



Sprott Real Asset Class

Sprott Corporate Class Inc.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2016

The interim management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.sprott.com or SEDAR at www.sedar.com or by writing to us at: Sprott Asset Management LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. 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

Investment Objective and Strategies

The investment objective of Sprott Real Asset Class (the “Fund”) is to seek to provide total return over the long term by investing primarily in a portfolio of mutual funds that are managed by the Manager, its associates or its affiliates in various real asset sectors of the global economy as well as direct investments. The Fund may also invest directly in equity securities and/or exchange-traded funds operating in, or providing exposure to, the real asset sector.

To achieve these objectives, the Fund’s sub-advisor allocates the Fund’s assets among the infrastructure, timber and agriculture sectors within specified ranges. These ranges are designed to allow the sub-advisor to vary the weighting of the Fund’s portfolio within the real asset sector to meet the investment objective as it considers appropriate in a variety of market environments.

Risk

The Fund is primarily a fund-of-funds. As a result, the risks of investing in the Fund include both the risks of investing in the Fund and the risks of investing in the underlying funds, which the Fund takes on in proportion to its investment in those underlying funds. The risks of investing in the Fund are detailed in the Fund’s simplified prospectus. Refer to the prospectuses of the underlying funds for details of the risks of investing in those funds. The Fund is suitable for those investors seeking long-term capital growth with a medium tolerance for risk. There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period.

Results of Operations

The Fund, Series A, declined 2.6% during the first six months of 2016.

At the end of June, the Fund’s allocation to Sprott Global Infrastructure Fund, Sprott Timber Fund, Sprott Global Agriculture Fund and Sprott Global REIT and Property Equity Fund was 44.9%, 33.8%, 17.5% and 1.8%, respectively, with the remainder allocated to direct stock investments.

The Fund’s allocation to the Sprott Global Infrastructure Fund was the largest contributor to positive performance for the period. This fund’s performance benefitted from the increase in energy prices as the Manager continued to be overweight the energy sector, with a focus on companies with increased leverage to higher oil prices. These positions were balanced against more defensive, higher-yielding securities. This fund actively increased its weightings in pipeline operators in the energy sector due to their low-risk cash flows and growth due to expanding energy prices. The fund also took profits throughout the year in the industrials sector due to high valuations.

Although Sprott Global REIT and Property Equity Fund represented the smallest fund allocation of the portfolio, it was one of the top contributors to performance for the period. Continued low global interest rates and moderate global economic growth motivated investors to allocate funds to equity investments providing attractive relative yields. This fund’s portfolio was positioned to benefit from strong employment trends in the U.S. with exposure to apartment, retail and storage REITs. The portfolio was underweight sectors, such as health care, that had increasing profit margin pressure from employee wages and employee turnover. The portfolio rotated into office and industrial REITs as job growth was robust and demand for industrial REITs accelerated due to expectations of the need for warehousing e-commerce business inventories.

Sprott Timber Fund was the largest detractor from performance for the period. Sector allocations to more economically sensitive areas such as containerboard negatively impacted this fund’s performance. Global industrial production, a key driver of demand for containerboard, continued to weaken through the first half of 2016. Currency, especially the strength of Canadian dollar relative to U.S. dollar, also had a negative impact on this fund for the period. The fund benefited from the continued improvement in U.S. housing trends.

Sprott Global Agriculture Fund also detracted from performance for the period. Slower global economic growth continued to put pressure on global interest rates with an increasing number of countries experiencing negative rates. This backdrop continued to put pressure on most global commodity prices including the agricultural sector. In addition, weather events such as El Nino and La Nina impacted world agricultural markets differently presenting regional investment opportunities. Furthermore, volatile currency movements influenced more commodity-oriented equities.

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The net asset value of the Fund decreased from \$20.5 million as of December 31, 2015 to \$15.3 million as of June 30, 2016. The decrease was primarily the result of net share redemptions of \$4.3 million and realized and unrealized investment losses totaling \$685 thousand. The management expense ratio increased from the prior period.

Related Party Transactions

MANAGEMENT AND INCENTIVE FEES

The annual management fee payable by the Fund to the Manager is 2.25% for Series A shares, 1.25% for Series F and as negotiated by the shareholders of Series I. To the extent that an underlying fund that is a Sprott mutual fund and pays a management fee to the Manager, the Fund does not duplicate management fees with respect to the investment in the underlying Sprott funds. The management fee is calculated and accrued daily and payable monthly based on the daily net asset value of the Fund. For the six-month period ended June 30, 2016, the Fund incurred management fees of \$180,155 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Real Asset Class – Series A	60%	40%
Sprott Real Asset Class – Series F	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$836 during the six-month period ended June 30, 2016, to Sprott Private Wealth LP, an affiliate of the Manager.

There are no incentive fees charged to the Fund directly; however, the underlying Sprott funds may pay the Manager annually an incentive fee, calculated in accordance with the simplified prospectus of the underlying funds.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. The Manager did not absorb any expenses during the six-month period ended June 30, 2016.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

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 for the six-month period ended June 30, 2016 and the years shown.

The Fund's Net Assets per Share¹

	Jun 30, 2016	Dec 31, 2015	Dec 31, 2014 ⁴
Series A	\$	\$	\$
Net assets, beginning of period	9.84	10.45	10.00
Increase (decrease) from operations:			
Total revenue	0.15	0.32	0.14
Total expenses	(0.14)	(0.30)	(0.12)
Realized gains (losses) for the period	(0.23)	(0.02)	–
Unrealized gains (losses) for the period	(0.13)	(0.74)	0.61
Total increase (decrease) from operations²	(0.35)	(0.74)	0.63
Distributions:			
From income (excluding dividends)	–	–	–
Return of capital	0.16⁵	0.34	0.16
Total annual distributions³	0.16	0.34	0.16
Net assets, end of period	9.41	9.84	10.45

	Jun 30, 2016	Dec 31, 2015	Dec 31, 2014 ⁴
Series F	\$	\$	\$
Net assets, beginning of period	9.99	10.49	10.00
Increase (decrease) from operations:			
Total revenue	0.15	0.31	0.14
Total expenses	(0.09)	(0.19)	(0.07)
Realized gains (losses) for the period	(0.22)	(0.00)	–
Unrealized gains (losses) for the period	(0.17)	(0.48)	0.59
Total increase (decrease) from operations²	(0.33)	(0.36)	0.66
Distributions:			
From income (excluding dividends)	–	–	–
Return of capital	0.16⁵	0.34	0.16
Total annual distributions³	0.16	0.34	0.16
Net assets, end of period	9.61	9.99	10.49

1 This information is derived from the Fund's interim and audited annual financial statements.

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

3 Distributions were reinvested in additional shares of the Fund.

4 Information provided is for the period from July 17, 2014 (launch date) to December 31, 2014.

5 The final allocation of distributions for the period ended June 30, 2016 between income, dividends, capital gains and return of capital will be determined at December 31, 2016.

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Ratios and Supplemental Data

	Jun 30, 2016	Dec 31, 2015	Dec 31, 2014
Series A			
Total net asset value (000s) ¹	\$9,943	\$12,072	\$5,564
Number of shares outstanding ¹	1,056,052	1,227,132	532,632
Management expense ratio ²	3.69%	3.25%	3.07%
Management expense ratio before waivers or absorptions ³	3.69%	3.25%	3.81%
Trading expense ratio ⁴	0.02%	0.02%	0.02%
Portfolio turnover rate ⁵	2.79%	40.12%	–
Net asset value per share ¹	\$9.41	\$9.84	\$10.45
Series F			
Total net asset value (000s) ¹	\$5,353	\$8,421	\$10,866
Number of shares outstanding ¹	556,875	843,265	1,035,841
Management expense ratio ²	2.52%	2.12%	2.06%
Management expense ratio before waivers or absorptions ³	2.52%	2.12%	3.09%
Trading expense ratio ⁴	0.02%	0.02%	0.02%
Portfolio turnover rate ⁵	2.79%	40.12%	–
Net asset value per share ¹	\$9.61	\$9.99	\$10.49

1 The information is provided as at June 30, 2016 and December 31 of the years shown prior to 2016.

2 Management expense ratio (“MER”) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Fund’s MER includes proportionate share of the MER of each underlying fund in which the Fund has invested.

3 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

4 The trading expense ratio (“TER”) represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short. As a result of the Fund’s investment in the Underlying Funds, the TER includes costs that are indirectly incurred by the Fund attributable to its investment in each of the Underlying Funds.

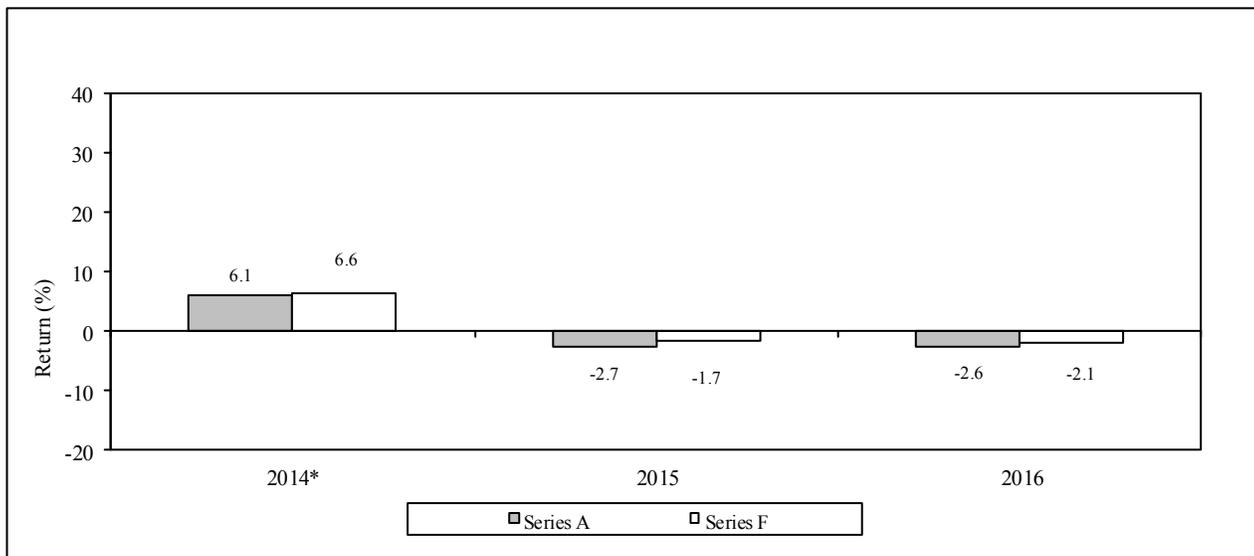
5 The Fund’s portfolio turnover rate indicates how actively the Fund’s portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio 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 the Fund.

Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of returns are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the six-month period ended June 30, 2016 and each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.



* Return from July 17, 2014 to December 31, 2014 (not annualized). There were no Series I shares outstanding as at December 31, 2014.

Summary of Investment Portfolio

As at June 30, 2016

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Mutual Funds	97.9
REITs	3.2
Total Long Positions	101.1
Cash	0.1
Other Net Assets	(1.2)
Total Net Asset Value	100.0

All Long Positions

Issuer	% of Net Asset Value
Sprott Global Infrastructure Fund, Series I	44.9
Sprott Timber Fund, Series I	33.8
Sprott Global Agriculture Fund, Series I	17.5
Sprott Global REIT and Property Equity Fund, Series I	1.8
Boston Properties Inc.	0.9
AvalonBay Communities Inc.	0.8
Coresite Realty Corp.	0.8
Equity Residential	0.7
Cash	0.1
All long positions as a percentage of net asset value	101.3

The Fund held no short positions as at June 30, 2016.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at www.sprott.com. In addition, the simplified prospectus and other information about the underlying funds are available on the internet at www.sprott.com or www.sedar.com.

Corporate Information

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