfunds.ca