

## SPROTT DIVERSIFIED BOND FUND<sup>††</sup>

Performance as of July 31, 2017

### INVESTMENT TEAM



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Co-CIO  
Senior Portfolio Manager

### FUND OBJECTIVE

The Fund's investment objective is to maximize the total return of the Fund and to provide income by investing primarily in debt and debt-like securities of corporate and government issuers from around the world.

### FUND DETAILS<sup>1</sup>

|   |   |
|---|---|
| Fund Type   | Diversified High-Yield Fixed Income Fund                                      |
| Assets Under Management                             | \$194.3 Million   |
| Nature of Securities Offered                        | Mutual Fund, Trust Units  |
| <sup>1</sup> Inception Date                         | August 5, 2010  |
| Unit Price  | \$10.66   |
| Min. Initial Investment                             | \$1,000   |
| Min. Subsequent Investment                          | \$25  |
| Min. Investment Term/<br>Early Redemption Fee (ERF) | 20 days/1.5% ERF  |
| Contributions/Valuations                            | Daily   |
| Management Fee                                      | 1.65% (Series A)<br>0.75% (Series F)<br>1.65% (Series T)<br>0.75% (Series FT) |
| Performance Fee                                     | None  |
| Eligible for Registered Plans                       | Yes   |
| Risk Tolerance                                      | Low   |
| Distributions**                                     |   |
| May 2017  | \$0.0237 per Unit   |
| June 2017   | \$0.0195 per Unit   |
| July 2017   | \$0.0037 per Unit   |

### FUND CODES

| Code       | NL      | FE      | LL      |
|------------|---------|---------|---------|
| Series A   |         | SPR 018 | SPR 318 |
| Series T   |         | SPR 418 | SPR 518 |
| Series F   | SPR 118 |         |         |
| Series FT  | SPR 619 |         |         |
| Series P   |         | SPR 327 |         |
| Series PT  |         | SPR 328 |         |
| Series PF  | SPR 329 |         |         |
| Series PFT | SPR 330 |         |         |
| Series Q   |         | SPR 331 |         |
| Series QT  |         | SPR 332 |         |
| Series QF  | SPR 333 |         |         |
| Series QFT | SPR 334 |         |         |

<sup>††</sup>Effective May 28, 2015, Sprout Diversified Yield Fund was renamed Sprout Diversified Bond Fund.

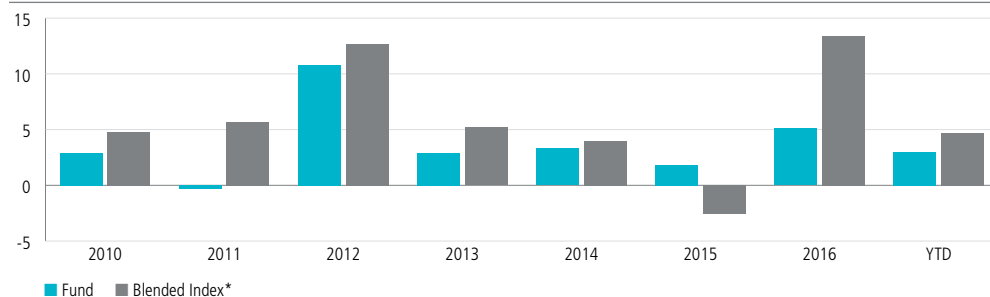
### WHY INVEST IN THIS FUND?

- Absolute return focus with the ability to short for hedging purposes.
- Flexibility to invest in all fixed income asset classes.
- Active currency management.
- Experienced management team with a proven track record.
- An ideal complement to traditional bond funds, GICs and bond ladders.

### COMPOUNDED RETURNS (%)<sup>1</sup>

|                              | 1 MTH | YTD | 3 MTH | 6 MTH | 1 YR | 3 YR | 5 YR | ANNUALIZED INCEPTION <sup>1</sup> |
|------------------------------|-------|-----|-------|-------|------|------|------|-----------------------------------|
| SPROTT DIVERSIFIED BOND FUND | 0.2   | 3.0 | -0.2  | 2.6   | 5.0  | 3.2  | 4.1  | 4.2                               |
| BLENDED INDEX*               | 0.4   | 4.7 | 1.1   | 3.7   | 7.6  | 4.6  | 5.8  | 6.8                               |

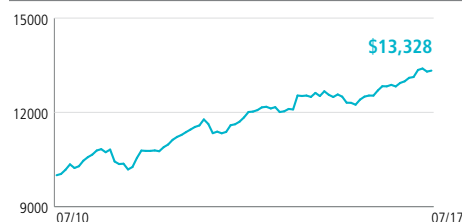
### CALENDAR YEAR RETURNS (%)<sup>1</sup>



### STATISTICAL ANALYSIS<sup>2</sup>

| STATISTICS                          | FUND  | BLENDED INDEX* |
|-------------------------------------|-------|----------------|
| Cumulative Return (Since Inception) | 33.3% | 57.9%          |
| Standard Deviation                  | 3.7%  | 4.5%           |
| Sharpe Ratio                        | 0.99  | 1.37           |
| Total Positive Months               | 58    | 59             |
| Total Down Months                   | 26    | 25             |
| Beta                                | 0.61  |                |

### GROWTH OF \$10,000 INVESTED (AUG. 5, 2010)<sup>1</sup>



### GEOGRAPHIC ALLOCATION<sup>3</sup>

|                |       |
|----------------|-------|
| United States  | 25.3% |
| Canada         | 23.5% |
| United Kingdom | 6.9%  |
| Argentina      | 4.0%  |
| Netherlands    | 3.4%  |
| Other          | 2.3%  |
| France         | 1.4%  |
| Switzerland    | 1.3%  |
| Ireland        | 0.7%  |

### TOP TEN HOLDINGS<sup>3</sup>

|   |
|---|
| Government of the United States of America, 2.38%, 05/15/27 |
| Government of Canada, 1.00%, 06/01/27                       |
| Province of Buenos Aires (Argentina), 5.75%, 06/15/19       |
| Tembec Industries, Inc., 9.00%, 12/15/19                    |
| Petrobras International Finance Co., 5.38%, 01/27/21        |
| Nationstar Capital Corp., 6.50%, 08/01/18                   |
| Great Canadian Gaming Corporation, 6.62%, 07/25/22          |
| Scientific Games International, Inc., 7.00%, 01/01/22       |
| Aleris International, Inc., 9.50%, 04/01/21                 |
| SFR Group SA, 6.00%, 05/15/22                               |

### SECTOR ALLOCATION<sup>3</sup>

|                             |       |
|-----------------------------|-------|
| High Yield Bonds            | 45.7% |
| Cash and Cash Equivalents   | 25.7% |
| Government Bonds            | 14.4% |
| Emerging Market Governments | 4.0%  |
| Corporate Bonds             | 4.0%  |
| Preferred Equities          | 3.8%  |
| Currency Forwards           | 1.2%  |
| Common Equities             | 0.7%  |
| Currency Options            | -0.2% |

### CORRELATION

| DESCRIPTION                                       | FUND |
|---|------|
| FTSE TMX Canada Universe Bond Index <sup>TM</sup> | 0.39 |
| BofA Merrill Lynch U.S. High Yield Index          | 0.69 |
| S&P/TSX Composite Total Return Index              | 0.42 |

# SPROTT DIVERSIFIED BOND FUND



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\* Blended Index is 75% of the BofA Merrill Lynch US High Yield Index and 25% FTSE TMX Canada Universe Bond Index™ and is computed by Sprott Asset Management LP based on available index information.

\*\*Series A. Last three months; monthly distribution is not guaranteed and may be adjusted from time to time at the discretion of the fund manager.

<sup>1</sup> All returns and fund details are a) based on Series A units; b) net of fees; c) annualized if period is greater than one year; d) as at July 31, 2017; e) 2010 annual returns are from 08/05/10 to 12/31/10.

<sup>2</sup> Where applicable, all figures are annualized and based on monthly returns since inception. Risk-free rate and minimum acceptable rate calculated using rolling 90-day CDN T-bill rate. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund.

<sup>3</sup> Top ten holdings, sector allocation and geographic allocation as at July 31, 2017. Top ten holdings based on % of net asset value. Sector allocation based on % of net asset value. Geographic allocation based on % of net asset value and excludes cash. Numbers may not add up due to rounding. Cash and cash equivalents include non-portfolio assets and/or liabilities.

**The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital depletion risk (Series T, Series FT, Series PT, Series PFT, Series QT, and Series QFT units only); concentration risk; credit risk; currency risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; interest rate risk; regulatory risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; substantial unitholder risk; tax 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), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing. The indicated rate of return for series A units of the Fund for the period ended July 31, 2017 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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