

As of June 30, the Resource Class has returned 34.1% on a 1-year basis, ranking 2 out of 25 peers. YTD the fund has returned 63.7%, ranking it 2nd in the peer group, and has outperformed the benchmark (50/50 S&P TSX Capped Materials TR and S&P TSX Capped Energy TR) by 27.8%. Notably, these returns were not generated at the expense of excessive risk. On a 1-year basis, the Resource Class downside capture was 65%, which compares favorably to the peer group's ~95% downside capture. On the upside, the Resource Class captured approximately 125% of the index returns while our peers captured 73%. The Fund is clearly outperforming on both up-legs and down-legs during these volatile times in the resource markets.*

The Fund is managed similarly to the Sprott Gold and Precious Minerals Fund where approximately half of the portfolio is categorized as '**Core**' names, which are typically small to mid-cap resource companies that are expected to outperform through a cycle. The other half of the portfolio is '**Tactical**' and tries to opportunistically provide beta to the respective sectors when the outlook is positive while providing downside protection when the outlook is cloudy.

Currently, the Fund is almost fully invested with approximately 45% of the portfolio in energy equities and 50% of the portfolio in gold miners. We believe the outlook for gold miners is attractive as the key drivers for gold (macro risks, real interest rates and currencies) are all supportive of a higher gold price. Currently approximately 40% of global government bonds have a negative yield, indicative of the amount of stimulus policymakers are trying to push to revive global economic growth. Our outlook for energy equities is also positive as global supply/demand for crude oil becomes more balanced.

We believe the Sprott Resource Class is an ideal investment vehicle for clients who are bullish on the outlook for resources but are unsure of the allocation between mining and energy. Our keen focus on monitoring the macro risks while trying to uncover the hidden gems ensures we are constantly delivering the best risk-adjusted returns to our clients.

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***COMPOUNDED RETURNS (%) AS AT JUNE 30, 2016¹**

	1 MTH	YTD	3 MTH	6 MTH	1 YR	3 YR	ANNUALIZED INCEPTION (10/17/11)
SPROTT RESOURCE CLASS, SERIES A	10.0	63.7	30.9	63.7	34.1	9.4	-4.9
BLENDED INDEX [†]	6.6	35.8	18.9	35.8	8.4	1.7	-4.1

SPROTT RESOURCE CLASS

June 2016 Commentary



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[†] Blended Index (50/50 S&P/TSX Capped Materials Total Return Index and S&P/TSX Capped Energy Total Return Index) and is computed by Sprott Asset Management LP based on available index information.

¹ All returns and fund details are a) based on Series A shares; b) net of fees; c) annualized if period is greater than one year; d) as at June 30, 2016; e) 2011 annual returns are from 10/17/11 to 12/31/11.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital gains risk; class risk; commodity risk; concentration risk; currency risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; liquidity risk; market risk; regulatory risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; small company risk; tax risk; uninsured losses risk.

Sprott Asset Management LP is the investment manager to the Sprott Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), other charges and expenses all may be associated with mutual fund investments. Please read the prospectus carefully before investing. The indicated rate of return for series A units of the Fund for the period ended June 30, 2016 is based on the historical annual compounded total return including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

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