



Stone Castle

CANNABIS GROWTH FUND

Annual Management Report of Fund Performance

December 31, 2018

Management Discussion of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling collect 1-416-591-5923, writing to us at 2101 – 100 Wellington Street West, Toronto, ON M5K 1J3, by e-mailing us at admin@spartanfunds.ca or by visiting our website at www.spartanfunds.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

The management discussion of fund performance for the StoneCastle Cannabis Growth Fund (the "Fund") is an analysis and explanation of the Fund's position and financial results for the period from September 14, 2018 (the Fund's inception date) to December 31, 2018.

Spartan Fund Management Inc. (the "Manager") is the trustee, investment fund manager and portfolio manager of the Fund.

Investment Objective and Strategies

The investment objective of the Fund is to provide Unitholders with long-term capital appreciation by investing in an actively managed portfolio of equity securities of North American publicly listed companies that operate in, or derive a meaningful portion of their revenue or earnings from, the cannabis industry or related industries. The business activities of these companies may include cannabis production and distribution, biopharmaceuticals and other ancillary businesses supporting the cannabis industry, including edible and infused cannabis products, nutraceuticals, real estate, technology, security solutions, financing, delivery systems and retail distribution.

The Fund may invest in various types of equity securities of publicly listed companies, including, but not limited to, common shares, preferred shares, convertible securities, subscription receipts and warrants. The Fund may hold all or a portion of its assets in cash or cash equivalents or invest in short term bonds or money market instruments in response to adverse market, economic and/or political conditions or for liquidity, defensive or other purposes. As a result, the Fund may not be fully invested in accordance with its investment objectives. The Fund may invest up to 50% of its net asset value in foreign securities.

The Fund will employ a multi-pronged top-down and bottom-up investment process. The top-down process, which will assist us in determining the overall asset allocation of the Fund, will be based on technical analysis, behavioural research and prevailing economic and investment conditions, including our outlook and valuation of the cannabis industry and related industries. The bottom-up process, which will assist us in selecting securities, will be focused on an analysis of company fundamentals, growth potential and management's ability to execute their business strategy. We will generally develop investment ideas primarily through our own internal research and analysis, but may also source ideas from participants in the investment community and from industry publications.

The Fund will not invest in securities of companies that serve, or have exposure to, the medical and/or recreational cannabis industries in the United States or the recreational cannabis industry in Canada, unless and until such time as these activities become legal. However, the Fund may invest in securities of companies that currently, or in the future, derive some portion of their revenues from the medical and/or recreational cannabis industries in those U.S. states where such activities have been legalized by state law, notwithstanding that the prescription, marketing and sale of cannabis remains illegal under U.S. federal law.

Risk

The overall risk of investing in the Fund remains as described in the most recent prospectus.

Accordingly, the Fund remains suitable for medium to long term investors that are seeking to outperform the S&P/TSX Composite Total Return Index over the long term.

Results of Operations

2018 was a volatile year for cannabis investors. The year began with a run up in shares prices as investors anticipated the upcoming year and what Canadian legalization would mean. Reality set in after reaching a peak in mid January. A vast number of equity financings continued from the fall of 2017 as we saw many high-profile listings of US companies on Canadian exchanges.

Share prices headed down for much of February to June as investors backed away from publicly listed shares or opted to participate in new issues and secondary issues of companies.

During July and August, we began to see the technical indicators that we follow starting to signal a bottoming process was in place. On August 15th the landscape for cannabis investing changed (for the second time) when Constellation Brands announced a follow-on investment of \$4 Billion into Canopy Growth Corporation effectively taking control by owning over 50% of Canopy. This investment once again ignited investors interest in the sector and share prices continued upward.

We launched the Fund on September 14th, a month prior to the October 17, 2018 federal legalization for the Canadian cannabis market. Share prices continued their upward accent towards legalization date. We launched the Fund and took a conservative approach to investing where we slowly worked our way into the market as opposed to getting the portfolio fully invested on day one. This proved to be a smart decision with the peak in prices in October and a sell off into year end.

Following legalization on October 17th investors became concerned that sales expectations were too high and share prices started to decline. This along with the global market sell off in November and December pushed share prices to lows in December.

December 7th brought the legacy tobacco giant Altria into the sector with a \$1.8 Billion investment into Canadian LP Cronos Group.

Following the December 24th market bottom, optimism for the overall markets and the prospects of the cannabis market lifted shares prices into the New Year. During November, December and January 2019 we continued to invest the portfolio and became close to fully invested in January 2019.

The portfolio is diversified by geographic region but also by market segment. The portfolio is 55% US, 26% Canadian and 7% international. From a sector perspective, the portfolio is 30% processing, 27% cultivation, 21% brands, 9% retail, and 2% Pharmaceuticals.

Recent Developments

Following the passing of the Farm Bill in the US, Canopy Growth announced they had successfully entered the US with a Hemp Licence in New York. The announcement that Canopy would be entering the market with a \$150 Million investment sparked the latest rally in the sector.

Ontario announced the private lottery of 25 retail licences and awarded those licences that sparked a wave of negotiations with lottery winners by LPs who were jockeying for retail space in Canada's largest market.

The federal government introduced the rules on edibles. This regulation will look for a public review period before going into law by October 17, 2019. From the looks of things, it will be a staged rollout with different products being available sooner than others.

10 US states now have legal recreational use and 30 states have legal medical use. Many more are exploring both the medical and recreational or both for 2019. Several countries worldwide have announced plans to introduce legal medical or recreational cannabis programs for 2019.

Investors have been focusing on several areas for 2019. Extraction, the production of extracted products and ancillary services have been gaining traction. International operations have also been a focus, especially low-cost areas of production in Latin America. International licence opportunities and export opportunities have also been a focus of the market so far in 2019.

The portfolio has investment in all these areas as we continue to diversify the portfolio and look to invest globally and by market segment.

Related Party Transactions

The Fund engages arms-length 3rd party service providers for services such as fund valuation, unitholder recordkeeping, independent review committee, audit, tax and legal advice. The Fund also trades with arms-length 3rd party brokers.

For the provision of management services, the Manager received management fees from the Fund, based on the Net Asset Values of the respective series. The management fees paid are disclosed in the financial statements.

The Fund's operating expenses had been voluntarily capped at 0.50% pa of the Fund's Net Asset Value so that while the Fund was in its early, growth phase the expenses borne by the investor are reasonable. The decision to cap operating expenses is reviewed periodically and determined at the discretion of the Manager without notice to securityholders.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception Sept 15, 2018.

The Fund's Net Assets per Unit (\$)¹

Series A	12/31/2018
Net Assets, beginning of year - (adjusted)	100.00
<i>Increase/(decrease) from operations:</i>	
Total Revenue	0.20
Total Expenses (excl. distributions)	-4.42
Realized Gains/(Losses) for the period	-4.42
Unrealized Gains/(Losses) for the period	-13.34
Total increase/(decrease) from operations²	-21.98
<i>Distributions:</i>	
From net investment income (excl. dividends)	NA
From dividends	-0.01
From capital gains	NA
Return of capital	NA
Total Distributions³	-0.01
Net assets at Date shown	78.33

Series D	12/31/2018
Net Assets, beginning of year - (adjusted)	100.00
<i>Increase/(decrease) from operations:</i>	
Total Revenue	0.20
Total Expenses (excl. distributions)	-5.92
Realized Gains/(Losses) for the period	-5.45
Unrealized Gains/(Losses) for the period	-18.05
Total increase/(decrease) from operations²	-29.23
<i>Distributions:</i>	
From net investment income (excl. dividends)	NA
From dividends	-0.01
From capital gains	NA
Return of capital	NA
Total Distributions³	-0.01
Net assets at Date shown	77.14

Series F	12/31/2018
Net Assets, beginning of year - (adjusted)	100.00
<i>Increase/(decrease) from operations:</i>	
Total Revenue	0.19
Total Expenses (excl. distributions)	-4.68
Realized Gains/(Losses) for the period	-5.06
Unrealized Gains/(Losses) for the period	-15.82
Total increase/(decrease) from operations²	-25.37
<i>Distributions:</i>	
From net investment income (excl. dividends)	NA
From dividends	-0.01
From capital gains	NA
Return of capital	NA
Total Distributions³	-0.01
Net assets at Date shown	78.53

¹ This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements does not differ from the net asset value calculated for fund pricing purposes.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. As such, this table is not a reconciliation of beginning to ending net assets per share.

³ Distributions, if any, were reinvested in additional units of the Fund.

Ratios and Supplemental Data

Series A	12/31/2018
Total net asset value (\$000's)	931
Number of units outstanding (rounded)	11,885
Management expense ratio ¹ - before incentive fees	3.39%
Incentive Fee Ratio ²	15.48%
Management expense ratio ³ after incentive fees	18.87%
Management expense ratio before waivers or absorptions	23.59%
Trading expense ratio ⁴	1.91%
Portfolio turnover rate ⁵	12.17%
Net asset value per unit	78.33

Series D	12/31/2018
Total net asset value (\$000's)	41
Number of units outstanding (rounded)	532
Management expense ratio ¹ - before incentive fees	2.43%
Incentive Fee Ratio ²	23.08%
Management expense ratio ³ after incentive fees	25.51%
Management expense ratio before waivers or absorptions	29.59%
Trading expense ratio ⁴	1.37%
Portfolio turnover rate ⁵	12.17%
Net asset value per unit	77.14

Series F	12/31/2018
Total net asset value (\$000's)	2,246
Number of units outstanding (rounded)	28,598
Management expense ratio ¹ - before incentive fees	2.10%
Incentive Fee Ratio ²	17.91%
Management expense ratio ³ after incentive fees	20.01%
Management expense ratio before waivers or absorptions	24.01%
Trading expense ratio ⁴	1.18%
Portfolio turnover rate ⁵	12.17%
Net asset value per unit	78.53

¹ Management expense ratio excluding incentive fees is based on total expenses (excluding incentive fees, distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

² Incentive fee ratio is the total incentive fees paid for the stated period expressed as an annualized percentage of average weekly net asset value during the period.

³ Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs), including incentive fees, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

⁴ The Fund's operating expenses had been voluntarily capped at 0.50% pa of the Fund's Net Asset Value so that while the Fund is in its early, growth phase the expenses borne by the investor were reasonable.

⁵ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁶ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

The Manager provides investment and administrative services to the Fund. In consideration of these services, the Fund pays the Manager a fee equal to 1.00% per annum of the Net Asset Value of Series A, Series D and Series F, calculated weekly and paid monthly in arrears. The Fund also pays to the Manager a service fee of 1.00% per annum for Series A and 0.25% per annum for Series D which the Manager remits to dealers as consideration for administering its assets held by those dealers. The service fees are calculated weekly and paid to dealers quarterly in arrears based on the assets that each dealer has invested in Series A or Series D, as the case may be, as at the close of each date that the Fund is valued. There is no service fee paid in respect of Series F.

The following is a breakdown of major services received by the Fund in consideration of the management fees for the period, as a percentage of the management fee:

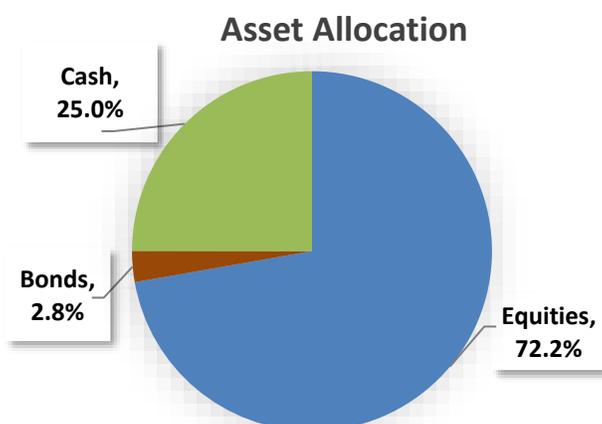
Series	Service Fees	Other
A	50%	50%
D	20%	80%
F	0%	100%

Past Performance

The Fund was not operational until September 14, 2018 so there is no past performance data, including year-by-year returns or annual compound returns, to report.

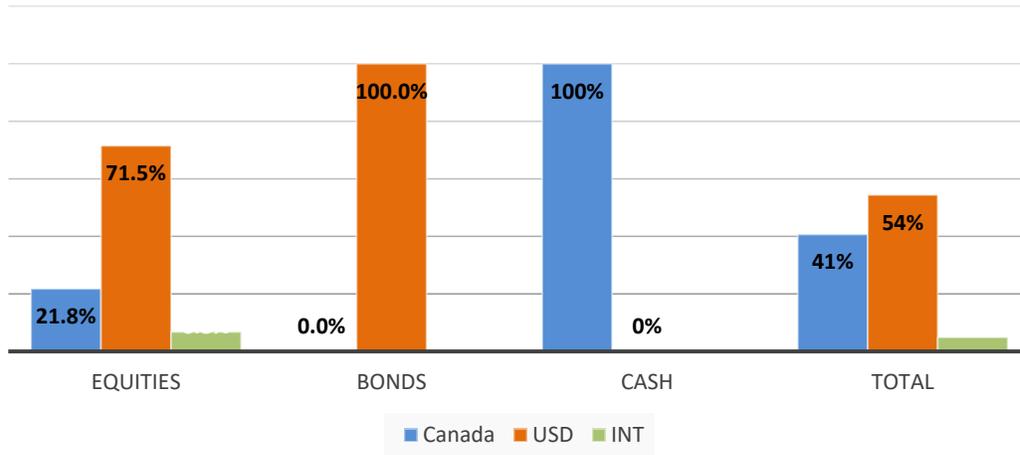
Summary of Investment Portfolio (as at Dec 31, 2018)

Stock Name	Percent of Portfolio
C21 Investments Inc	6.85%
Khiron Life Sciences Corp	6.07%
Green Thumb Industries Inc	5.87%
Planet 13 Holdings Inc	5.48%
CannaRoyalty Corp	5.16%
CannTrust Holdings Inc	4.49%
Village Farms International Inc	4.20%
Cannex Capital Holdings Inc	4.18%
LoudPack UTS	3.81%
OrganiGram Holdings Inc	3.38%
Aldershot Resources	3.07%
Hexo Corp	2.91%
1933 Industries Inc	2.79%
Charlotte's Web Holdings Inc	2.46%
Canaccord Secondary	2.29%
Acreage Holdings Inc	0.95%
1933 Industries Inc	0.89%
Harvest Health & Recreation Inc	0.78%
GW Pharmaceuticals PLC	0.67%
Canaccord Genuity Growth Corp	0.55%
Curaleaf Holdings Inc	0.18%
1933 Industries Warrants	0.01%
Sunniva Inc	0.01%
INDUS Holdings	0.00%
Medmen Enterprises Inc	0.00%
TOTAL: Top 25 Holdings	67.06%



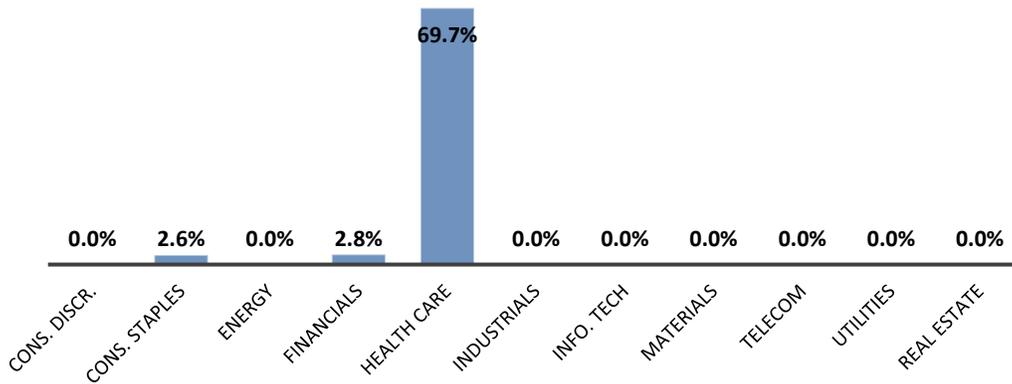
The investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the investment portfolio are available on request.

Geography/Asset Allocation



Note: Geographic allocation is based on Operations and not necessarily head office location.

Sector Allocation





Stone Castle

CANNABIS GROWTH FUND

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Forward-Looking Statements

This management report of fund performance may contain forward-looking statements which reflect the current expectations of the Manager (or, where indicated, the Portfolio Manager) regarding the Fund's future growth, results of operations, performance and business prospects and opportunities. These statements reflect the current beliefs of the person to which the statements are attributed with respect to future events and are based on information currently available to that person. Forward looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, changes in government regulations or in tax laws. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.