



Sprott Focused U.S. Dividend 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. Dividend Class (the “Fund”) is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of dividend yielding U.S. equities.

To achieve the Fund’s investment objective, the Portfolio Advisor follows a fundamental, bottom-up approach to investing. The Fund will invest in dividend yielding U.S. equities, 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 dividend yielding U.S. equities. The Fund is suitable for investors with a medium tolerance for risk and volatility and a medium to long-term investment horizon.

Results of Operations

The Fund, Series A returned -3.7% during the first six months of 2016, while its benchmark, S&P 500 Total Return Index (CAD), returned -3.0%.

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.

Information Technology and Financials, sectors levered to economic recovery, were the top sectors detracting from performance during the first six months of the year.

Allergan Plc., Delphi Automotive Plc. and Alphabet Inc. were top individual detractors from performance for the period. The U.S. Treasury Department not only effectively blocked Allergan’s merger with Pfizer but also paved the way to unwinding several of Allergan’s past inversion transactions which would expose the company to material tax ramifications. Delphi Automotive has been weak, as investors questioned whether North American auto sales had peaked, whether European auto sales would continue to rally and whether Chinese auto sales could remain robust. Alphabet has been volatile as investors focused on the perceived slowdown in search activity and Google’s material increase in Traffic Acquisition Costs.

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.

Crescent Point Energy Corp., Equifax Inc. and UnitedHealth Group Inc. were top individual contributors to Fund positive performance for the period. Crescent Point is a quality Energy company that benefitted as oil rallied from unsustainably low levels. Equifax reported very strong Q1 numbers and raised their guidance. The stock had been weak on tepid U.S. mortgage lending activity but the Q1 numbers demonstrated the effects of management’s diversification strategies and the stock responded. UnitedHealth Group also reported strong Q1 numbers and announced plans to exit many state health care exchanges to preserve earnings and margin.

The Fund’s net asset value increased by 49.7% during the period, from \$7.1 million as at December 31, 2015 to \$10.7 million as at June 30, 2016. This change was predominantly due to net share issuances of \$3.9 million. The management expense ratio was largely unchanged 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 2.00% for Series A, 1.95% for Series A1, 1.00% for Series F, 1.80% for Series P, 0.80% for Series PF, 1.70% for Series Q, 0.70% 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 \$78,756 (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. Dividend Class – Series A	63%	37%
Sprott Focused U.S. Dividend Class – Series A1	37%	63%
Sprott Focused U.S. Dividend Class – Series F	45%	55%
Sprott Focused U.S. Dividend Class – Series F1	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$13,664 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	9.96	10.00
Increase (decrease) from operations:		
Total revenue	0.07	0.01
Total expenses	(0.12)	(0.03)
Realized gains (losses) for the period	0.09	(0.04)
Unrealized gains (losses) for the period	(0.25)	0.07
Total increase (decrease) from operations²	(0.21)	0.01
Distributions:		
Return of capital	0.17⁵	0.03
Total annual distributions³	0.17	0.03
Net assets, end of period	9.42	9.96

	Jun 30, 2016	Dec 31, 2015 ⁴
	\$	\$
Series A1		
Net assets, beginning of period	9.96	10.00
Increase (decrease) from operations:		
Total revenue	0.07	0.01
Total expenses	(0.12)	(0.03)
Realized gains (losses) for the period	0.17	(0.03)
Unrealized gains (losses) for the period	(0.22)	0.17
Total increase (decrease) from operations²	(0.10)	0.12
Distributions:		
Return of capital	0.17⁵	0.03
Total annual distributions³	0.17	0.03
Net assets, end of period	9.42	9.96

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	Jun 30, 2016	Dec 31, 2015 ⁴
	\$	\$
Series F		
Net assets, beginning of period	9.97	10.00
Increase (decrease) from operations:		
Total revenue	0.08	0.01
Total expenses	(0.06)	(0.02)
Realized gains (losses) for the period	0.31	(0.04)
Unrealized gains (losses) for the period	(0.59)	0.07
Total increase (decrease) from operations²	(0.26)	0.02
Distributions:		
Return of capital	0.17 ⁵	0.03
Total annual distributions³	0.17	0.03
Net assets, end of period	9.48	9.97

	Jun 30, 2016⁶
	\$
Series F1	
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.04
Total expenses	(0.03)
Realized gains (losses) for the period	(0.07)
Unrealized gains (losses) for the period	(0.19)
Total increase (decrease) from operations²	(0.25)
Distributions:	
Return of capital	0.10 ⁵
Total annual distributions³	0.10
Net assets, end of period	9.69

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 14, 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	\$857	\$360
Number of shares outstanding ¹	90,982	36,088
Management expense ratio ²	2.24%	2.33%
Management expense ratio before waivers or absorptions ³	5.17%	7.00%
Trading expense ratio ⁴	0.17%	0.70%
Portfolio turnover rate ⁵	41.69%	7.66%
Net asset value per share ¹	\$9.42	\$9.96
Series A1		
Total net asset value (000s) ¹	\$4,709	\$1,144
Number of shares outstanding ¹	499,776	114,846
Management expense ratio ²	2.19%	2.22%
Management expense ratio before waivers or absorptions ³	5.11%	6.74%
Trading expense ratio ⁴	0.17%	0.70%
Portfolio turnover rate ⁵	41.69%	7.66%
Net asset value per share ¹	\$9.42	\$9.96
Series F		
Total net asset value (000s) ¹	\$3,433	\$5,645
Number of shares outstanding ¹	362,058	566,008
Management expense ratio ²	1.12%	1.13%
Management expense ratio before waivers or absorptions ³	4.16%	5.73%
Trading expense ratio ⁴	0.17%	0.70%
Portfolio turnover rate ⁵	41.69%	7.66%
Net asset value per share ¹	\$9.48	\$9.97
Series F1		
Total net asset value (000s) ¹	\$1,704	
Number of shares outstanding ¹	175,824	
Management expense ratio ²	1.07%	
Management expense ratio before waivers or absorptions ³	3.85%	
Trading expense ratio ⁴	0.17%	
Portfolio turnover rate ⁵	41.69%	
Net asset value per share ¹	\$9.69	

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.

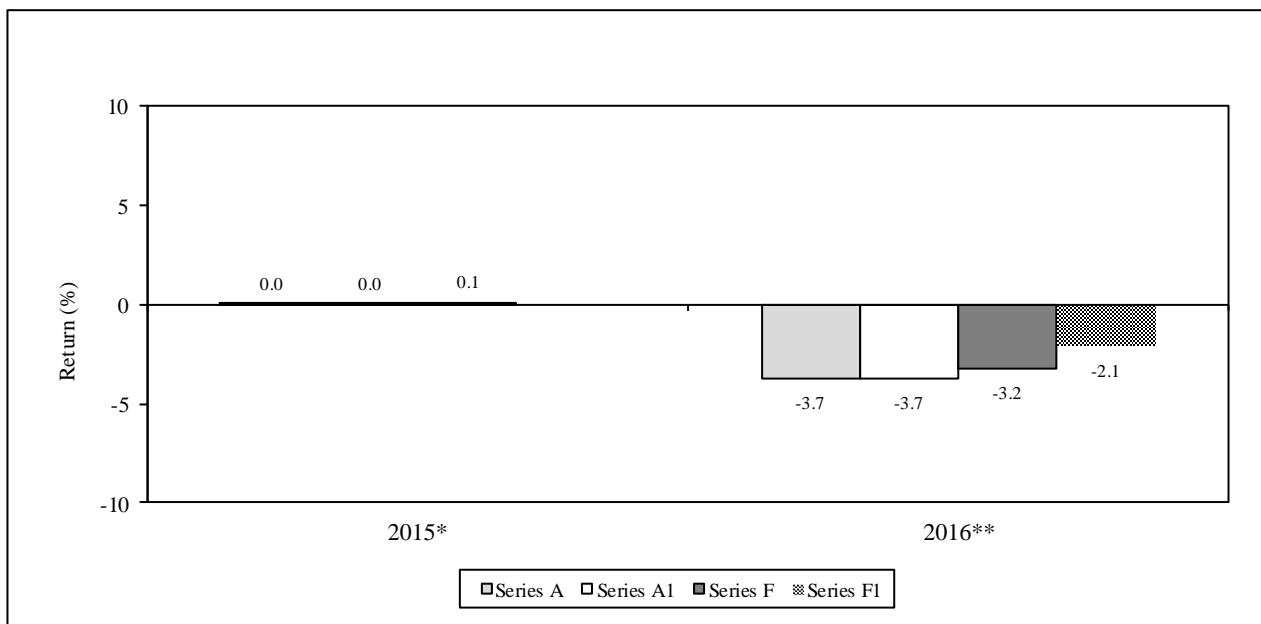
5 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio 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 14, 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	
Consumer Discretionary	27.1
Information Technology	17.3
Industrials	16.6
Health Care	14.0
Financials	11.1
Utilities	3.9
Consumer Staples	3.9
<u>Total Long Positions</u>	<u>93.9</u>
Cash	11.6
Other Net Liabilities	(5.5)
<u>Total Net Asset Value</u>	<u>100.0</u>

Top 25 Long Positions

Issuer	% of Net Asset Value
Cash	11.6
Macquarie Infrastructure Corp.	5.0
Hanesbrands Inc.	4.5
UnitedHealth Group Inc.	4.4
Alphabet Inc.	4.2
McKesson Corp.	4.1
JPMorgan Chase and Co.	4.1
Starbucks Corp.	4.0
NIKE Inc.	4.0
Brookfield Infrastructure Partners LP	3.9
Delphi Automotive PLC	3.9
CVS Health Corp.	3.9
Medtronic PLC	3.9
Comcast Corp.	3.9
Wells Fargo and Company	3.8
The Home Depot Inc.	3.6
NXP Semiconductors NV	3.5
Berkshire Hathaway Inc.	3.3
Visa Inc.	3.3
General Electric Co.	3.3
TE Connectivity Ltd.	3.2
The Walt Disney Company	3.2
FedEx Corp.	3.1
Mastercard Inc.	3.1
Nielsen Holdings PLC	2.7
<u>Total 25 long positions as a percentage of net asset value</u>	<u>101.5</u>

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