



Gold's Value in the Post-COVID Recovery

Webcast: Monday, June 14, 2021

Sprott

Featured Speakers



John Hathaway, CFA, Senior Portfolio Manager

John Hathaway joined Sprott Asset Management in January 2020. Mr. Hathaway is a Portfolio Manager of Sprott Hathaway Special Situations Strategy and Co-Portfolio Manager of the Sprott Gold Equity Fund. Previously, Mr. Hathaway joined Tocqueville Asset Management L.P. in 1997 where he was a Co-Portfolio Manager of the Tocqueville Gold Fund as well as other investment vehicles in the Tocqueville Gold Equity Strategy. He was also the Portfolio Manager of private funds. Prior to joining Tocqueville, Mr. Hathaway co-founded and managed Hudson Capital Advisors followed by seven years with Oak Hall Advisors as the Chief Investment Officer in 1986. In 1976, he joined the investment advisory firm David J. Greene and Company, where he became a Partner. Mr. Hathaway began his career in 1970 as an Equity Analyst with Spencer Trask & Co. Mr. Hathaway earned a B.A. from Harvard College and an MBA from the University of Virginia. Mr. Hathaway was also the Chairman of Tocqueville Management Corporation, the General Partner of Tocqueville. He also holds the CFA® designation.



Douglas Groh, Senior Portfolio Manager

Douglas Groh joined Sprott Asset Management USA in January 2020. He serves as a Co-Portfolio Manager of the Sprott Gold Equity Fund as well as other investment vehicles in the Sprott Gold Equity Strategy. Previously, Mr. Groh was a Portfolio Manager at Tocqueville Asset Management L.P. Prior to joining Tocqueville in 2003, he was Director of Investment Research at Grove Capital from 2001-2003. From 1990-2001, he held investment research and banking positions at J.P. Morgan, Merrill Lynch, and ING Bank. During the late 1980s, Mr. Groh served as a portfolio manager of gold mining equity funds for U.S. Global Investors and IDS Financial Services, after beginning his career as a mining and precious metals analyst in 1985 at U.S. Global Investors. Mr. Groh earned a B.S. in Geology/Geophysics from the University of Wisconsin – Madison and an M.A. from the University of Texas at Austin, where he focused on mineral economics.



Ed Coyne, Senior Managing Director, Global Sales

Ed Coyne joined Sprott in January 2016 and has more than 25 years of investment management and sales experience. Previously, he was a Principal and Investment Specialist for 18 years at Royce & Associates, a small-cap value manager located in New York City and the investment adviser to The Royce Funds. Before joining Royce, Mr. Coyne worked with Zweig Mutual Funds and Neuberger Berman as a Regional Sales Director. He began his career at Reich & Tang, a provider of deposit, liquidity, and cash management solutions for banks, broker-dealers, investment advisors, institutional investors, and public entities. Mr. Coyne worked in the firm's key account sales division servicing institutional clients. Mr. Coyne earned his Bachelor of Science in Architectural Studies from the University of Missouri. He also holds a Series 7 license, administered by Financial Industry Regulatory Authority (FINRA).

A Global Leader in Precious Metals Investments

Sprott

US\$17.1B in AUM¹

Sprott (SII) is publicly listed on the NYSE and TSX

Exchange Listed Products	Managed Equities	Lending	Brokerage
~\$12.2B AUM	~\$2.5B AUM	~\$1.0B AUM	
<ul style="list-style-type: none">Physical Bullion Trusts (NYSE Arca Listed)Gold Mining Equity ETFs (NYSE Arca Listed)	<ul style="list-style-type: none">Flagship U.S. mutual fund is Sprott Gold Equity Fund (SGDLX)Closed-End Value Strategy (NASDAQ Listed)	<ul style="list-style-type: none">Bespoke credit investments to mining and resource companiesCohesive team of credit and financing expertsLong dated streams and royalties	<ul style="list-style-type: none">Capital raising and advisory services to natural resource companiesWealth management services for individual investors in the U.S. and Canada

¹ Sprott AUM as of March 31, 2021.

Sprott's 2021 Outlook on Gold and Gold Equities

GOLD

- Both gold and gold stocks are under-represented in both institutional and investor portfolios, and there is still plenty of upside potential for gold assets
- In Q2, gold climbed back above \$1,900, on renewed inflation fears and historically low real interest rates
- Bonds are at a dead end as a portfolio diversifier for 60/40 portfolios...at 0% interest rates they offer minimal upside combined with substantial downside risk
- Investors should take advantage of gold price weakness to establish and increase long positions

GOLD MINING STOCKS

- Gold mining stocks are the least expensive relative to bullion in decades and cheap by any standard valuation metric
- Many companies are growing their free cash flow (FCF); with FCF yields of 10% or more not uncommon, the mining sector is positioned to generate more than ~\$10 billion in FCF at current metals prices
- Dividend hikes and share buybacks are becoming frequent
- Gold M&A activity is underway as producers seek to replace reserves

. Opinion subject to change without notice.

“It is dangerous to accept that government spending no matter how much and what for is the only solution and even more dangerous to believe that the shape of the recovery is only a function of the size of the stimulus package.”

“Central banks do not manage risk, they disguise it.”

- Daniel Lacalle, Chief Economist and Investment Officer at Tressis Gestión

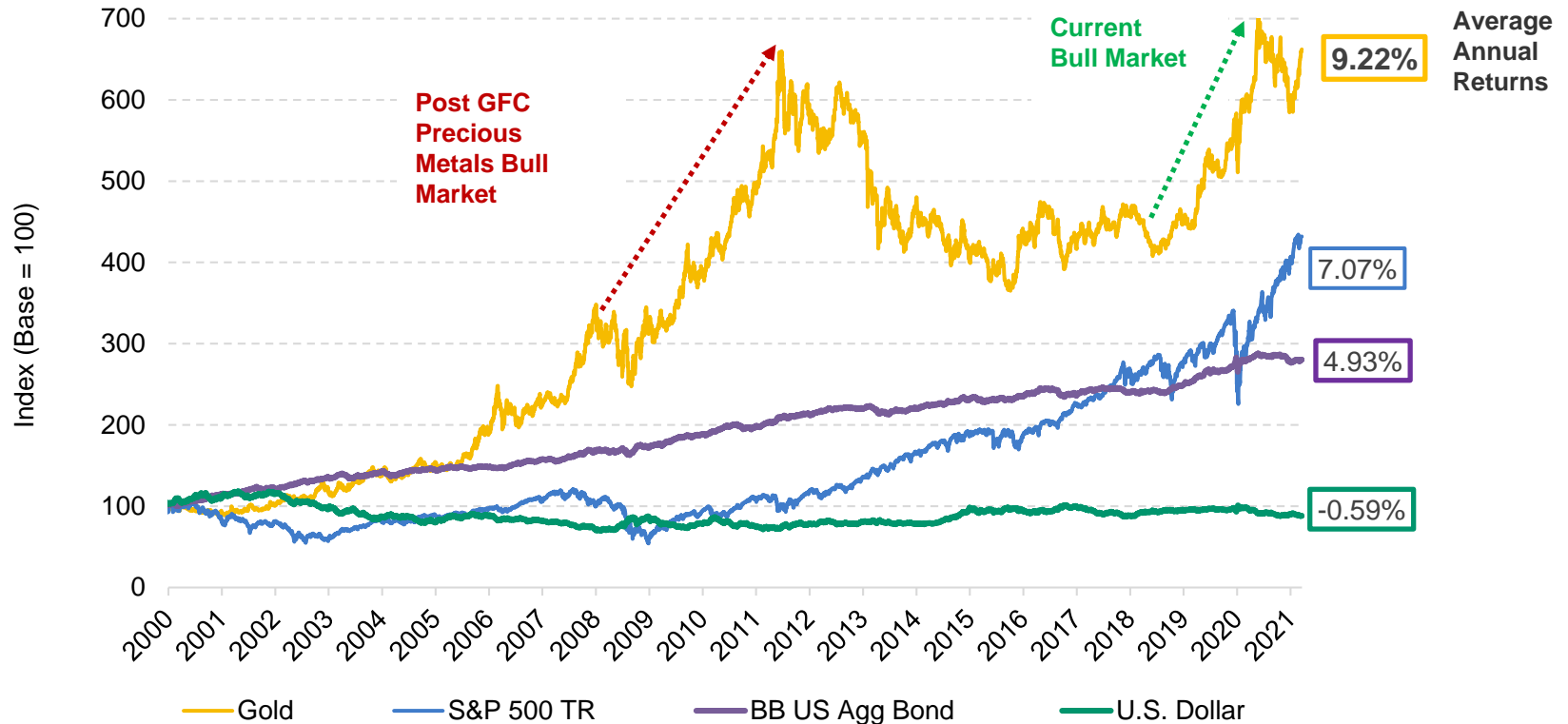
The Case for Gold

John Hathaway
Senior Portfolio Manager



Gold Performance Since 2000

Gold vs. Stocks, Bonds and USD Returns for Period from 12/31/1999-5/31/2021

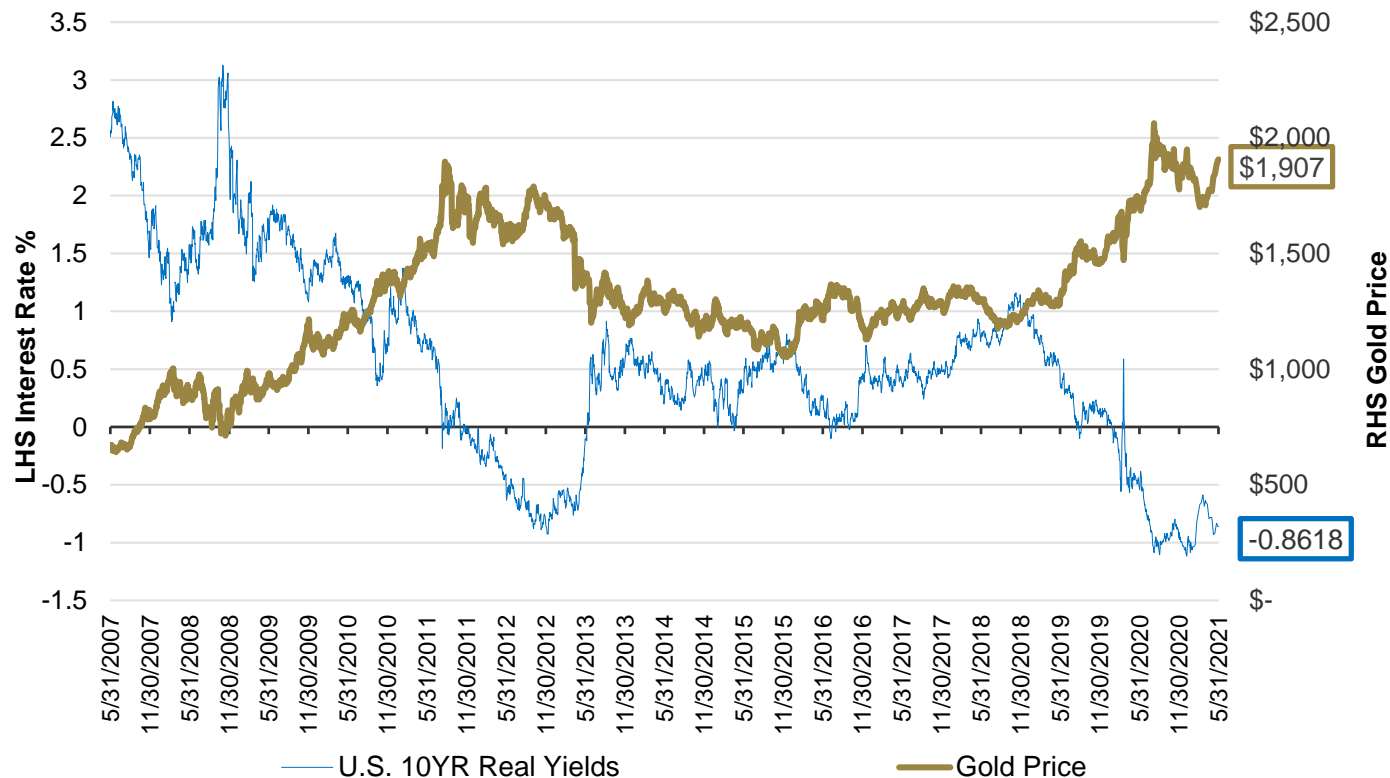


Source: Bloomberg. Period from 12/31/1999-5/31/2021. Gold is measured by GOLDS Comdty Spot Price; S&P 500 TR is measured by the SPX; US Agg Bond Index is measured by the Bloomberg Barclays US Agg Total Return Value Unhedged USD (LBSTRUU Index); and the U.S. Dollar is measured by DXY Curncy. You cannot invest directly in an index. Past performance is no guarantee of future results.

Gold Has Thrived When Real Interest Rates are Low

The gold price has risen more than 166% during the period, as real yields have fallen to -0.86% (5/31/2007 to 5/31/2012)

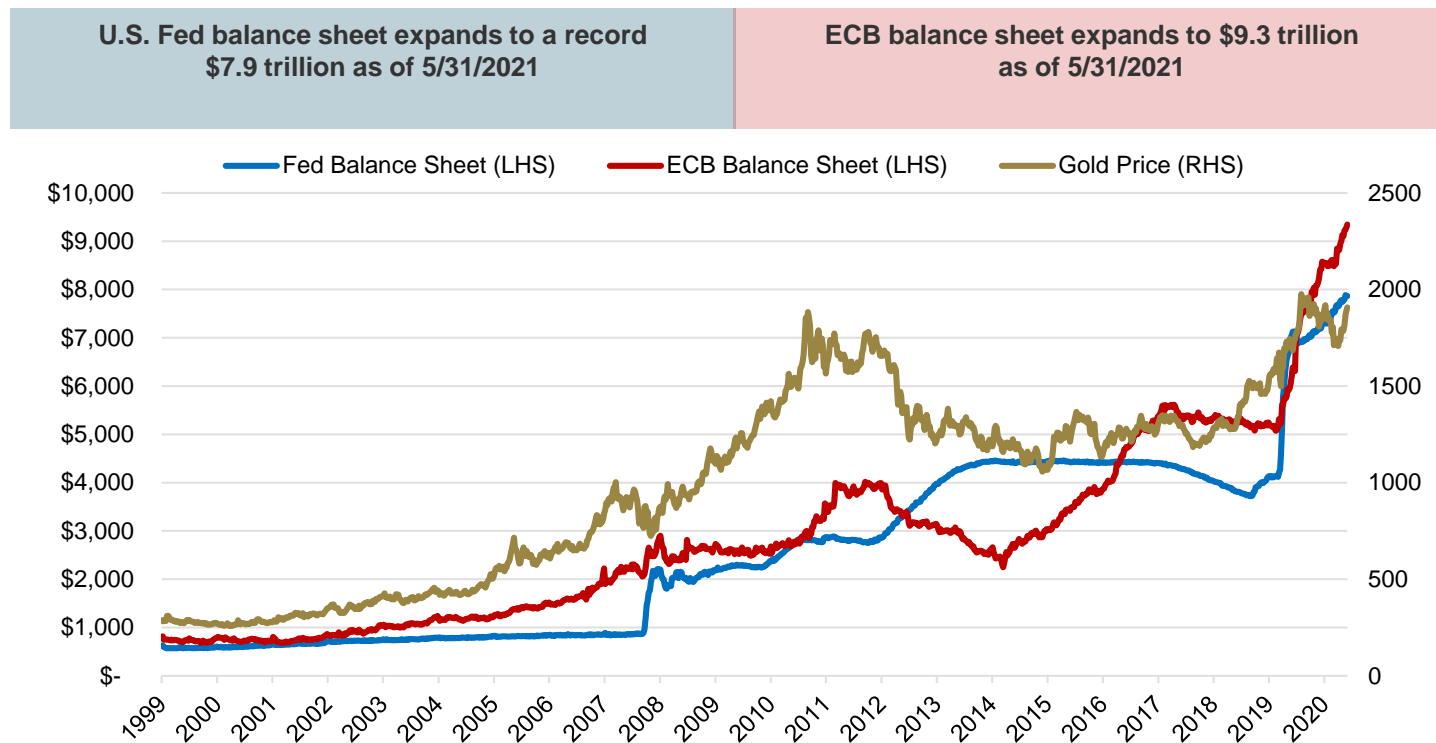
U.S. Real Yields Below 0% in 2021



Source: Bloomberg. Data as of 5/31/2021. Real yields are measured by USGGT10Y Index, representing U.S. 10-year TIPs (Treasury Inflation Protected) yields. Gold is measured by GOLDS Comdty Spot Price. You cannot invest directly in an index. Past performance is not indicative of future results.

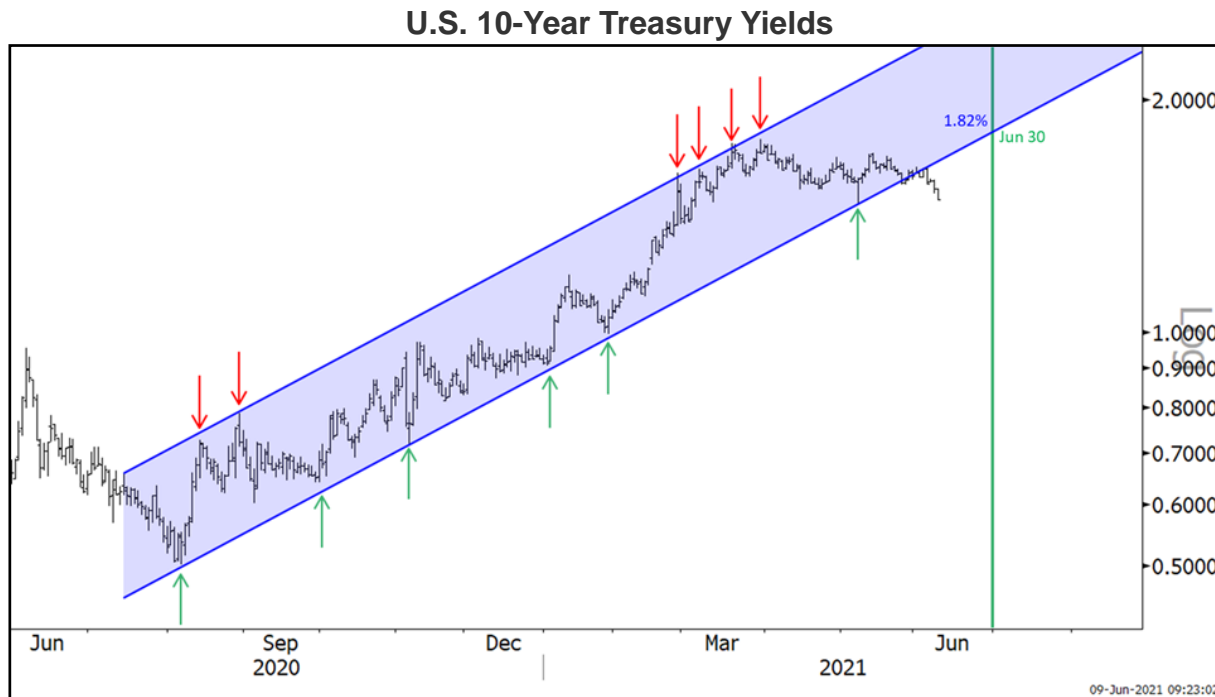
Fundamentals Support a Long-Term Uptrend in Gold

- Central bank balance sheets, government deficits and fiat M2 growth are all experiencing simultaneous explosive growth
- Other financial markets are increasingly correlated and tied to this growth
- The gold sector can provide valuable insurance and portfolio diversification against both normal and “tail risk” circumstances



Source: Bloomberg. Data as of 5/31/2021 in U.S. Billion dollars.

Macro Consensus is Wrong



- Bond market could be discounting that economic recovery has peaked and that recession is around the corner
- If so, equity market risk is high because earnings will fall short of expectations
- Could mean that future deficits, stimulus, and money printing will exceed consensus
- Gold would benefit; defensive investment strategies should outperform

Source: Chart from Cornerstone Macro.

The Case for Gold Equities

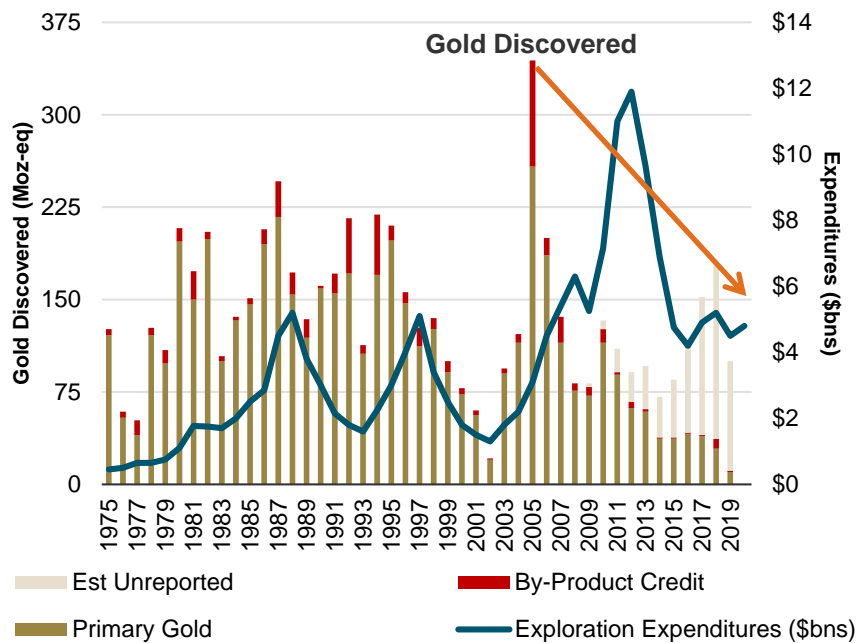
Douglas Groh
Senior Portfolio Manager



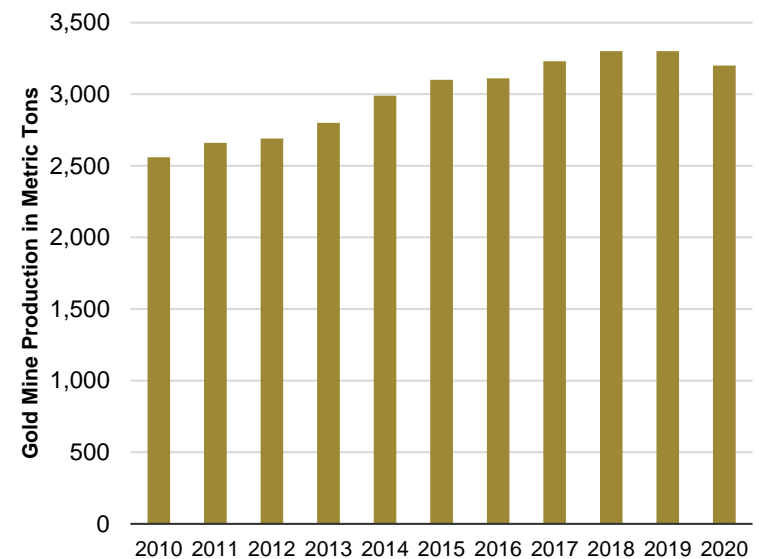
Gold Supply Factors: Discovery & Production

- Despite record spending on exploration, new gold discoveries are less frequent
- Gold production trending higher offset against declining discoveries means mining more marginal ore; there are not enough quality deposits to sustain future production without gold prices rising

Major Gold Discoveries Have Declined Significantly¹
Discovery (1975-2019); Exploration (1975-2020)



Annual Gold Production
2010-2020

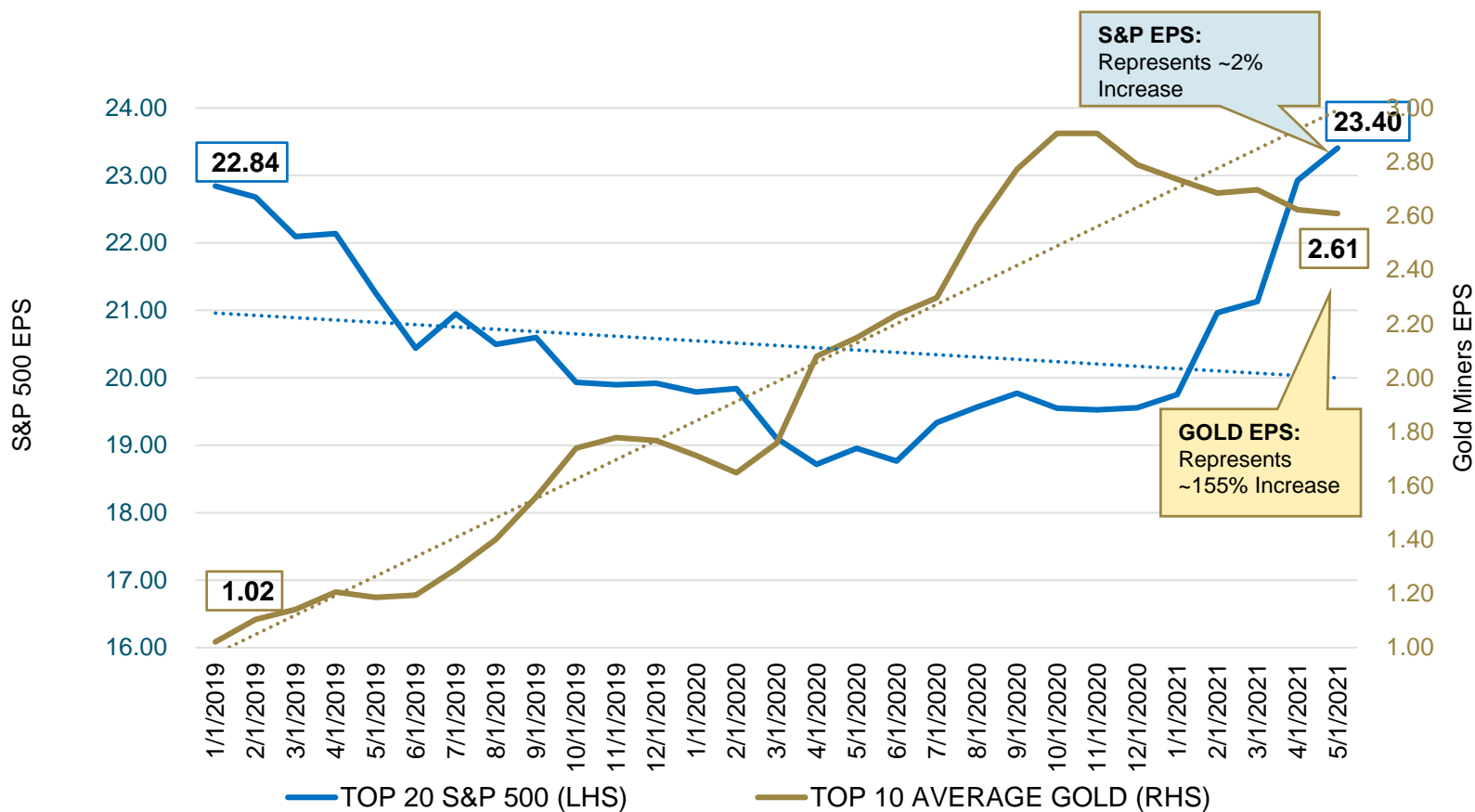


¹Data from 2009 onwards have been adjusted for unreported discoveries.

Source: World Gold Council. © Copyright by SNL Metals & Mining 2020. All rights reserved. USGS Mineral Commodity Summaries 2021.

Gold Miners EPS Outlook is Very Positive

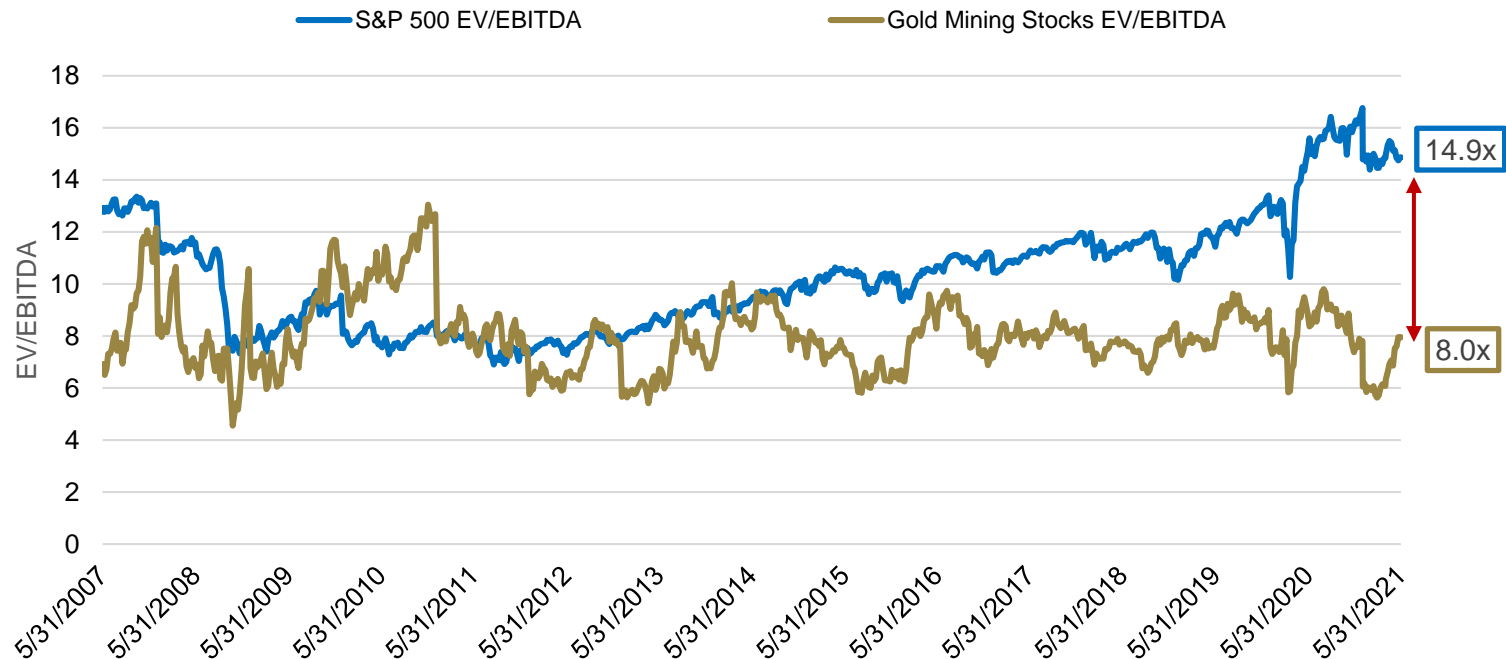
Earnings Per Share (EPS) estimates are up ~155% for gold miners and up ~2% for the S&P 500



Source: Bloomberg. Data as of 5/31/2021. Based on 1-YR Forward EPS revisions for the top 10 gold mining companies vs. the average for the top 20 S&P 500 companies. You cannot invest directly in an index. Past performance is no guarantee of future results.

Gold Mining Equities vs. S&P 500 Index: EV/EBITDA

- Gold mining shares represent unprecedented value in comparison to conventional equity alternatives
- Miners trade at EV/EBITDA* of 8.0x compared to the equal-weighted S&P 500 of 14.9x

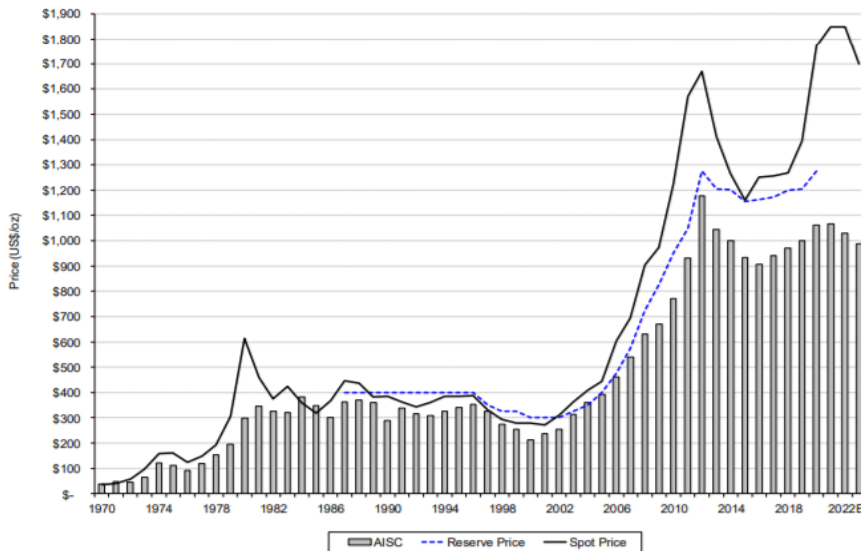


*Enterprise value to earnings before interest, taxes, depreciation and amortization. The EV/EBITDA ratio is a popular metric used as a valuation tool to compare the value of a company, debt included, to the company's cash earnings less non-cash expenses.

Source: Bloomberg. Data as of 5/31/2021. S&P 500 Index is measured by the SPX Index using Bloomberg's Enterprise Value/Best EBITDA field and Gold Mining Equities are measured by the GDM Index using Bloomberg's Enterprise Value/Best EBITDA field. You cannot invest directly in an index. Past performance is no guarantee of future results.

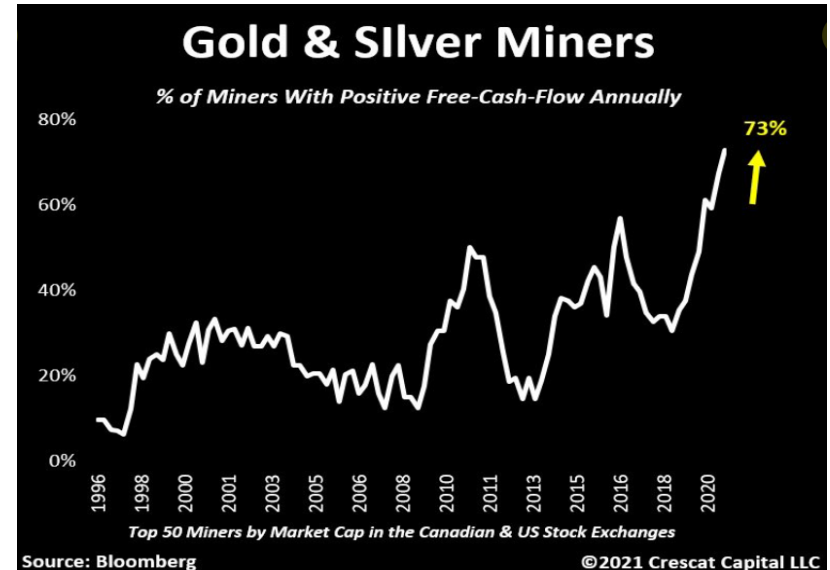
Gold Miners: Favorable Profit Margins and Free Cash Flow

Profit Margins have Expanded Significantly in Recent Years



All-in Sustaining Costs (bars) vs. Gold Spot Price (solid line) and Reserve Price (dash line)

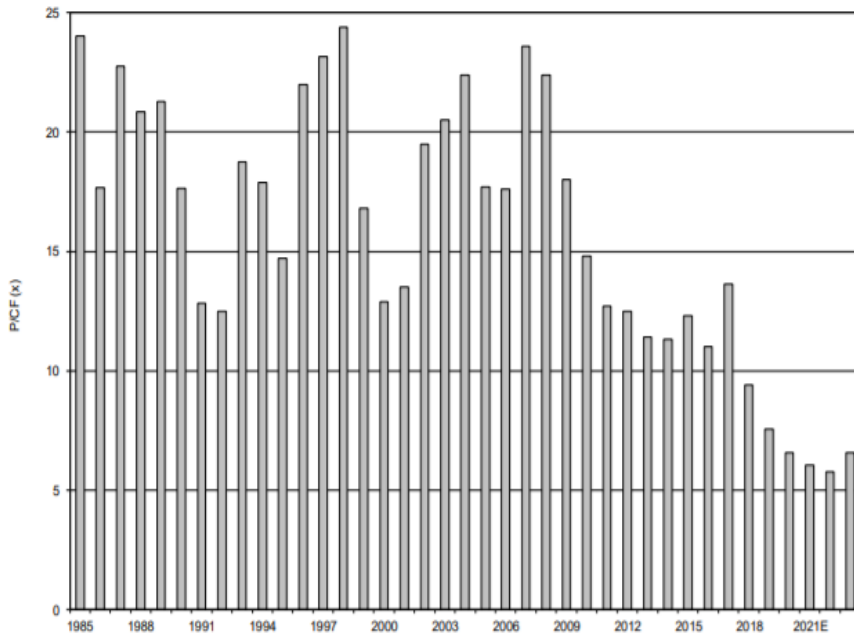
More Miners are Now Realizing Free Cash Flow



Source: Scotiabank; Bloomberg. Data as of 3/31/2021.

Gold Miners: Undervalued Cash Flows and Inexpensive Resource Ounces

Price-to-Cash-Flow: Scotiabank Universe of Coverage Average



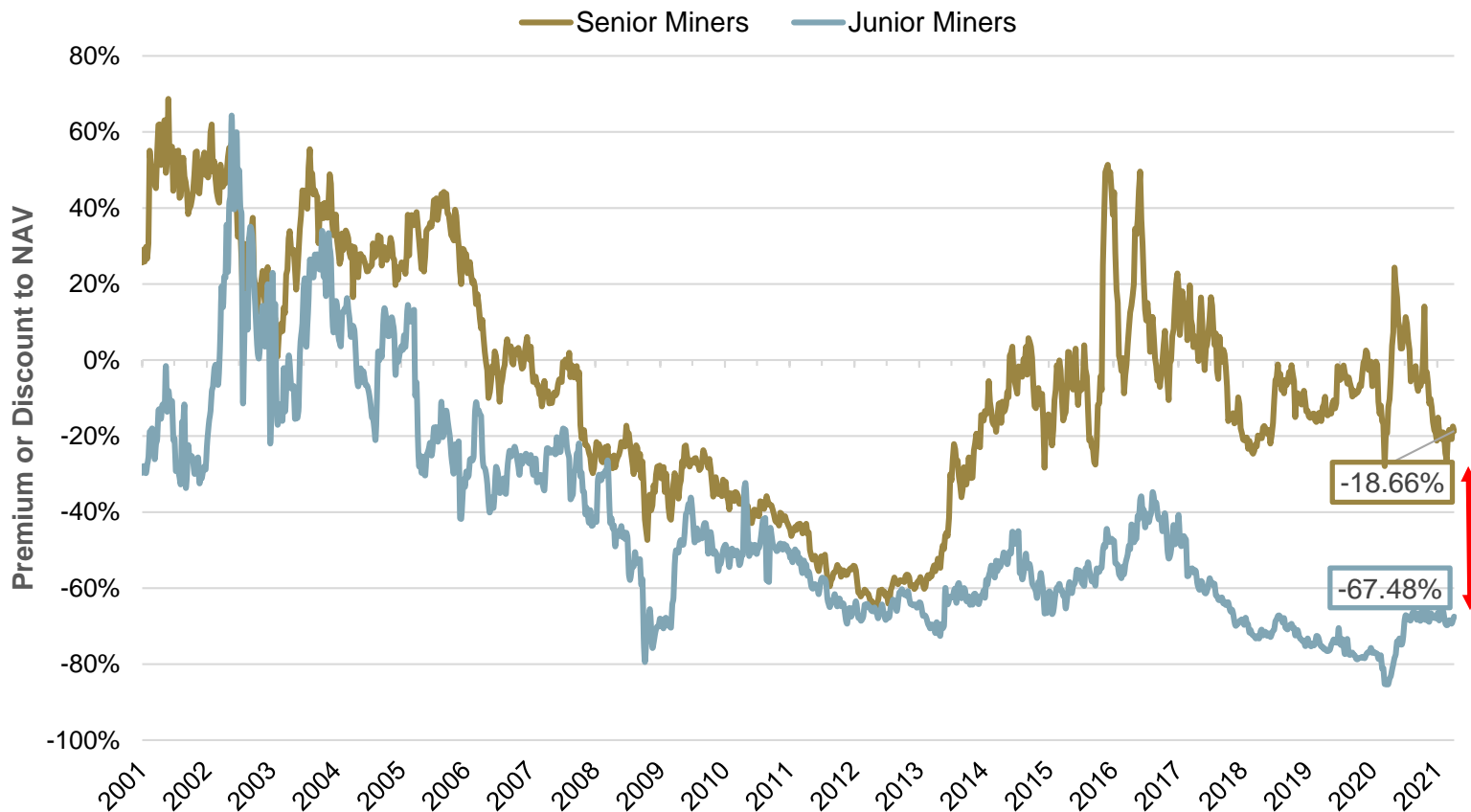
Adjusted Market Cap per Ounce of Resource/Gold Price



Source: Scotiabank; Bloomberg. Data as of 3/31/2021.

Valuation Gap: Senior vs. Junior Gold Miners

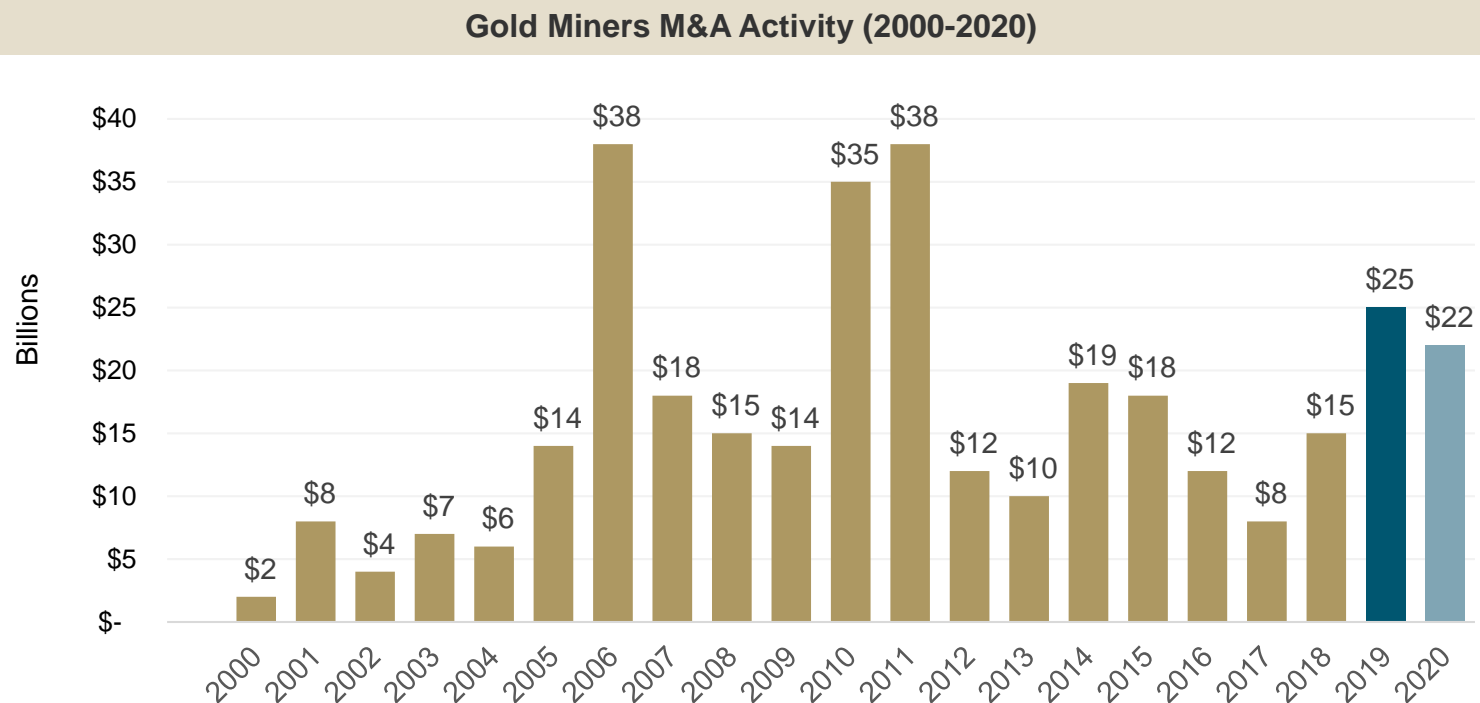
The valuation gap between North American junior and senior gold miners is at extremes. Junior mining stocks are trading at a significant discount to underlying NAVs vs. senior mining stocks.



Source: BMO Capital Markets, FactSet. As of 4/09/2021. "Junior" gold mining companies generally have market capitalizations under \$500 million, and are considered riskier than larger, "senior" gold mining companies which generally have market capitalizations greater than \$500 million. Past performance is no guarantee of future results.

Gold Equities: M&A Cycle is Underway

- In 2019, large-cap miners led the wave of M&A activity in the gold sector
- In 2020-2021, this activity shifted to include the small- to mid-cap miners, Sprott's area of expertise



Source: Bloomberg as of 3/31/2021

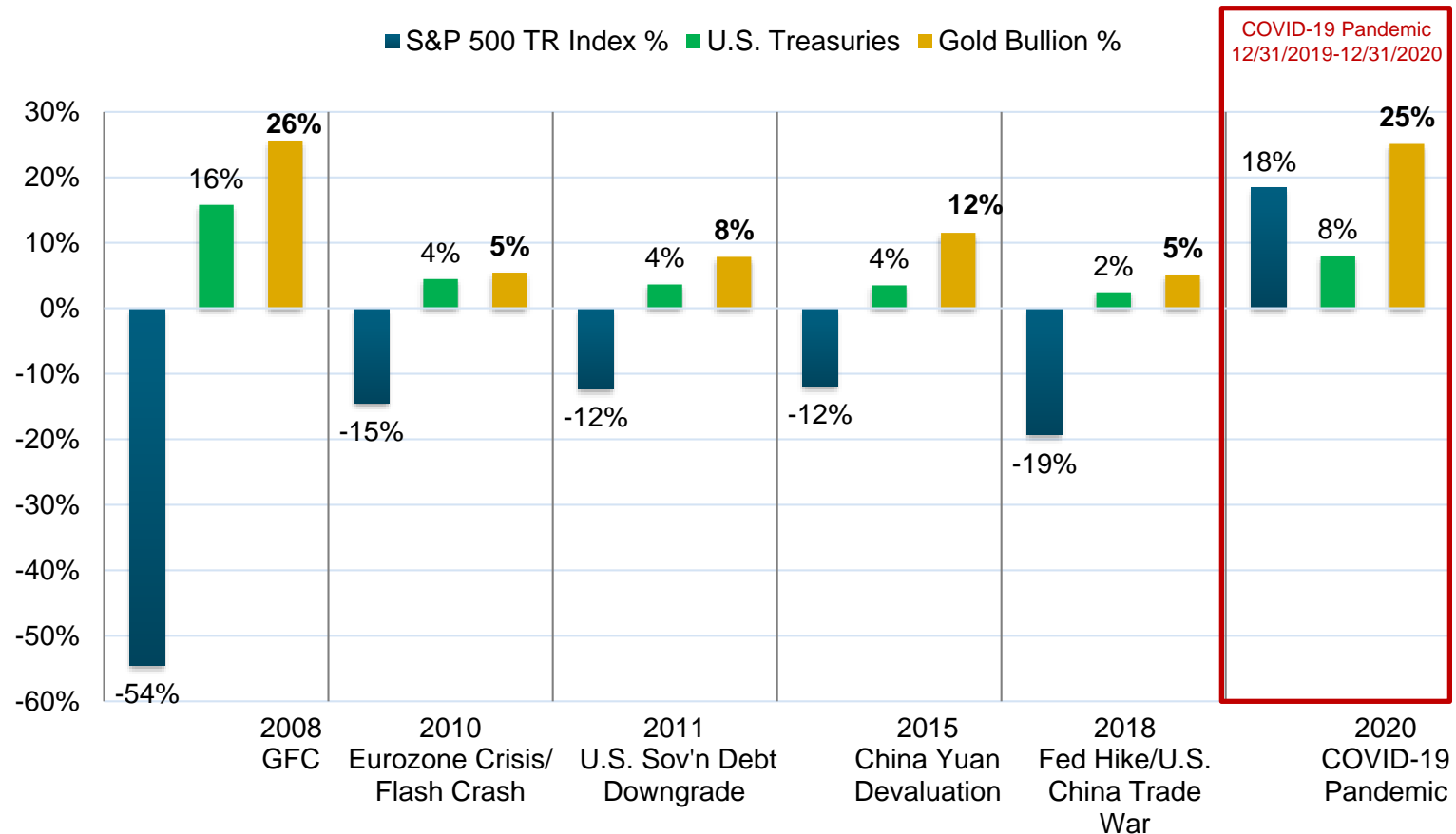
Gold as a Portfolio Allocation

Ed Coyne
Senior Managing Director,
Global Sales



Gold Can Provide Portfolio Protection

Gold versus S&P 500 and U.S. Treasuries During “Crisis” Periods (2007-2020)



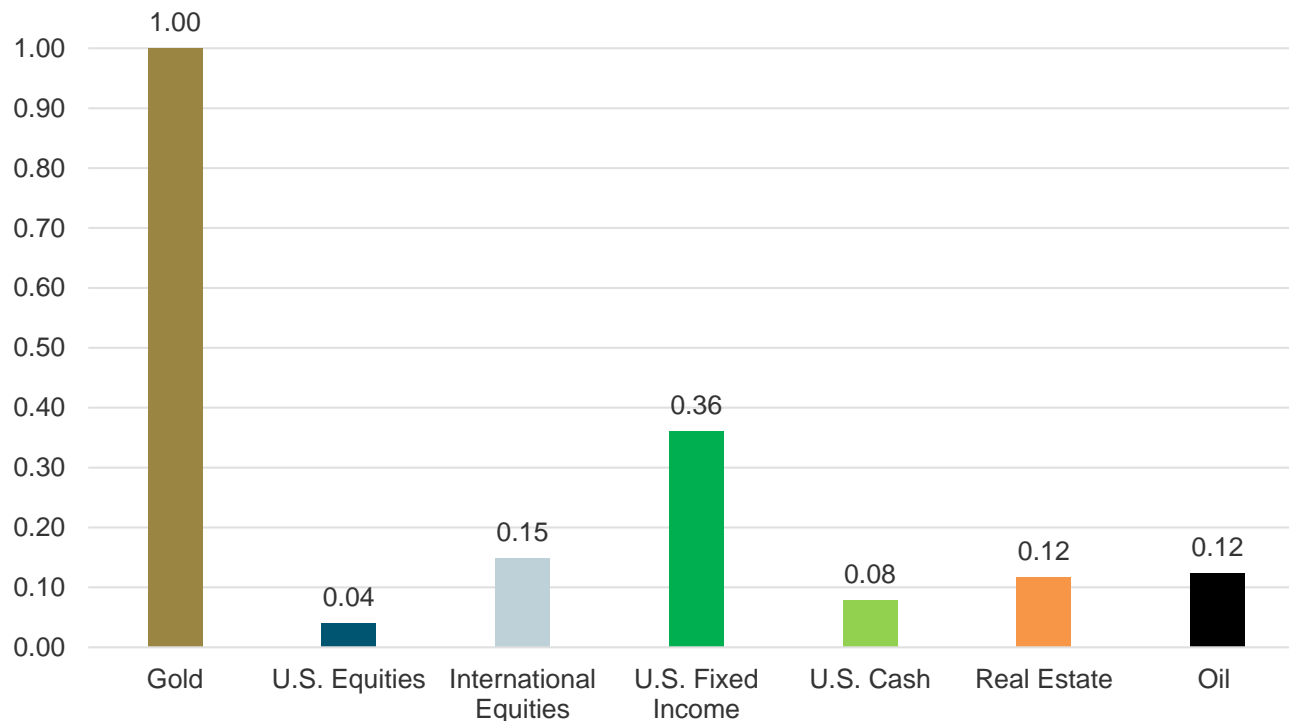
Source: Sprott Asset Management. Dates used: Global Financial Crisis: 10/11/2007-3/6/2009; Eurozone Crisis: 4/20/2010-7/1/2010; U.S. Sovereign Debt Downgrade: 7/25/2011-8/9/2011; China Worries: 8/18/2015-2/11/2016; Fed Rate Hike & China Trade War: 9/20/2018-12/24/2018; COVID-19 Pandemic: 1/1/2020-12/31/2020. S&P 500 TR Index is measured by the SPXTR; Treasuries are measured by Bloomberg Barclays US Treasury Total Return Unhedged USD (LUATTRUU); and Gold Bullion is measured by the Bloomberg GOLDS Comdty Spot Price.

Gold is a Necessary Portfolio Asset

Gold is an effective portfolio diversifier given its low historical correlation to traditional investments

Correlation of Spot Gold to Traditional Financial Assets

(December 31, 2000 – May 31, 2021)

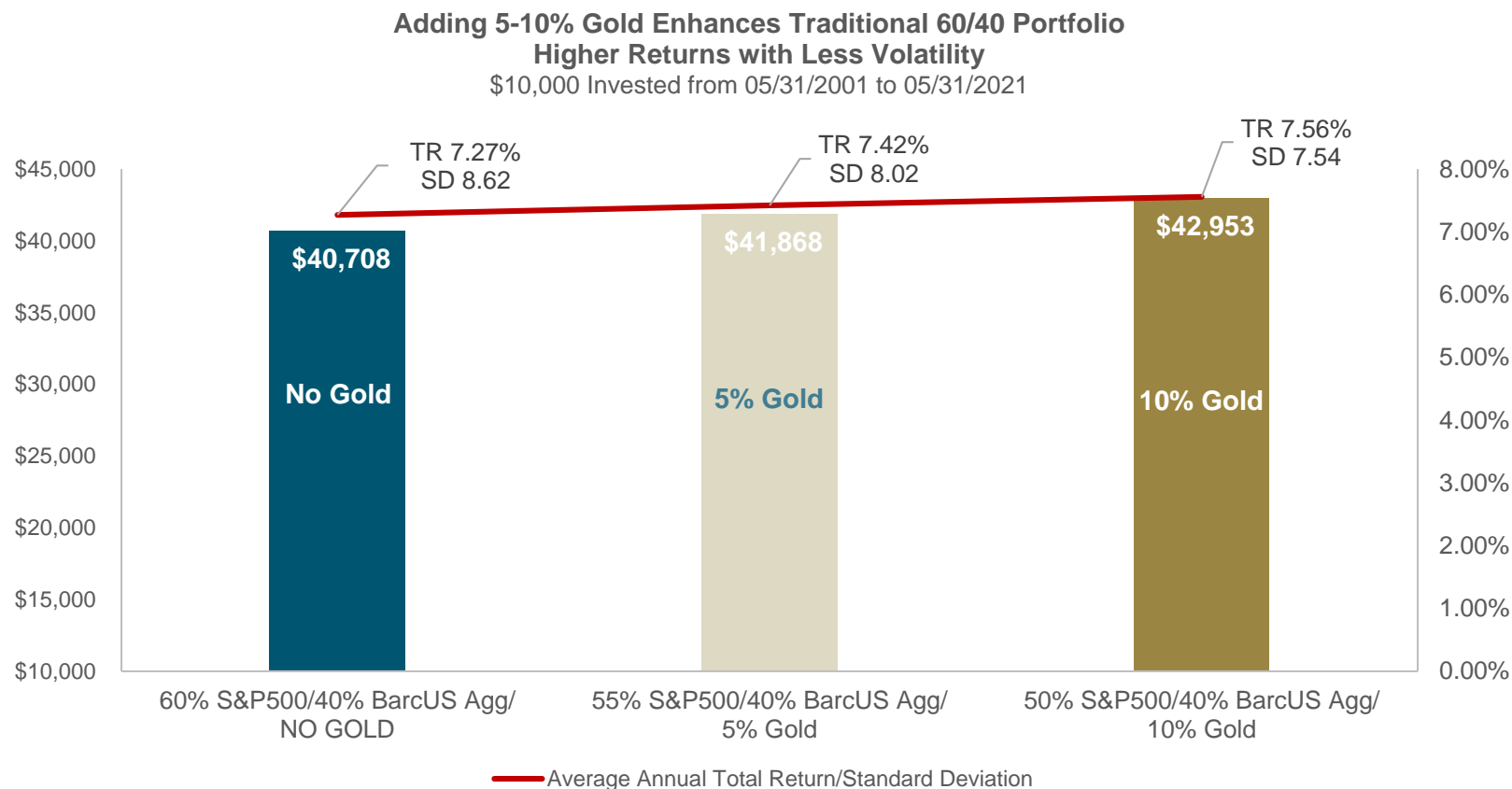


- Low correlation with most asset classes makes gold an effective portfolio diversifier
- Diversification through gold increases risk-adjusted rates of return and reduces volatility

Source: Bloomberg. Period from 12/31/2000-5/31/2021. Gold is measured by GOLDS Comdty Spot Price; U.S. Equities by the S&P 500 Index; International Equities by the MSCI EAFE Index; U.S. Fixed Income by the Bloomberg Barclays US Aggregate Bond Index; U.S. Cash by the S&P US Treasury Bill 0-3 Month Index; Real Estate by the Dow Jones US Select REIT Index; and Oil by the S&P GSCI Crude Oil Total Return CME Index.

5-10% Gold Can Enhance Returns and Reduce Volatility

Adding 5-10% physical gold to a traditional 60/40 U.S. portfolio can enhance returns and reduce volatility. A 50/40/10 portfolio outperformed 60/40 by nearly 29 basis points per year for the past 20 years.

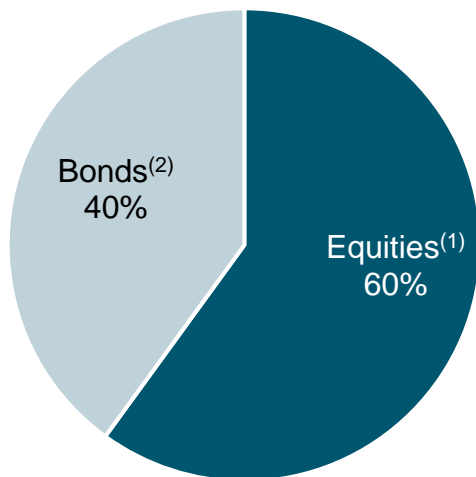


Source: Bloomberg. Data as of 5/31/2021. Portfolio is rebalanced yearly on January 1. The S&P 500 Index is an index of 505 stocks issued by 500 large U.S. companies with market capitalizations of at least \$6.1 billion. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. SD = Standard deviation is a measure of risk that an investment will not meet the expected return in a given period. The higher an investment's standard deviation, the more volatile (and hence risky) it is.

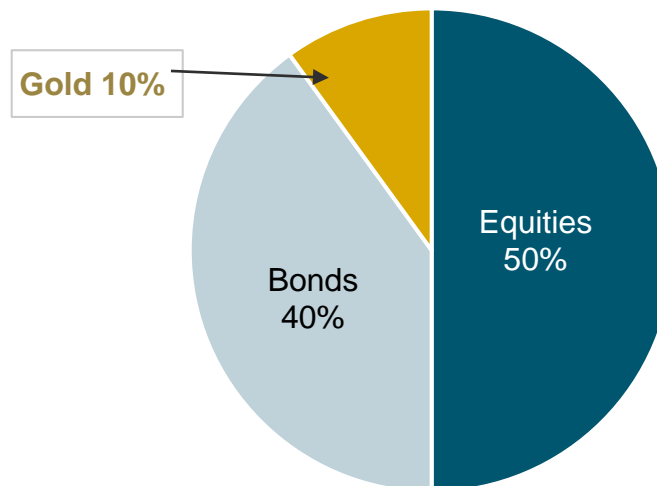
Gold Portfolio Allocation

A 5%-10% Portfolio Allocation to Gold

With a traditional 60/40 portfolio, equities⁽¹⁾ represents **98%** of the total portfolio risk.



Adding 10% gold bullion to a portfolio, reduces the equity risk contribution from **98%** to **83%**.



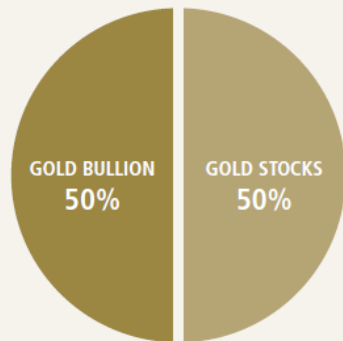
⁽¹⁾ **International Equities Benchmark:** The MSCI ACWI Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world.

⁽²⁾ **Bonds Benchmark:** The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

Get More Out of Your Gold Allocation

Hypothetical 50/50 Gold Bullion/Gold Stock Allocation

When looking to get more out of your gold allocation, allocating 50% to gold stocks may improve the overall return potential. Let's look at the historical returns during the most recent gold market rallies.



Cumulative returns for gold bullion and a blend of 50% gold bullion and 50% gold stocks¹

	Super Cycle	Gold Rally #1	Gold Rally #2	Gold Rally #3
Gold Allocation	12/01/2000 to 3/31/2021	12/01/2000 to 02/28/2008	10/01/2008 to 08/31/2011	01/01/2016 to 3/31/2021
100% Gold bullion	533.87%	260.33%	109.66%	60.88%
50% Gold bullion/ 50% Gold stocks	794.28%	617.57%	113.36%	113.61%
S&P 500 TR Index ²	350.48%	17.88%	12.06%	115.58%

Source: Bloomberg and FactSet.

This table represents the growth of hypothetical investments and is for illustrative purposes only. You cannot invest directly in an index. Past performance is not indicative of future results.

Super Cycle Over the past 20+ years, from December 2000 to March 31, 2021, including gold stocks in your gold allocation has the potential to generate significant value, providing more than 260% of incremental performance (533.87% vs. 794.28%). By comparison, the S&P 500 TR Index has posted a cumulative return of 350.48%.

Here is a breakdown of the hypothetical results of each rally:

Gold Rally #1 In the December 2000 to February 2008 gold rally, including gold stocks generated more than 350% of incremental performance (260.33% vs. 617.57%).

Gold Rally #2 Following the 2008 financial crisis, adding gold stocks generated incremental returns – although the returns of gold bullion and gold stocks were atypically comparable (109.66% vs. 113.36%).

Gold Rally #3 In the most recent gold rally, from January 1, 2016, to March 31, 2021, a 50% allocation in gold bullion and 50% in gold stocks resulted in cumulative performance of 113.61% compared to 60.88% for gold bullion alone, providing nearly 60% of incremental performance.

Historically, gold stocks entail greater risk and price volatility than gold bullion.

Hypothetical performance may not reflect an investors actual performance. Performance may differ should different time periods be used. Should spot gold's performance or the HUI Index performance not mirror the hypothetical time period used, performance may not be reflective as illustrated. Footnotes 1,2 on next slide.

Sprott's Gold Investment Strategies










A Range of Investment Options

Physical Precious Metals	Active Gold Equities with Physical Gold	Passive Gold Equities
<ul style="list-style-type: none"> • Sprott Physical Gold Trust (NYSE Arca: PHYS) • Sprott Physical Gold and Silver Trust (NYSE Arca: CEF) • Sprott Physical Silver Trust (NYSE Arca: PSLV) • Sprott Physical Platinum and Palladium Trust (NYSE Arca: SPPP) <ul style="list-style-type: none"> • Fully allocated metals • Stored at the Royal Canadian Mint • Redeemable for metals • Potential tax-advantage 	<ul style="list-style-type: none"> • Sprott Gold Equity Fund SGDLX <ul style="list-style-type: none"> • Invests in gold stocks across the market-cap spectrum • Up to 20% in physical gold to reduce volatility 	<ul style="list-style-type: none"> • Sprott Gold Miners ETF (NYSE Arca: SGDM) <ul style="list-style-type: none"> • Invests in primarily large- and mid-cap gold companies • Sprott Junior Gold Miners ETF (NYSE Arca: SGDJ) <ul style="list-style-type: none"> • Invests in primarily small-cap gold companies

1 Gold bullion is measured by spot gold. Gold stocks are measured by the NYSE Arca Gold BUGS Index (HUI), a modified equal dollar weighted index of companies involved in gold mining. BUGS stands for Basket of Unhedged Gold Stocks.

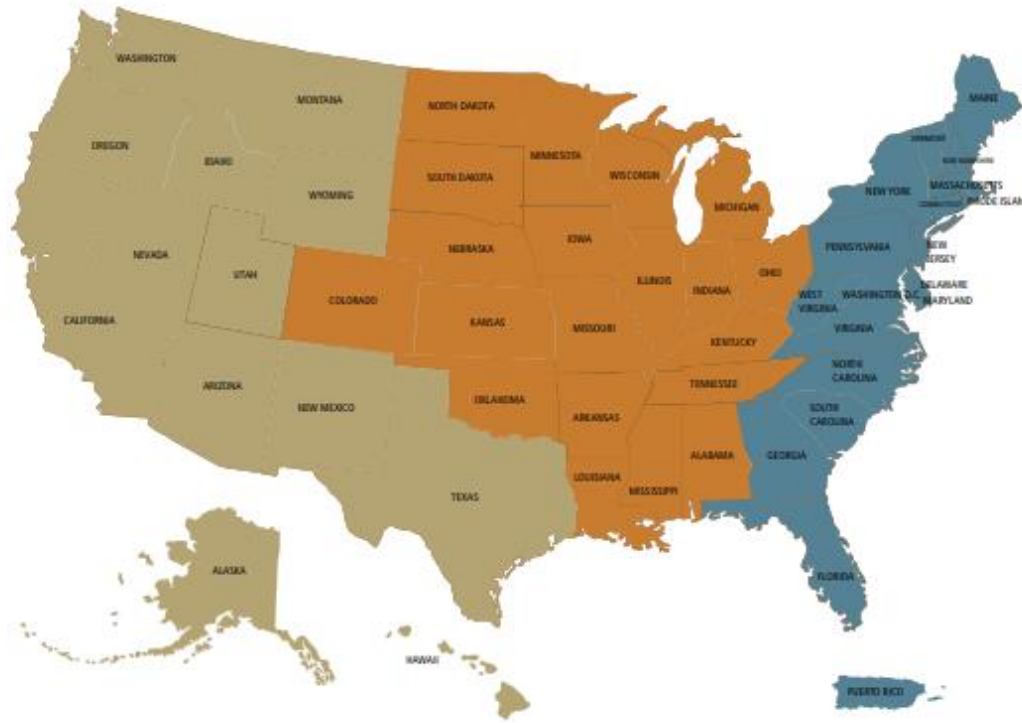
2 The S&P 500 or Standard & Poor's 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. You cannot invest directly in an index.

Sprott Gold Team

INVESTMENT TEAM			INVESTMENT TEAM			EXECUTIVE TEAM		
Team		Tenure (Years)	Team		Tenure (Years)	Team		Tenure (Years)
John Hathaway, CFA Senior Portfolio Manager, Sprott Asset Management USA		51	Jason Mayer, CFA Senior Portfolio Manager, Sprott Asset Management LP		20	Whitney George President, Sprott Inc.; Chief Investment Officer, Sprott Asset Management; Chairman, Sprott U.S. Holdings		41
Douglas Groh Senior Portfolio Manager, Sprott Asset Management USA		36	Shree Kargutkar, CFA Portfolio Manager, Sprott Asset Management LP		12	John Ciampaglia, CFA Chief Executive Officer, Sprott Asset Management; Senior Managing Director, Sprott Inc.		28
Paul Wong Market Strategist, Sprott Asset Management LP		34	J'aime Spork Head Trader, Sprott Asset Management LP		18			
Neil Adshead, Ph.D. Portfolio Manager, Resource Capital Investment Corp.		31	Darryl Chen Associate, Sprott Asset Management LP		3			
Victor Huwang Director, U.S. Operations, Sprott Asset Management USA		29						
Maria Smirnova, CFA Senior Portfolio Manager, Sprott Asset Management LP		22						
Justin Tolman Economic Geologist, Sprott Global Resource Investments		22						

The **Sprott Gold Team** has extensive scope and breadth, and includes portfolio managers, geologists, analysts and traders who together boast more than 325 years of combined precious metals investment experience.

Regional and National Sales Coverage



Ed Coyne (Global)

Senior Managing Director, Global Sales
646.599.0859 | ecoyne@sprottusa.com

Public Funds

- **Matt Harrison** (Western Region)
Senior Investment Consultant
416.945.3313 | mmharrison@sprott.com
- **Julia Hathaway** (Central Region)
Senior Investment Consultant
212.784.6849 | jhathaway@sprottusa.com
- **Sergio Lujan** (Eastern Region & Canada)
Senior Investment Consultant
416.945.6223 | slujan@sprott.com

Key Accounts

John H. Kinnane, CIMA® (National Region)
Director, National Accounts
401.787.7525 | jkinnane@sprottusa.com

Private Funds

Chris von Strasser (Global)
Director of Institutional Sales
415.857.4090 | cstrasser@sprottusa.com

Q&A/Contact Information



Sprott

Ed Coyne

Senior Managing Director, Global Sales
Sprott Inc.

Royal Bank Plaza, South Tower
200 Bay Street, Suite 2600
Toronto, Ontario M5J 2J1

ecoyne@sprottusa.com

888.622.1813

invest@sprott.com

Visit sprott.com

Important Disclosure

Past performance is no guarantee of future results. You cannot invest directly in an index.

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Sprott Physical Bullion Trusts

Sprott Asset Management LP is the investment manager to the Sprott Physical Bullion Trusts (the “Trusts”). Important information about the Trusts, including the investment objectives and strategies, purchase options, applicable management fees, and expenses, is contained in the [prospectuses](#). Please read the document carefully before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. This communication does not constitute an offer to sell or solicitation to purchase securities of the Trusts.

The risks associated with investing in a Trust depend on the securities and assets in which the Trust invests, based upon the Trust's particular objectives. There is no assurance that any Trust will achieve its investment objective, and its net asset value, yield and investment return will fluctuate from time to time with market conditions. There is no guarantee that the full amount of your original investment in a Trust will be returned to you. The Trusts are not insured by any government deposit insurer. Please read a Trust's prospectus before investing. The information contained herein does not constitute an offer or solicitation to 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. The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting or professional advice. Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action.

Sprott Gold Equity Fund

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the [fund prospectus](#) which should be considered carefully before investing. [Click here](#) to obtain the prospectus or call 888.622.1813.

Sprott Gold Equity Fund invests in gold and other precious metals, which involves additional and special risks, such as the possibility for substantial price fluctuations over a short period of time; the market for gold/precious metals is relatively limited; the sources of gold/precious metals are concentrated in countries that have the potential for instability; and the market for gold/precious metals is unregulated. The Fund may also invest in foreign securities, which are subject to special risks including: differences in accounting methods; the value of foreign currencies may decline relative to the U.S. dollar; a foreign government may expropriate the Fund's assets; and political, social or economic instability in a foreign country in which the Fund invests may cause the value of the Fund's investments to decline. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund.

Important Disclosure

Sprott ETFs

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a Statutory Prospectus, which contains this and other information please contact your financial professional, visit sprottets.com or call 888.622.1813. Read the Statutory Prospectus carefully before investing. Sprott Gold Miners ETF and Sprott Junior Gold Miners ETF shares are not individually redeemable. Investors buy and sell shares of the Sprott Gold Miners ETF on a secondary market. Only market makers or “authorized participants” may trade directly with the Fund, typically in blocks of 50,000 shares. The Fund is not suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The Fund is considered non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund.

Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable. These companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources and may lack management depth. The Fund will be concentrated in the gold and silver mining industry. As a result, the Fund will be sensitive to changes in, and its performance will depend to a greater extent on, the overall condition of the gold and silver mining industry. Also, gold and silver mining companies are highly dependent on the price of gold and silver bullion. These prices may fluctuate substantially over short periods of time so the Fund's Share price may be more volatile than other types of investments.

Funds that emphasize investments in small/mid-cap companies will generally experience greater price volatility. Funds investing in foreign and emerging markets will also generally experience greater price volatility. There are risks involved with investing in ETFs including the loss of money. Diversification does not eliminate the risk of experiencing investment losses. ETFs are considered to have continuous liquidity because they allow for an individual to trade throughout the day. ALPS Portfolio Solutions Distributor, Inc. is the Distributor for the Sprott Gold Miners ETF and the Sprott Junior Gold Miners ETF. The underlying index for the Sprott Gold Miners ETF is rebalanced on a quarterly basis and a higher portfolio turnover will cause the Fund to incur additional transaction costs. The underlying index for the Sprott Junior Gold Miners ETF is rebalanced on a semi-annual basis and a higher turnover will cause the Fund to incur additional transaction costs. The US Dollar Index (DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies.

Generally, natural resources investments are more volatile on a daily basis and have higher headline risk than other sectors as they tend to be more sensitive to economic data, political and regulatory events as well as underlying commodity prices. Natural resource investments are influenced by the price of underlying commodities like oil, gas, metals, coal, etc.; several of which trade on various exchanges and have price fluctuations based on short-term dynamics partly driven by demand/supply and also by investment flows. Natural resource investments tend to react more sensitively to global events and economic data than other sectors, whether it is a natural disaster like an earthquake, political upheaval in the Middle East or release of employment data in the U.S. Past performance is no guarantee of future returns. Sprott Asset Management USA, Inc., affiliates, family, friends, employees, associates, and others may hold positions in the securities it recommends to clients, and may sell the same at any time.

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Sprott Inc. | Royal Bank Plaza, South Tower | 200 Bay Street, Suite 2600 | Toronto, Ontario M5J 2J1, Canada | Telephone: 888.622.1813