



GOLD in the New Financial Landscape

Wednesday, May 6, 2020

Speaker

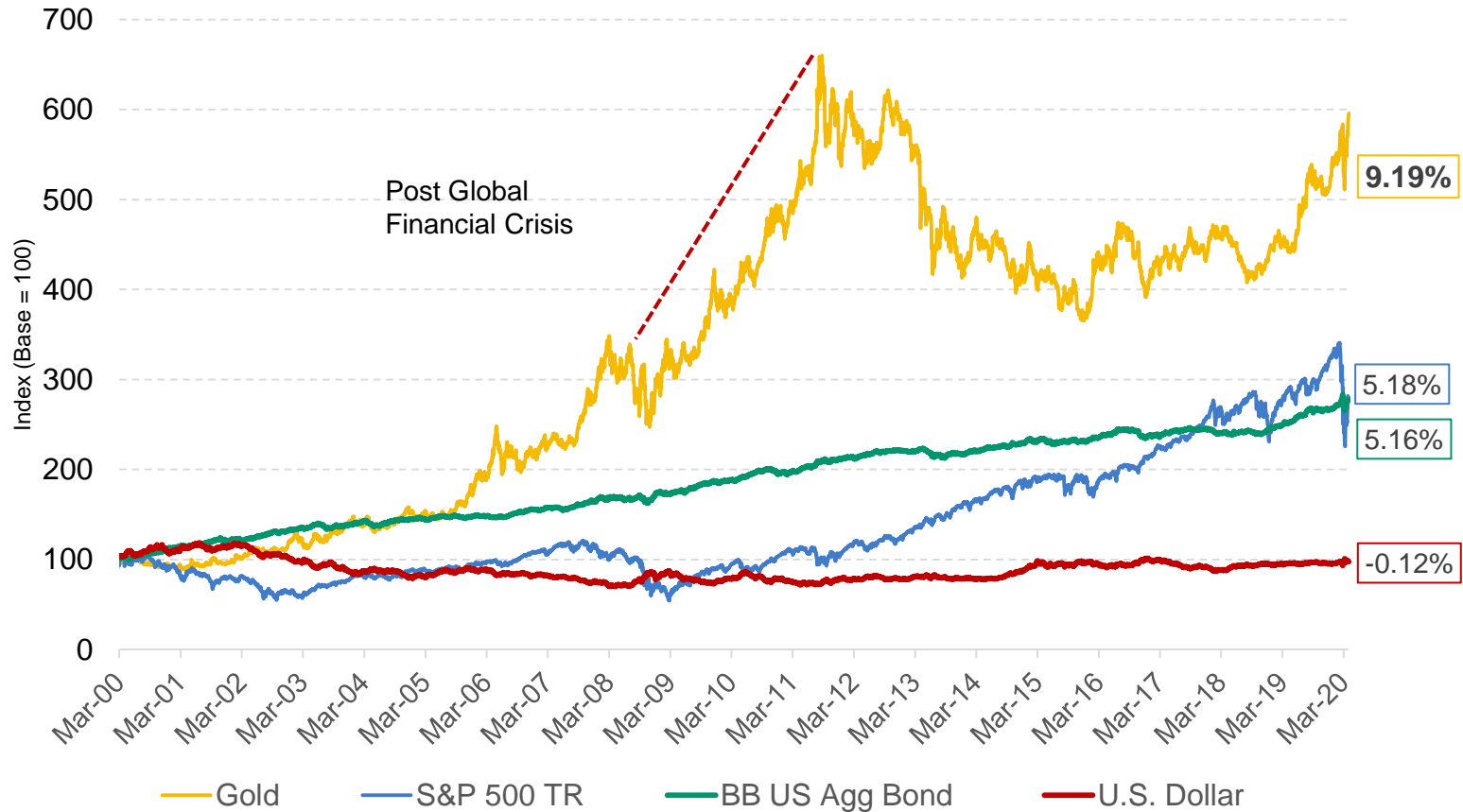


Peter Grosskopf, Chief Executive Officer, Sprott Inc.

Peter Grosskopf is the Chief Executive Officer of Sprott Inc. and Managing Director of Sprott Resource Lending. Mr. Grosskopf has more than 30 years of experience in the resource investments industry. At Sprott, he is responsible for strategy, and managing the firm's investment capital and lending business. His career includes a long tenure in investment banking, where he managed many strategic and underwriting transactions for companies in a variety of sectors. Prior to joining Sprott, Mr. Grosskopf was President of Cormark Securities Inc. He has a track record of building and growing successful businesses including Newcrest Capital Inc. (as one of its co-founders) which was acquired by the TD Bank Financial Group in 2000. Mr. Grosskopf is a CFA charterholder, holds the ICD.D designation, and holds an Honors Degree in Business Administration and a Masters of Business Administration, both from the Richard Ivey School of Business at the University of Western Ontario.

Gold's Performance in the Modern Era

Gold Has Outperformed Stocks, Bonds and USD over the Past 20 Years
Returns for Period from 12/31/1999-4/13/2020

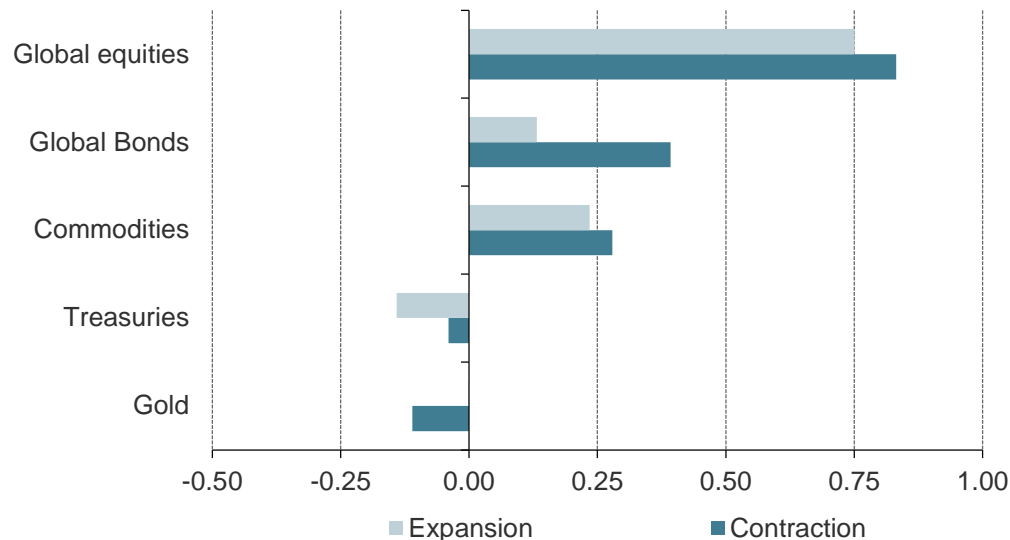


Source: Bloomberg. Period from 12/31/1999-4/13/2020. Gold is measured by GOLD Comdty; US Agg Bond Index is measured by the Bloomberg Barclays US Agg Total Return Value Unhedged USD (LBUSTRUU Index); S&P 500 TR is measured by the SPX; and the U.S. Dollar is measured by DXY Currency. Past performance is no guarantee of future results.

Gold Hedges Equity Exposure

- Gold can provide better equity downside correlation than commodities and other assets and in line with U.S. Treasuries
- Over the last 20 years gold's overall correlation to the S&P 500 has been about 0

U.S. Stocks' Correlation to Major Financial Assets during Expansions and Contractions
Gold is more negatively correlated to the equity markets than Treasuries in periods of contraction*



*As of 30 June 2019. Based on monthly returns from January 1987 to June 2019 of the S&P 500, MSCI ACWI ex US, BarCap Treasuries and Corporates, Bloomberg Commodity Index and LBMA Gold Price. Business cycles as defined by the National Bureau of Economic Research (NBER).

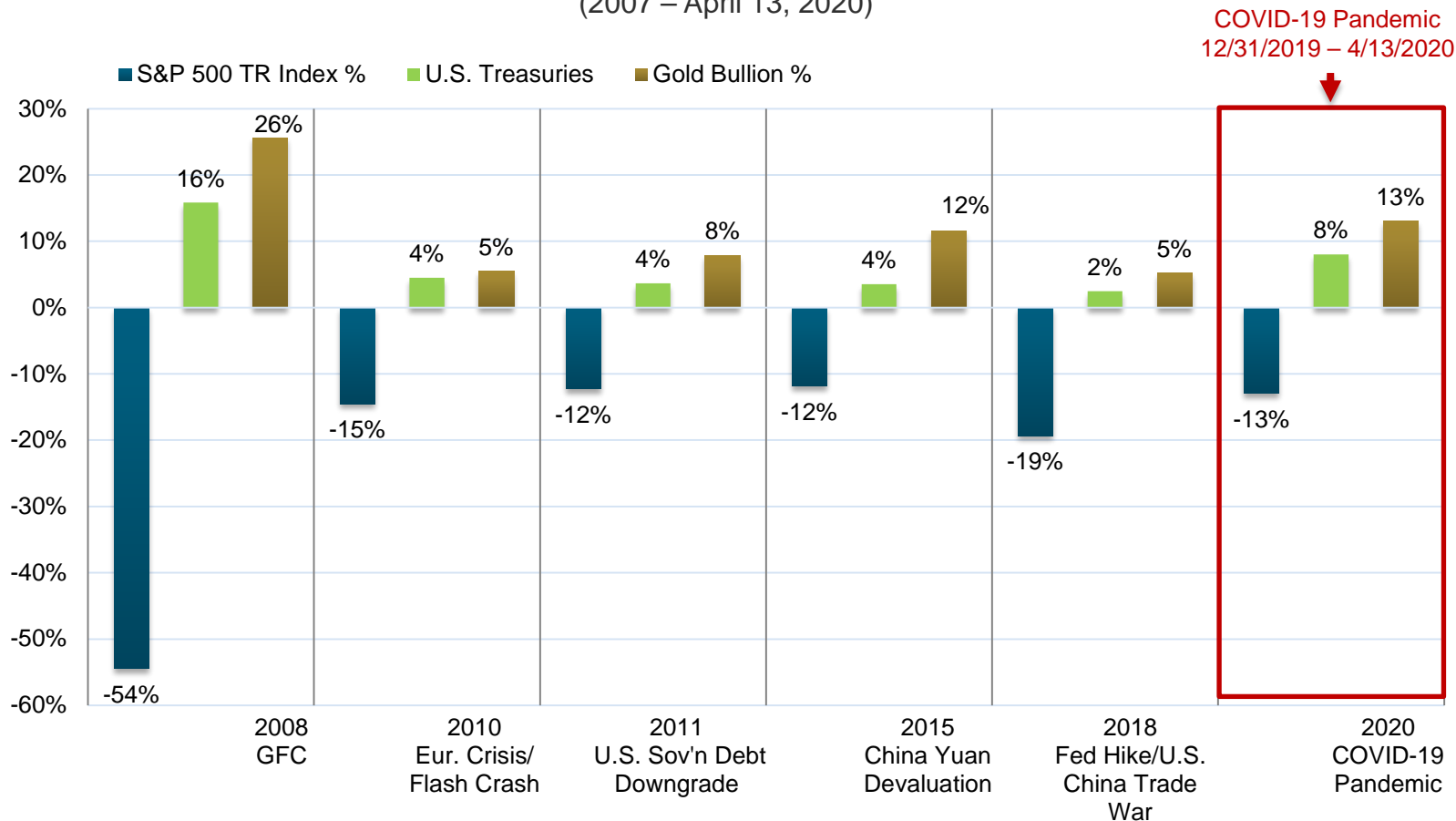
¹See slides 34-35 for demand factors affecting gold during stable market conditions.

Source: World Gold Council

Gold Can Provide Protection in Crises

Gold vs. S&P 500 and U.S. Treasuries in “Crisis” Periods

(2007 – April 13, 2020)



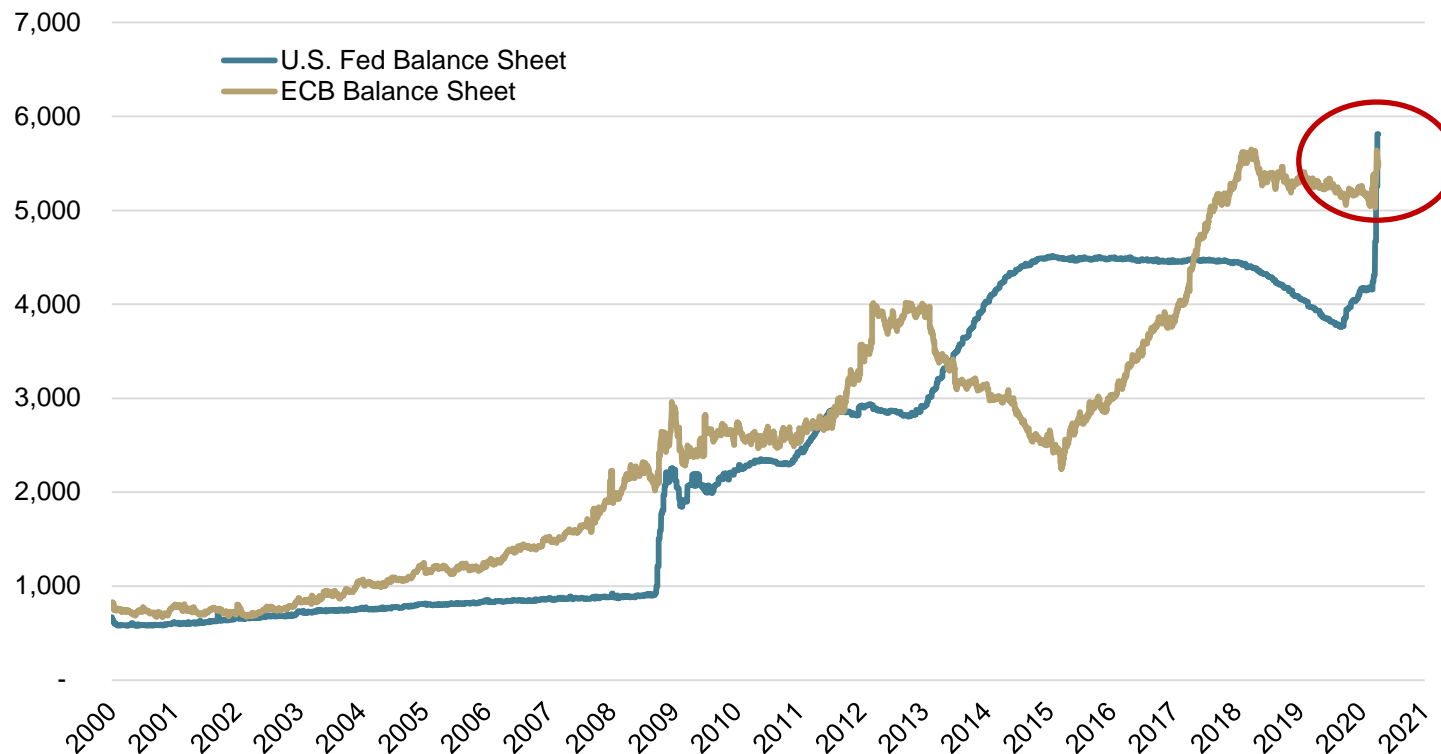
Data as of 4/13/2020. Source: Sprott Asset Management. Dates used: Global Financial Crisis: 10/11/2007-3/6/2009; Eurozone Crisis: 4/20/2010-7/1/2010; U.S. Sovereign Debt Downgrade: 7/25/2011-8/9/2011; China Yuan Devaluation: 8/18/2015-2/11/2016; Fed Rate Hike & China Trade War: 9/20/2018-12/24/2018; COVID-19 Pandemic: 1/1/2020-3/31/2020. 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 spot gold.

U.S. Fed and ECB Balance Sheets

Policy response pushes global balance sheets to record levels

U.S. Fed balance sheet expands to a record \$5.8 trillion as of April 1

ECB balance sheet expands to \$5.5 trillion as of April 1

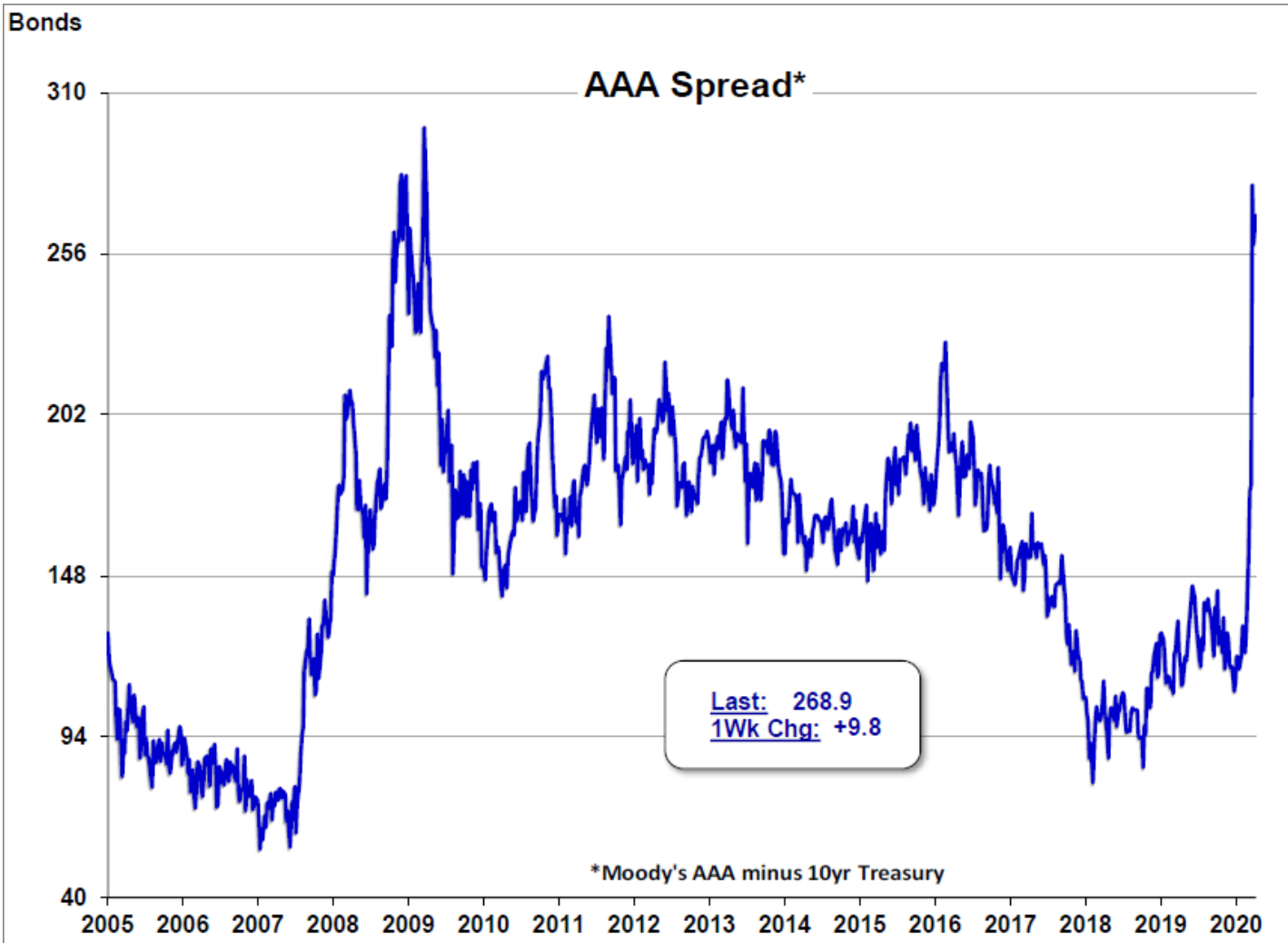


Data as of 3/31/2020 in U.S. Billion dollars. Source: Bloomberg.

Monetary Policy Going Ballistic

- Risk parity trade is failing; bonds are no longer a safe asset
- Liquidity Injections will be large and permanent – the bond market will become socialized
- Owning Treasury bonds = parking T-Bills
- Massive debt purchases by all sovereign credits will freeze interest rates at ultra-low levels
- High risk that nominal bond values will be significantly impaired by monetary inflation
- Gold is the antidote to the fixed-income dilemma

Credit Deflation is Bad for Fixed Income



Data as 4/03/2020. Source: Meridianmacro.com.

Gold Equities Provide Leverage to the Gold Price

Gold Stocks Should Rally with the Price of Gold

- Gold mining stocks have outperformed the metal by 3-5x during past bull phases for the metal
- Near-term mine suspensions and government mandates to reduce activity due to Covid-19 has puts pressure on ore supply, adding further support to the long-term gold price
- Miners, with strong balance sheets and quality reserves, are best positioned to enjoy higher profit margins over the long-term
- The M&A cycle continues with the involvement of more small- and mid-cap companies, as they recognize the need for scale and to remain relevant

Outlook

- Gold is one of the few assets that offers both downside protection and upside potential in the new financial landscape
- Even though gold has performed well since 2000 and over the past 3 months, Sprott feels that considerable price upside remains
- We may be in the end game for traditional Keynesian policy responses to a financial and economic crisis...all bets are off
- Gold is under-owned and under-utilized by institutions
- Gold equities provide substantial leverage to the gold price

Sprott: A Global Leader in Precious Metal Investing

Sprott

- Sprott is publicly listed on the Toronto Stock Exchange (TSX: SII)
- One of the largest precious metals-focused managers
- \$10.6B in AUM¹
 - Sprott is one of the largest managers of precious metals bullion in North America (\$7B)
 - Large precious metals equity business strengthened with recent acquisition of Tocqueville gold assets and team (\$2.1B)
 - Leading structured finance provider (credit, streams, royalties) to junior mining sector (\$0.8B)
- Institutional clients include leading pensions, foundations and SWFs















¹ Estimated AUM as of March 31, 2020. Includes sub-advisory agreements.

Sprott's Gold Investment Strategies

Sprott offers a range of investment options

Physical Precious Metals	Active Gold Equity with Physical Gold	Passive Gold Equity
<ul style="list-style-type: none">• Sprott Physical Gold Trust (NYSE Arca: PHYS)• Sprott Physical Gold and Silver Trust (NYSE Arca: CEF)• 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• 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)• Invests in primarily large- and mid-cap gold companies• Sprott Junior Gold Miners ETF (NYSE Arca: SGDJ)• Invests in primarily small-cap gold companies

Sprott Gold Team

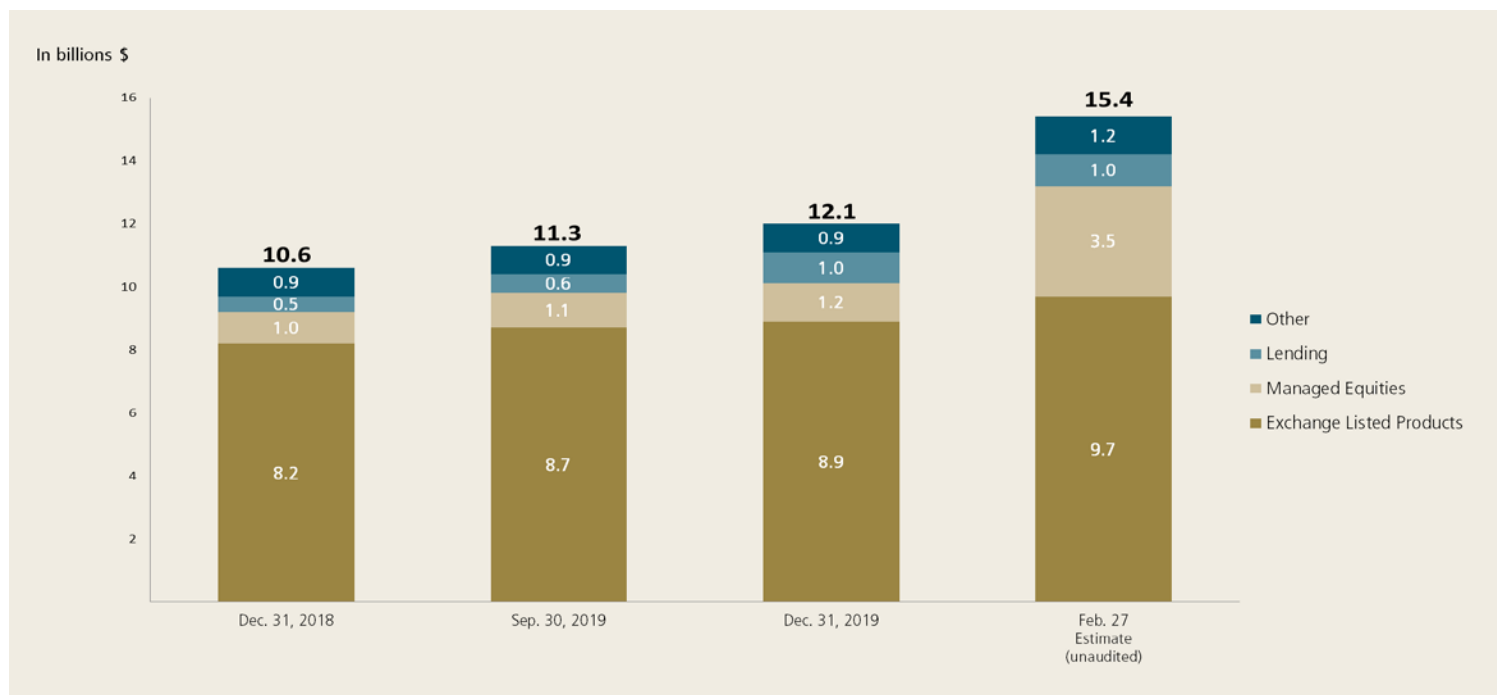
INVESTMENT TEAM			TECHNICAL ADVISORS			EXECUTIVE TEAM		
Team		Tenure* (Years)	Team		Tenure* (Years)	Team		Tenure* (Years)
John Hathaway Senior Portfolio Manager		50	Neil Adshead Portfolio Manager Economic Geologist		16	Whitney George Chief Investment Officer, Sprott Asset Management; Chairman, Sprott U.S. Holdings		40
Douglas Groh Senior Portfolio Manager		35	Andrew Jackson Economic Geologist		14	Peter Grosskopf Chief Executive Officer, Sprott Inc.; Managing Director, Sprott Resource Lending		33
Victor Huwang Director, U.S. Operations		28	Justin Tolman Economic Geologist		22	Rick Rule Senior Managing Director, Sprott Inc.; President & CEO, Sprott U.S. Holdings		46
Maria Smirnova Senior Portfolio Manager		21						
Jason Mayer Senior Portfolio Manager		19						
Shree Kargutkar Portfolio Manager		11						
Paul Wong Market Strategist		25						
J'aime Spork Head Trader		17						

Unparalleled in scope and breadth, the Sprott Gold Team includes portfolio managers, geologists, analysts and traders who together boast more than 350 years of combined precious metals investment experience.

* Tenure denotes years of investment management experience.

AUM Summary

- As of Dec. 31, 2019 AUM was \$12.1 billion, up \$1.5 billion (14%) from last year



Sprott Provides Investors with Leverage to Gold Price



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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 prospectus. 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.

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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