



# SPARTAN

## Multi Strategy Fund



Morningstar  
Canadian Investment Award  
2011 Winner

January 2012

### Corporate Overview

Spartan Fund Management Inc. is a Toronto based multi strategy hedge fund manager that was formed in May 2006. Spartan has 19 people on staff, including a dedicated risk/compliance officer and 13 investment professionals of which 4 work on the Spartan Multi Strategy Fund. The Fund's investment managers each have 20 to 25 years of money management experience across a broad range of investment strategies with particular expertise in option based strategies. Spartan manages a domestic fund and an offshore fund for high net worth and institutional investors.

### Objectives and Strategy

The Spartan Multi Strategy Fund targets annualized double digit returns over the medium term that are not dependent on the direction of equity markets, with volatility of less than half of the equity markets. The Fund employs a number of volatility related investment strategies including Long Volatility, Relative Value Option Arbitrage and Opportunistic. Spartan's vision is to bring the experience and discipline of proprietary bank traders, floor traders and market makers within an investment fund structure.

### Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	0.03% e												0.03%
2011	-0.97%	0.50%	0.67%	-0.46%	-1.74%	-1.13%	-0.91%	-1.02%	-1.24%	0.49%	-0.91%	-0.81%	-7.31%
2010	1.21%	0.14%	-0.64%	-0.38%	-0.49%	0.74%	-0.44%	1.36%	2.36%	0.11%	3.91%	2.68%	10.97%
2009	2.37%	2.92%	1.85%	1.72%	4.65%	1.60%	1.93%	1.22%	2.50%	0.96%	-0.29%	2.36%	26.46%
2008	-3.95%	5.89%	1.64%	2.17%	1.37%	3.22%	-5.57%	-0.64%	0.47%	0.22%	-1.99%	0.51%	2.86%
2007	0.84%	2.24%	0.34%	0.55%	-0.56%	1.12%	0.19%	-3.52%	0.55%	-0.45%	3.87%	3.63%	8.96%
2006					5.13%	2.86%	1.38%	0.29%	2.57%	1.81%	2.85%	3.05%	21.68%

### Statistics

	Spartan	TSX
Annualized Compound ROR	10.49%	0.35%
Last 12 Month Return	-6.37%	-8.12%
Sharpe Ratio	1.51	0.02
Avg Monthly Gain	1.81%	3.32%
Avg Monthly Loss	-1.34%	-3.98%
Max. Drawdown	7.49%	44.80%
Annualized Std. Deviation	6.97%	16.43%
Winning Months	69.57%	56.52%

### Benchmark Comparisons (cumulative)

	1 Year	2 Years	3 Years	Inception
Spartan	-6.37%	1.66%	27.11%	77.44%
TSX	-8.12%	12.24%	43.21%	2.03%
S&P 500	2.04%	22.21%	58.91%	0.14%

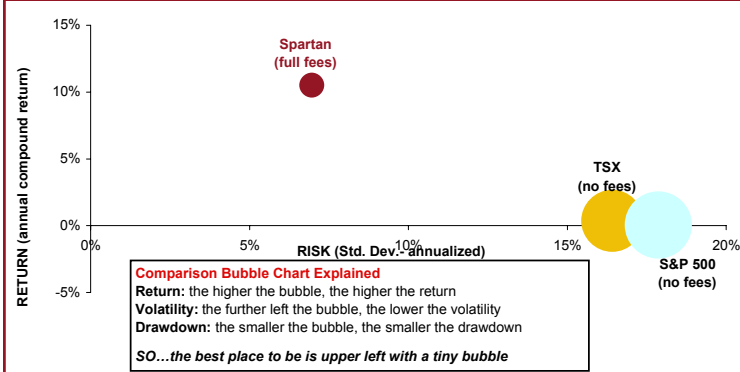
### Correlations

vs. TSX Price Index	0.26
vs. S&P 500 Price Index	0.06

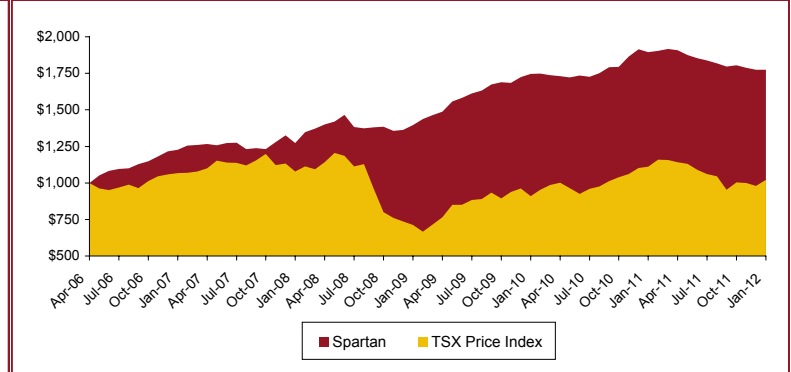
### Fund Information

RSP Eligible?	Yes
Min. Investment	\$5,000
'A' Class Fees	2.25% & 20%
'F' Class Fees	1.25% & 20%
Manager	Spartan Fund Management Inc.
Prime Broker	BMO and CIBC
Auditor	Deloitte & Touche
Administrator	SGGG Fund Services

### Risk-Return Comparison



### Spartan vs. TSX - Growth of \$1,000



**January** - The Fund returned an estimated +0.03% for the month vs. +4.16% for the TSX.

There were two main factors that affected the Fund's performance in January:

- the significant rebound in the equity markets was reflected in the strong performance by our Opportunistic portfolio, which, you may recall, is the portion of the Fund that has some directional exposure in it. The Flow Trading, Pairs Trading, Restricted Stock and Warrant sub-strategies all contributed to the overall gain of +0.82% (as a percentage of the Fund's overall NAV). Based on 17% of the Fund's capital allocated to this strategy during the month, the return on capital for our Opportunistic book was 4.82% for the month;
- volatility (as measured by the VIX, the volatility index for the S&P500) plunged significantly during the month, trading as low as -22% during the month before finishing at -17% at month-end. Even more significant was the **actual** volatility of the TSX during the month: 7%, well below the level of implied volatility. This caused losses in both of our option related strategies, Long Vol and Relative Value, of -0.37% and -0.24%, respectively. While our traders liked the level of volatility at the end of 2011 (23.40), which had fallen from levels in the 30s and 40s during much of Q4/11, vol continued to get cheaper, closing the month at 19.44 which opened up further buying opportunities for the Fund as we are still bullish on vol.

Overall, we remained decidedly cautious in January as this market is still very uncertain. Our cautiousness is reflected in the Fund's capital allocation which sat at 24% of the Fund's NAV. As a reminder, due to the nature of the instruments that we trade, we typically have a 30-50% capital allocation so we remain well below our normal investment commitment until we see more consistent profit opportunities.

Thank you for your support and as always, if you have questions or comments, please do not hesitate to contact us.

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The above returns are net of management fees and performance fees for the 'I' series of units, but do not take into account early redemption fees if investments are held for less than 1 year.

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 memorandum, 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.