



TAX ADVANTAGED THINKING

SPROTT
ASSET MANAGEMENT

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4 REASONS TO CONSIDER TAX-ADVANTAGED FLOW-THROUGH INVESTING

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The Sprott Flow-Through franchise has the potential to deliver strong after-tax returns:

	Final NAV	After-Tax Return*	Liquidity Event
2015 Flow-Through	\$24.09	50.8%	24 months
2016 Short-Duration Flow-Through	\$22.16	54.4%**	<10 months

* Assumes the highest marginal tax rate for Ontario

** More robust tax credits in 2016 produced a higher after-tax return than 2015, despite a lower final NAV

2

The Sprott Flow-Through franchise offers strong relative performance:

Sprott Issue	Sprott Final NAV	Peer Group Average NAV*	After-Tax Return
2016 LP	\$22.16	\$20.52 ¹	54%
2015 LP	\$24.09	\$20.00 ²	51%
2014 II LP	\$24.77	\$16.16 ³	58%
2014 LP	\$12.31	\$10.02 ⁴	-17%
2013 LP	\$18.41	\$15.02 ⁵	23%

As of December 30, 2016. Based on a \$25 issue NAV. 2013: Middlefield and Front Street is an average of 2013 issues.

* See back page for details on Peer Group Average NAV.

¹ Peer Group includes: Sentry, Middlefield, CMP, Front Street, Canoe, Brompton

² Peer Group includes: Sentry, CMP, Brompton, Canoe, Middlefield, Canoe CDE, Middlefield CDE

³ Peer Group includes: Middlefield, Front Street

⁴ Peer Group includes: Sentry, CMP, Brompton, Canoe, Middlefield, Front Street, Canoe CDE

⁵ Peer Group includes: Sentry, Middlefield, CMP, Brompton, Front Street. Middlefield and Front Street is an average of 2013 issues.

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Tax-advantaged roll-over into a strong corporate class:

At termination, unitholders of the Sprott 2016 Short Duration Flow-Through Limited Partnership received shares in the Sprott Resource Class, which has had strong performance of **88.4%** in 2016, outperforming its blended-index benchmark by **45.5%**

Unitholders then had the option of continuing to hold the Sprott Resource Class shares, thereby deferring any taxable event on their original Flow-Through investment.

Fund Name	Code	Value Date	MTD	YTD	3M	6M	1YR	3YR	5YR	Since Inception
Resource Class A	SPR106	12/30/16	3.26	88.41	(2.10)	15.08	88.41	12.97	(0.84)	(1.87)
Blended Index*		12/30/16	0.02	42.95	2.48	5.27	42.95	0.71	(2.52)	(2.76)

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 December 30, 2016; e) 2011 annual returns are from 10/17/11 to 12/31/11.

*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.

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An excellent wealth management tool:

One of the few remaining, advanced tax planning strategies available in Canada. Investing in a Flow-Through LP effectively converts income into **capital gains**, so investors can take advantage of any unused **capital losses** they are carrying when they sell their shares in the mutual fund corporation, thereby reducing their taxable income.

With a longer-term investment time horizon, an investor may also be well-positioned to take advantage of a deferred tax strategy that allows their investment to compound until one of several events occurs:

- they experience capital losses on other investments which they can now use to offset their capital gain;
- they enter a lower marginal tax bracket.

FOR A CLIENT-FRIENDLY GRAPHIC ON THE TAX ADVANTAGES OF FLOW-THROUGH INVESTING PLEASE VISIT **SPROTT.COM/TAXADVANTAGES**

Flow-Through Peer Group Performance

FT Funds Issued by:	2013 FT	2014 FT	2014II FT	2015 FT	2016FT
Sentry	\$19.29	\$15.70	**	\$25.30	\$19.77
Middlefield	\$13.75	\$8.52	\$14.48	\$13.65	\$21.24
Middlefield CDE	**	**	**	\$17.13	**
Peer Group NAV					
CMP	\$15.53	\$13.37	**	\$24.60	\$19.35
Front Street	\$12.44	\$6.89	\$9.23	**	**
Canoe	**	\$4.63	**	\$14.28	\$21.21
Canoe CDE	**	\$7.23	**	\$15.06	\$24.80
Brompton	\$14.55	\$8.74	**	\$22.24	**
Average	\$15.02	\$10.02	\$16.16	\$20.00	\$20.52

Source: Company websites

** No offering for this period.

As of December 30, 2016. Based on a \$25 issue NAV. 2013: Middlefield and Front Street is an average of 2013 issues.



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