



Sprott Focused U.S. Balanced Class

Sprott Corporate Class Inc.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2016

The interim management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.sprott.com or SEDAR at www.sedar.com or by writing to us at: Sprott Asset Management LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the Sprott Focused U.S. Balanced Class (the “Fund”) is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of U.S. equities and fixed-income securities.

As part of its investment strategy, the Fund will invest in U.S. equity and fixed-income securities, foreign securities and other mutual funds and may also:

- invest in private placements and indirectly in physical commodities other than gold through investments in Commodity ETFs;
- engage in securities lending and repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income;
- engage in short selling in a manner which is consistent with the investment objective of the Fund; and
- use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies.

Risk

The risks of investing in the Fund are described in the Fund’s simplified prospectus. The Fund is suitable for those investors seeking the consistent income and capital appreciation potential of a diversified portfolio of U.S. equities and fixed-income securities. The Fund is suitable for investors with a low to medium tolerance for risk and volatility and a long-term investment horizon.

Results of Operations

The Fund, Series A returned -2.3% during the first six months of 2016, while its blended benchmark returned -0.1%.

The first six months of 2016 saw substantial volatility in the markets driven by economic and political uncertainty, mixed monetary policy signals and, at the end of the period, shock caused by the decision by Britain’s referendum vote on June 23rd to leave the European Union. Increasingly low and even negative interest rates globally pushed precious metals and their related equities higher in the first six month of the year. Oil rebounded from its lows earlier in the year and with it energy equities.

Driven by expectations for slower world-wide growth and a surge of foreign buyers of North American bonds, yields on government and investment grade bonds reached near all-time lows during the first six months of 2016, with almost a third of all global bond issuances carrying a negative interest rate. Following a weakening of commodity prices at the beginning of the year, credit spreads widened significantly in January and February, but as commodities rallied the spreads rebounded to the tightest levels since mid-to-late 2015. High yield bonds rebounded as the energy and mining sectors rallied.

In the equity portion of the portfolio, Information Technology and Financials, both sectors levered to economic recovery, were the top sectors detracting from performance during the first six months of the year. Currency hedging created the most value in the Fund’s portfolio for the period, reflecting the macro-oriented trading nature of the markets. Energy and Utilities were the top sectors contributing to performance for the period. As the price of oil reached its lows, the Manger selectively added energy positions and the Fund benefitted from the rally in the sector. The lack of conviction in the markets contributed to outperformance of defensive sectors such as Utilities.

The Fund’s allocation to the Sprott Diversified Bond Fund at the end of June was 27.8% and was the largest contributor to the Fund’s positive performance for the period. After a jittery start, high yield bonds rebounded as the energy and mining sectors rallied. This fund maintained its cautious positioning through the period, only slightly increasing its high yield allocation, and was not able to capture the full benefit of the rally. This fund’s allocation to government bonds allowed it to reduce the volatility and take advantage of the rally caused by the Federal Reserve’s decision to not raise rates. This fund hedged part of its U.S. dollar exposure, which helped partially offset the rally in Canadian dollar.

The Fund’s net asset value increased by 7.8% during the period, from \$5.3 million as at December 31, 2015 to \$5.7 million as at June 30, 2016. This change was predominantly due to net share issuances of \$602 thousand. The management expense ratio decreased compared to the prior period.

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Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of up to 1.85% for Series A, 1.80% for Series A1, 0.85% for Series F, 1.65% for Series P, 0.65% for Series PF, 1.55% for Series Q, 0.55% for Series QF, and is negotiated by the shareholders for Series I. The management fee is calculated and accrued daily based on the daily net asset value of the applicable series of the Fund, and is paid monthly. For the six-month period ended June 30, 2016, the Fund incurred management fees of \$28,294 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Focused U.S. Balanced Class – Series A	47%	53%
Sprott Focused U.S. Balanced Class – Series A1	100%	–
Sprott Focused U.S. Balanced Class – Series F	54%	46%
Sprott Focused U.S. Balanced Class – Series F1	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$729 during the six-month period ended June 30, 2016, to Sprott Private Wealth LP, an affiliate of the Manager.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. For the six-month period ended June 30, 2016, the Manager absorbed \$144,845 of expenses.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2016 and the years shown.

The Fund's Net Assets per Share¹

	Jun 30, 2016	Dec 31, 2015 ⁴
	\$	\$
Series A		
Net assets, beginning of period	9.97	10.00
Increase (decrease) from operations:		
Total revenue	0.11	0.01
Total expenses	(0.11)	(0.03)
Realized gains (losses) for the period	0.10	(0.03)
Unrealized gains (losses) for the period	(0.28)	0.05
Total increase (decrease) from operations²	(0.18)	0.00
Distributions:		
Return of capital	0.17⁵	0.03
Total annual distributions³	0.17	0.03
Net assets, end of period	9.57	9.97

	Jun 30, 2016	Dec 31, 2015 ⁴
	\$	\$
Series A1		
Net assets, beginning of period	9.97	10.00
Increase (decrease) from operations:		
Total revenue	0.11	0.01
Total expenses	(0.11)	(0.03)
Realized gains (losses) for the period	0.10	(0.02)
Unrealized gains (losses) for the period	(0.25)	0.16
Total increase (decrease) from operations²	(0.15)	0.12
Distributions:		
Return of capital	0.17⁵	0.03
Total annual distributions³	0.17	0.03
Net assets, end of period	9.57	9.97

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	Jun 30, 2016	Dec 31, 2015 ⁴
	\$	\$
Series F		
Net assets, beginning of period	9.98	10.00
Increase (decrease) from operations:		
Total revenue	0.11	0.01
Total expenses	(0.05)	(0.01)
Realized gains (losses) for the period	0.15	(0.03)
Unrealized gains (losses) for the period	(0.38)	0.04
Total increase (decrease) from operations²	(0.17)	0.01
Distributions:		
Return of capital	0.17 ⁵	0.03
Total annual distributions³	0.17	0.03
Net assets, end of period	9.63	9.98

	Jun 30, 2016⁶
	\$
Series F1	
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.08
Total expenses	(0.03)
Realized gains (losses) for the period	(0.21)
Unrealized gains (losses) for the period	0.00
Total increase (decrease) from operations²	(0.16)
Distributions:	
Return of capital	0.10 ⁵
Total annual distributions³	0.10
Net assets, end of period	9.72

1 This information is derived from the Fund's interim and audited annual financial statements.

2 The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Net assets and distributions are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share.

3 Distributions were reinvested in additional shares of the Fund or distributed in cash.

4 Information provided is for the period November 26, 2015 (launch date) for Series A, A1, and F to December 31, 2015.

5 The final allocation of distributions for the period ended June 30, 2016 between income, dividends, capital gains and return of capital will be determined at December 31, 2016.

6 Information provided is for the period from March 21, 2016 (first issuance) to June 30, 2016 for Series F1.

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Ratios and Supplemental Data

	Jun 30, 2016	Dec 31, 2015
Series A		
Total net asset value (000s) ¹	\$189	\$150
Number of shares outstanding ¹	19,769	15,050
Management expense ratio ²	2.15%	2.38%
Management expense ratio before waivers or absorptions ³	7.57%	8.18%
Trading expense ratio ⁴	0.13%	0.43%
Portfolio turnover rate ⁵	37.78%	6.60%
Net asset value per share ¹	\$9.57	\$9.97
Series A1		
Total net asset value (000s) ¹	\$466	\$218
Number of shares outstanding ¹	48,643	21,871
Management expense ratio ²	2.05%	2.26%
Management expense ratio before waivers or absorptions ³	7.47%	7.91%
Trading expense ratio ⁴	0.13%	0.43%
Portfolio turnover rate ⁵	37.78%	6.60%
Net asset value per share ¹	\$9.57	\$9.97
Series F		
Total net asset value (000s) ¹	\$4,611	\$4,922
Number of shares outstanding ¹	478,714	493,329
Management expense ratio ²	1.02%	1.18%
Management expense ratio before waivers or absorptions ³	6.46%	6.82%
Trading expense ratio ⁴	0.13%	0.43%
Portfolio turnover rate ⁵	37.78%	6.60%
Net asset value per share ¹	\$9.63	\$9.98
Series F1		
Total net asset value (000s) ¹	\$435	
Number of shares outstanding ¹	44,810	
Management expense ratio ²	0.94%	
Management expense ratio before waivers or absorptions ³	6.14%	
Trading expense ratio ⁴	0.13%	
Portfolio turnover rate ⁵	37.78%	
Net asset value per share ¹	\$9.72	

1 The information is provided as at June 30, 2016 and December 31 of the years shown prior to 2016.

2 Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

3 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

4 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

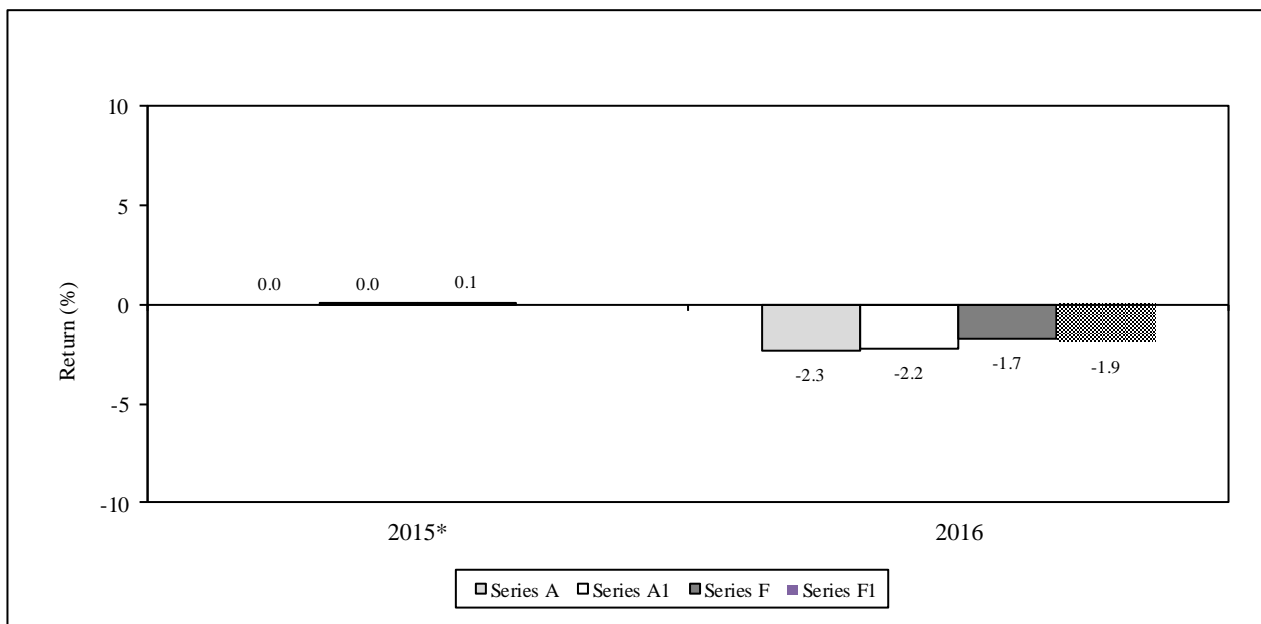
5 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the six-month period ended June 30, 2016 and each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.



* Return from the period November 26, 2015 for Series A, A1 and F (not annualized).
 ** Return from the period March 21, 2016 to June 30, 2016 for Series F1 (not annualized).

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Summary of Investment Portfolio

As at June 30, 2016

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Mutual Funds	27.8
Consumer Discretionary	18.4
Information Technology	14.6
Industrials	12.2
Health Care	10.9
Financials	8.8
Utilities	3.2
Consumer Staples	2.6
Total Long Positions	98.5
Cash	6.0
Other Net Liabilities	(4.5)
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Sprott Diversified Bond Fund, Series I	27.8
Cash	6.0
Alphabet Inc.	4.7
UnitedHealth Group Inc.	3.8
Macquarie Infrastructure Corp.	3.4
JPMorgan Chase and Co.	3.2
Wells Fargo and Company	3.2
Brookfield Infrastructure Partners LP	3.2
McKesson Corp.	3.0
Medtronic PLC	2.8
FedEx Corp.	2.8
Hanesbrands Inc.	2.7
Starbucks Corp.	2.7
Visa Inc.	2.7
NXP Semiconductors NV	2.7
The Walt Disney Company	2.7
NIKE Inc.	2.6
The Home Depot Inc.	2.6
CVS Health Corp.	2.6
Delphi Automotive PLC	2.6
Comcast Corp.	2.5
Mastercard Inc.	2.4
General Electric Co.	2.4
Berkshire Hathaway Inc.	2.3
TE Connectivity Ltd.	2.2

Top 25 long positions as a percentage of net asset value **99.6**

The Fund held no short positions as at June 30, 2016.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Partnership. Quarterly updates of the Partnership's investment portfolio are available on the Internet at www.sprott.com.

Corporate Information

Corporate Address

Sprott Asset Management LP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
T 416.943.6707
TOLL-FREE 866.299.9906
F 416.943.6497
E invest@sprott.com

For additional information visit our website:

www.sprott.com

Call our mutual fund information line for daily closing prices:

416.943.6707 or 866.299.9906

Auditors

KPMG LLP
Bay Adelaide Centre
333 Bay Street
Suite 4600
Toronto, Ontario M5H 2S5

Legal Counsel

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3Y4