

During May, the Sprott Resource Class returned -1.02% – outperforming the benchmark, which returned -3.86%. Year to date, the Sprott Resource Class has outperformed the benchmark by 4.44%. Of the 24 resource fund peers we track, the Sprott Resource Class is the top performing resource over the one-year and three-year periods ending May 31, 2017.

	MTD	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS
SPROTT RESOURCE CLASS SERIES A	-1.02	-1.84	24.22	7.38	4.00	—
AGF GLOBAL RESOURCES CLASS	-4.09	-13.63	-4.27	-14.24	-4.90	-2.68
LOGIQ GLOBAL RESOURCE SER A	-4.76	-14.74	1.23	—	—	—
BMO RESOURCE A	-0.61	-7.37	2.45	-4.69	3.95	-0.04
BROMPTON RESOURCE	0.74	-8.97	6.59	-23.95	-23.96	-19.78
CI SIGNATURE GLB RESOURCE A	-3.12	-10.01	11.19	-8.14	0.32	-0.53
CIBC CANADIAN RESOURCES	-3.87	-10.44	0.61	-13.14	-8.61	-7.80
DMP RESOURCE CLASS	0.59	1.78	6.87	6.42	-10.53	-8.60
DYNAMIC RESOURCE	0.72	1.32	-0.13	-1.00	-4.86	-1.67
DYNAMIC STRATEGIC RESOURCE CLASS A	0.28	-7.10	5.30	0.30	5.76	—
FIDELITY GLOBAL NATURAL RESOURCES SR A	-3.58	-5.53	2.81	-1.54	6.46	3.93
FIRST ASSET RESOURCE FUND INC	1.00	-6.11	10.51	-6.83	-2.71	-4.23
LOGIQ GROWTH SERIES A	-4.95	-25.07	-11.25	-23.08	-12.31	-7.55
LOGIQ RESOURCE GRWTH AND INC CL A	-3.57	-14.07	-2.36	-17.20	-11.23	-11.33
LOGIQ SPECIAL OPPORTUNITIES CL A	0.03	-10.41	6.11	-17.20	-5.10	-2.95
INVESTORS CANADIAN NATURAL RESOURCE A	-4.76	-13.38	3.41	-12.83	-13.83	-7.08
INVESTORS GLOBAL NATURAL RESOURCES CL A	-1.41	-2.13	10.09	-4.22	-3.93	-4.68
MACKENZIE CANADIAN RESOURCE A	-3.74	-13.72	0.10	-14.95	-6.74	-4.99
MACKENZIE GLOBAL RESOURCE CL A	-5.07	-11.31	3.59	-5.79	2.88	-3.33
NBI RESOURCE A	-4.18	-5.32	1.88	-1.49	0.71	-0.77
RBC CANADIAN SMALL & MID-CAP RES SERA	-3.70	-13.78	0.49	—	—	—
RBC GLOBAL RESOURCES SR A	-3.19	-5.61	5.60	-2.97	2.37	-0.23
RENAISSANCE GLOBAL RESOURCE	-3.69	-8.73	2.59	-12.62	-8.98	-7.01
SCOTIA RESOURCE	0.53	0.88	7.80	2.64	3.97	-0.78
SENTRY CANADIAN RESOURCE CLASS A	-2.61	-13.54	-16.66	-9.41	-6.27	-8.20
STONE & CO RESOURCE PLUS CLASS A	-8.99	-13.81	-1.44	-15.60	-6.32	-7.96
TD RESOURCE - I	-2.86	-12.33	-6.77	—	—	—
TRIMARK RESOURCES	-4.95	-22.97	-6.79	-15.20	-5.49	-3.65
CANADA FUND NATURAL RESOURCES EQUITY	-3.10	-9.32	3.26	-8.29	-3.44	-3.63

Source: Morningstar, Sprott Asset Management LP.

The biggest portfolio development during May involved Continental Gold – one of the fund’s largest holdings – which attracted a \$100 million investment from Newmont Mining at a 46% premium to the previous session’s close. The fund has been a long time holder of Continental because the company controls a world class asset and trades at significant discount to its peers. Recently, Continental’s stock price had been under enormous pressure as a result of innuendo surrounding the technical characteristics of the flagship asset and the upcoming GDXJ rebalance. Sprott had completed extensive technical due diligence on the Continental asset, which included multiple site visits. Given Sprott’s familiarity and comfort with the project, we remained committed to holding the stock during this difficult period. The Newmont investment not only rewarded our commitment, but it also endorsed our technical interpretation that the asset was sound and will be a profitable gold mine.

# SPROTT RESOURCE CLASS

May 2017 Commentary

June could prove to be a very good month for a number of junior and intermediate gold companies. Since the GDJX announced a methodology change in April there have been numerous junior and intermediate gold equities that have significantly underperformed as a result of anticipated GDJX position reductions. As mentioned in last month's commentary, the GDJX has become a major holder of many of these equities. Towards the end of March, 78% of GDJX holdings were in stocks in which the ETF held greater than 10% of the shares outstanding. Considering that the rebalance will occur on June 16, we believe there is considerable potential for a number of these fundamentally sound equities to rerate via mean reversion as the month progresses. Stay tuned.

## COMPOUNDED RETURNS (%) AS AT MAY 31, 2017<sup>1</sup>

	1 MTH	YTD	3 MTH	6 MTH	1 YR	3 YR	5 YR	ANNUALIZED INCEPTION (10/17/11)
SPROTT RESOURCE CLASS, SERIES A	-1.0	-1.8	-6.2	1.4	24.2	7.4	4.0	-2.1
BLENDED INDEX <sup>†</sup>	-3.9	-6.3	-3.5	-6.3	5.2	-4.8	-1.4	-3.7

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<sup>†</sup> 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.

<sup>1</sup> 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 May 31, 2017; 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.**

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