

Sprott ETFs – Monthly Miners Insights

FACTORS *that* MATTER™

All data as of January 31, 2018

Key Takeaways

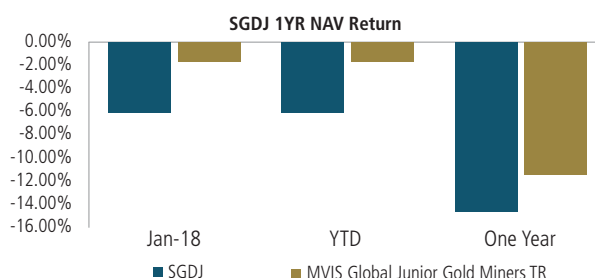
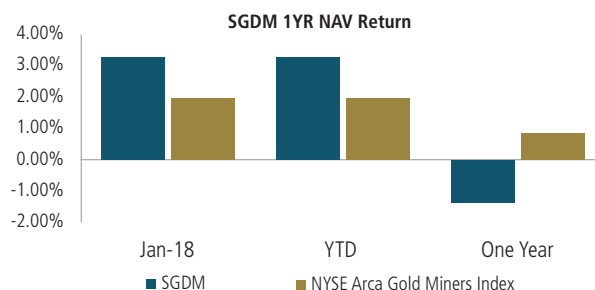
- On the back of gold's best start to a year since 2012 (bullion rose 3.73% in January), the Sprott Gold Miners ETF (SGDM) added 3.28% in January. Bullishness for the yellow metal did not matriculate to small-cap miners as the Sprott Junior Gold Miners ETF (SGDJ) lost 6.12% in the first month of 2018.
- Large-cap miners were clear winners in January as mid- and small-cap names struggled to start 2018.
- January brought updates on fourth-quarter production as well as outlooks for 2018, events that usually lead to increased volatility among gold mining stocks. Diversified, basket approaches, such as those offered by SGDM and SGDJ, can potentially dampen some of that volatility while reducing the stock-picking burden.
- Large-cap Canadian miners were key contributors in SGDM's January upside, helping the exchange traded fund (ETF) top the NYSE Arca Gold Miners NTR. Although the Canadian dollar rallied against its U.S. counterpart last month, smaller Canadian miners, including Pretium Resources (PVG), were January laggards.

January Overview

One of the primary benefits of gold, that being low correlations to equities, remains intact. Gold and the miners have remained uncorrelated to the S&P 500 for the five-year period ending January 31, 2018. Regarding the gold/gold miners relationship, miners remain about 0.8 correlated to the yellow metal.

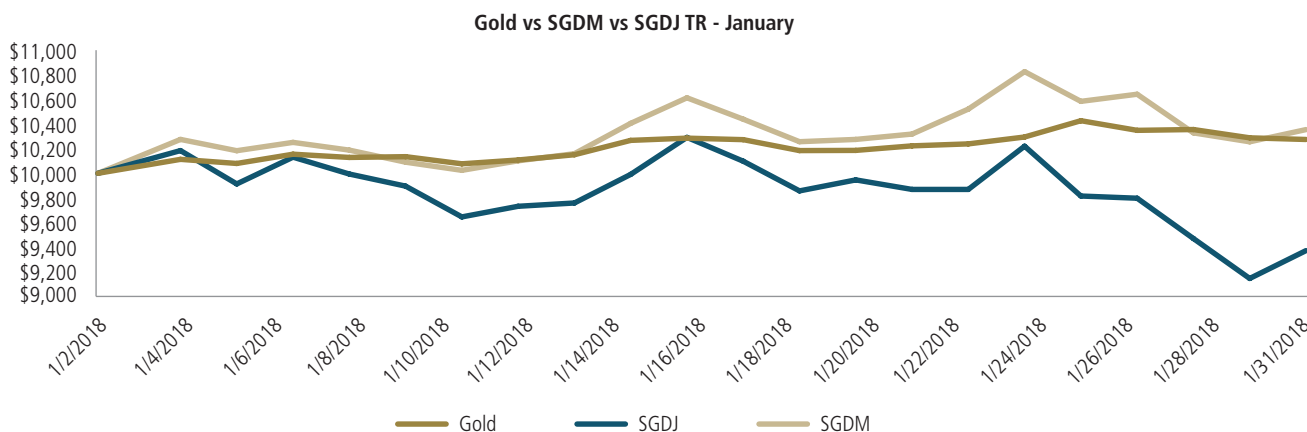
In January, SGDM notched a solid performance, barely trailing spot gold prices, while SGDJ faltered. Gold demand jumped in the fourth quarter, increasing 6% on a year-over-year basis, according to the World Gold Council (WGC).

Source: ALPS, as of 1/31/2018. Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com. Please see standardized performance on page 3.



Refresher

SGDM and SGDJ are factor based models. SGDM selects mining companies with the highest beta to gold and weights constituents based on revenue growth and long-term debt to equity. SGDJ selects mining companies with market capitalization between \$250 million to \$2 billion and weights constituents based on revenue growth and price momentum.



Source: Bloomberg as of 1/31/2018
Past performance is not indicative of future results.

Good News For Miners: Strong Gold, Weak Dollar

Buoying commodities prices to start 2018 is the weak U.S. dollar. After sliding more than 9% last year, the U.S. Dollar Index (DXY) lost 3.34% in January, representing one of the benchmark's worst January showings in several years. DXY currently resides at its lowest levels in nearly four years, which is good news for dollar-denominated commodities, such as gold. Canadian miners account for 58.93% of SGDM's lineup, indicating the ETF is benefiting from loonie strength against the greenback.

"In the case of precious metals equities, multiples have continued to trend lower, making stocks cheaper while gold bullion has appreciated in price," according to Sprott Asset Management. "We track investor positioning using a number of metrics including fund flows, gold futures trading and ETF flows. The shares outstanding in gold bullion ETFs are currently at a three-year high. When seen against the backdrop of rising asset prices, the increase in gold bullion holdings, is merely par for the course."¹

Last year, inflows into gold ETFs listed around the world totaled 202.8 tonnes, according to the WGC.

What Drove SGDM in January

Large-cap miners bolstered SGDM in January. For example, Gold Corp. Inc. (GG) returned 12.14% last month after the company beat preliminary fourth-quarter and full-year 2017 production estimates with in line "all-in sustaining costs" (AISC) in a mid-month statement. Coupled with forecasting a lower AISC for 2018 helped drive returns for the month.

An overweight position Peruvian mid-cap miner Cia De Minas Buenaventura-ADR (BVN) also helped SGDM last month as that stock soared 9.59% in January.

Alamos Gold Inc-Classa (AGI) was SGDM's most notable laggard in January, sliding 8.14%, despite reporting a "record fourth quarter gold production while delivering a significant reduction in operating costs and capital spending."²

Raymond James analyst Tara Hassan said those headlines from Alamos point to "limited near and mid-term production growth from its two key assets (Young Davidson and Mulatos) and increased all in sustaining costs for 2018 are weighing on the shares."

On Jan. 25th, a Credit Suisse analyst upgraded shares of Alamos to Outperform.

SGDJ: January Woes

Mid- and small-cap Canadian miners weighed on the Sprott Junior Gold Miners ETF (SGDJ) in January. Canadian miners accounted for almost 70% of the fund's weight at the end of 2017.

The most egregious January offender on SGDJ's roster was Pretium Resources, which slid 39% for the month, a tumble that included a one-day plunge of 18% on Jan. 23rd after investors punished the company for tepid fourth-quarter results and disappointing 2018 guidance. Credit Suisse analyst Robert Reynolds downgraded Pretium to Neutral from Outperform.

Coeur Mining (CDE) was SGDJ's best-performing component in January, gaining 7.20%. That is an encouraging start to 2018 for CDE after the shares shed 17.49% last year.

"In 2018, Coeur expects to produce 36.6 - 40.0 million silver equivalent ounces, consisting of 12.8 - 14.4 million ounces of silver, 355,000 - 375,000 ounces of gold, and 23.0 - 28.0 million pounds of both zinc and lead," according to the company.³

¹ Source: <http://sprott.com/insights/sprott-gold-report-why-gold-and-gold-equities-can-thrive-in-2018>

² Source: <https://www.streetinsider.com/Corporate+News/Alamos+Gold+%28AGI%29+Reports+Q4+Production+and+Provides+2018+Outlook/13677564.html>

³ Source: <https://finance.yahoo.com/news/coeur-reports-fourth-quarter-full-130300527.html>

ETF Stats (Bloomberg Data as of 12/31/17)

Ticker:	SGDM
CUSIP:	00162Q643
Fund Inception:	7/15/14
Dividends Paid:	Yearly
Most Recent Dividend*:	\$0.1194
Gross Expense Ratio:	0.57%
NAV**:	\$20.73

*Dividend paid on 12/21/17.

**As of 12/31/17.

Ticker:	SGDJ
CUSIP:	00162Q585
Fund Inception:	3/31/15
Dividends Paid:	Yearly
Most Recent Dividend*:	\$0.0470
Gross Expense Ratio:	0.57%
NAV**:	\$33.47

*Dividend paid on 12/21/17.

**As of 12/31/17.

Performance (as of 12/31/17)

	3 Month	6 Month	YTD	1 Year	3 Year	Cumulative Since Inception	Annualized Since Inception
Sprott Gold Miners ETF (Net Asset Value)	1.21%	7.31%	11.02%	11.02%	6.45%	-15.14%	-4.63%
Sprott Gold Miners ETF (Market Price) [†]	1.12%	7.26%	10.62%	10.62%	6.42%	-15.22%	-4.65%
S&P 500 Total Return Index	6.64%	11.42%	21.83%	21.83%	11.41%	45.39%	11.40%
Sprott Zacks Gold Miners TR	1.36%	7.63%	11.73%	11.73%	7.24%	-13.00%	-3.94%
Sprott Junior Gold Miners ETF (Net Asset Value)	-4.62%	0.68%	5.53%	5.53%	—	42.14%	13.61%
Sprott Junior Gold Miners ETF (Market Price) [†]	-4.45%	0.80%	5.36%	5.36%	—	42.27%	13.64%
S&P 500 Total Return Index	6.64%	11.42%	21.83%	21.83%	—	35.80%	11.74%
Sprott Zacks Junior Gold Miners Index TR	-4.40%	1.05%	6.21%	6.21%	—	45.77%	14.65%

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.855.215.1425 or visit www.sprottets.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

[†]Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

IMPORTANT DISCLOSURES & DEFINITIONS

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contain this and other information please contact your financial professional or call 1.855.215.1425. Read the prospectus carefully before investing.

Sprott 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.

The Fund may pay transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses, affect the Fund's performance.

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.

Sprott Zacks Gold Miners Total Return Index is comprised of approximately 25 stocks selected, based on investment and other criteria, from a universe of gold and silver mining companies whose stock is listed on a major U.S. exchange. The stocks are selected using a proprietary, quantitative rules based methodology developed by Zacks Index Services.

S&P 500[®] Total Return Index is an unmanaged index that tracks the performance of 500 widely held large-capitalization U.S. stocks. The indexes are reported on a total return basis, which assumes reinvestment of any dividends and distributions realized during a given time period.

The indexes are not actively managed and do not reflect any deductions for fees, expenses or taxes.

One cannot invest directly in an index. Index performance does not reflect fund performance.

ALPS Portfolio Solutions Distributor, Inc. is the Distributor for the Sprott Gold Miners ETF.