

## SPROTT ENHANCED U.S. EQUITY CLASS

Performance as of May 31, 2017

### INVESTMENT TEAM



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CEO, Co-CIO  
Senior Portfolio Manager

### FUND OVERVIEW

The Fund seeks to achieve long-term capital growth by investing primarily in U.S. equity securities. The Fund provides downside protection through the use of option strategies and tactical changes to the amount of its equity exposure, and is suitable for investors with a long-term time horizon.

### FUND DETAILS

Fund Type	U.S. Focused Equity
<sup>1</sup> Inception Date	July 22, 2015
Unit Price	\$9.73
Registered Tax Plan Status	Yes
Min. Initial Investment	\$1,000 USD
Min. Subsequent Investment	\$25 USD
Valuations	Daily
Management Fee	2.00% (Series A, T) 1.00% (Series F, FT)
Performance Fee	10% of excess over S&P 500 Index
Min. Investment Term	20 days (1.5% penalty)
Risk Tolerance	Medium
Number of Issuers	22
Average Market Cap <sup>4</sup>	\$70.1 Billion
Market Cap Breakdown <sup>5</sup>	
Large (>\$5B)	51.6%
Medium (\$1B – \$5B)	4.1%

### FUND CODES US\$

Code	NL	FE	LL
Series A		SPR 390	SPR 393
Series T		SPR 395	SPR 396
Series F	SPR 391		
Series FT	SPR 394		

### FUND CODES CDN\$

Code	NL	FE	LL
Series A		SPR 402	SPR 406
Series T		SPR 408	SPR 409
Series F	SPR 403		
Series FT	SPR 407		

### FUND CODES CDN\$ HEDGED

Code	NL	FE	LL
Series AH		SPR 410	SPR 411
Series FH	SPR 412		

### WHY INVEST IN SPROTT ENHANCED U.S. EQUITY CLASS?

- Portfolio manager with proven experience managing the strategy.
- Upside potential of the U.S. markets with downside limited through the use of options, tactical cash allocation and loss limits.
- Exposure to the U.S. markets in U.S. dollars.
- An ideal solution for a core equity holding.

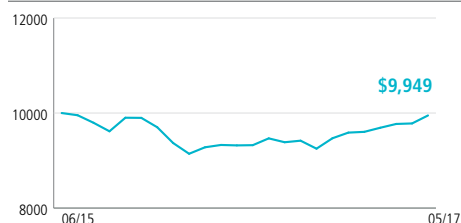
### MONTHLY RETURNS (%)<sup>1</sup>

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YEAR
2017	0.1	0.8	0.7	0.0	1.6								3.3
2016	-3.4	-2.4	1.5	0.5	-0.1	0.1	1.5	-0.9	-1.1	-1.9	2.3	1.2	-2.8
2015							-0.5	-1.6	-1.8	3.0	-0.0	-2.0	-3.0

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

	1 MTH	YTD	3 MTH	6 MTH	1 YR	ANNUALIZED INCEPTION <sup>1</sup>
SPROTT ENHANCED U.S. EQUITY CLASS	1.6	3.3	2.4	4.5	4.5	-1.4
S&P 500 TRI (USD) <sup>1</sup>	1.4	8.7	2.6	10.8	17.5	10.1

### GROWTH OF \$10,000 INVESTED (JUL. 22, 2015)<sup>1</sup>



### SECTOR ALLOCATION (MARKET VALUE)<sup>3</sup>

Cash and Cash Equivalents	44.6%
Information Technology	12.1%
Industrials	8.8%
Energy	7.6%
Utilities	7.5%
Real Estate	6.0%
Consumer Discretionary	5.5%
Health Care	5.1%
Consumer Staples	2.0%
Sectors Less than 1%	0.8%

### SECTOR ALLOCATION (DELTA ADJUSTED)<sup>3</sup>

Cash and Cash Equivalents	31.5%
Information Technology	12.1%
Industrials	8.8%
Financial Services	7.8%
Utilities	7.7%
Energy	7.6%
Real Estate	7.5%
Consumer Discretionary	5.5%
Health Care	5.1%
Indices	3.2%
Consumer Staples	3.2%

### TOP TEN EQUITY HOLDINGS (DELTA ADJUSTED)<sup>3</sup>

Brookfield Infrastructure Partner LP
Financial Select Sector SPDR
Fiserv Inc.
SPDR Euro Stoxx 50 ETF
Brookfield Property Partners
Intercontinentalexchange Inc.
Northrop Grumman Corp.
Altgas Income Ltd.
General Electric Co.
Comcast Corp.

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

STATISTICS	FUND	BLENDED INDEX <sup>1</sup>
Cumulative Return (Since Inception)	-2.7%	19.5%
Standard Deviation	5.5%	11.0%
Sharpe Ratio	-0.37	0.86
Total Positive Months	12	17
Total Down Months	11	6
Beta	0.41	

### GEOGRAPHIC ALLOCATION (DELTA ADJUSTED)<sup>3</sup>

United States	47.4%
Other	13.5%
Canada	7.6%

# SPROTT ENHANCED U.S. EQUITY CLASS

## A DIFFERENT APPROACH TO EQUITY INVESTING

**Concentrated portfolio of quality companies** – The portfolio usually consists of 25-35 large cap companies that typically have three characteristics:

- Generate free cash flow
- Trade at a discount to their long-term value
- Provide a higher degree of predictability (e.g. recurring contract revenue, high market share)

**Options overlay** – Options are usually no more than 5% of the portfolio but provide two very powerful benefits:

- Enhanced risk management – insurance to protect against negative market outcomes
- Enhanced risk/return – maximize return per unit of risk

**Well-defined risk management process** – A well-defined investment process that includes loss limits and sell discipline, provides an added objective measure to ensure that the losers are identified early and sold out of the portfolio, and the winners are sold when they reach their target price.

**Tactical cash allocation** – John tactically adjusts portfolio's cash position, usually between 0% – 40%, to manage risk.



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<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) 2015 annual returns are from 07/22/15 to 12/31/15. Indices are computed by Sprott Asset Management based on publically available index information.

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

<sup>4</sup> Based on long equity positions only.

<sup>5</sup> Based on long equity positions only, and is also based on net asset value.

**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 and Series FT securities only); capital gains risk; class risk; concentration risk; credit risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; interest rate risk; market risk; regulatory risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short-selling 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 shares of the Fund for the period ended May 31, 2017 is based on the historical annual compounded total return including changes in share 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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