

Sprott ETFs – Monthly Miners Insights

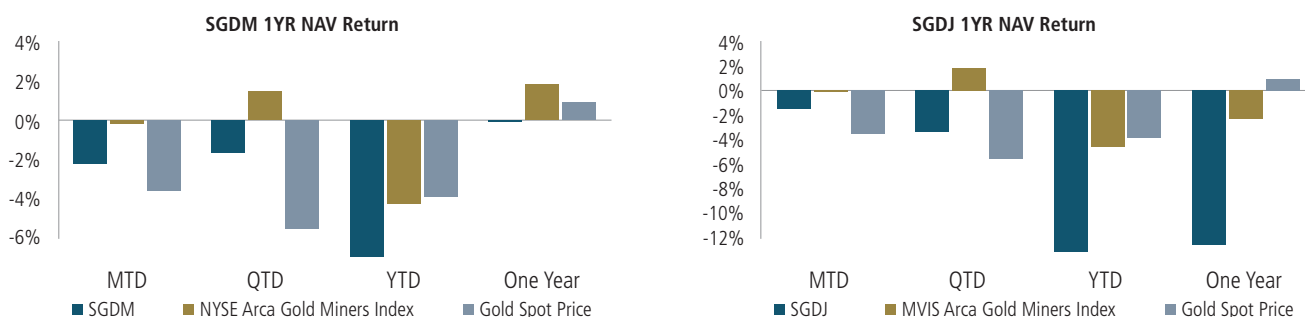
Factors *that* Matter™

Key Takeaways

- Both the Sprott Gold Miners ETF (SGDM) and the Sprott Junior Gold Miners ETF (SGDJ) languished in June as precious metals miners continue lagging, despite compelling valuations and the potential for gold prices to rally amid dwindling supply. Last month, the NYSE Arca Gold Miners Net Total Return Index and the MVIS Global Junior Gold Miners Index lost -0.27% and -0.22%, respectively.
- Spot gold slid 3.74% in June, its largest monthly drop this year.
- Overall, mid-cap names performed well for the two funds during the second quarter as the juniors average 16% allocation was up 66% as a group with names such as Iam Gold (IAG) and Kirkland Lake Gold (KL CN) delivering positive showings.

Performance Notes

- Gold mining stocks struggled during the month of June extending the year to date (YTD) onslaught on the sector. Market cap weighted indexes fared slightly better as SGDM and SGDJ were further in the red this month.
- In June, gold saw its largest drop of the year, losing almost 4% as the dollar continued to grind higher. Year to date the gold dollar spread as reached almost 4.5%.
- While the Junior miners fared better than the senior fund in the most recent month, QTD (quarter to date), the juniors have slid twice as far.



Source: Bloomberg, L.P., as of June 30, 2018. Past performance does not guarantee future results. For standardized performance, please see page 3

Strategy Breakdown

- SGDM and SGDJ are factor-based or smart beta avenues to investing in gold miners. SGDM selects components with high betas relative to gold, weighting those names based on revenue growth and long-term debt-to-equity. SGDJ, the junior fund, only holds miners with market values of \$250 million to \$2 billion and weights member firms based on revenue growth and price momentum.

Return Attribution

SGDM

- SGDM faltered in June amid tough sentiment toward miners. Peru's CIA de Minas Buenaventur-ADR (BVN) slipped 11.89%, detracting 53 basis points (bps) from SGDM's June performance.
- Quarter-to-date, Randgold (GOLD), SGDM's second-largest holding at a weight of approximately 12%, was down nearly 12%. Harmony Gold MNG-SPON ADR (HMY) detracted 62 bps and was down almost 35% for the quarter. Harmony slid amid challenging headlines, including the loss of a South African mine, the death of an employee at another mine and a dilutive \$82 million share offering in early June. The placement marked almost a 12% discount from where the stock traded the day before.

SGDJ

- SGDJ fared better in June, getting a lift from Oceana Gold Corp (OGC CN), which boosted 2018 production guidance.
- SGDJ struggled during the second quarter with Harmony Gold and Detour Hold Corp (DGC CN) accounting for the bulk of the fund's negative quarterly performance. In late April, Detour suffered its worst loss in five years after paring its 2018 cash flow outlook.

Attribution

	AVG Weight During June	Contribution to Return	Total Return
Sprott Gold Miners ETF (SGDM US)	100.00%	-2.16%	-2.16%
MKT CAP lrg	36.79%	-0.52%	-1.41%
MKT CAP med	48.21%	-1.15%	-2.41%
MKT CAP small	15.00%	-0.49%	-3.22%
Sprott Gold Miners ETF (SGDM US)	100.00%	-2.16%	-2.16%
Canada	53.96%	-0.55%	-1.05%
United States	17.79%	-0.37%	-2.02%
Jersey	12.63%	-0.38%	-3.06%
South Africa	7.59%	-0.32%	-4.14%
Peru	4.40%	-0.53%	-11.89%
Brazil	3.63%	-0.01%	-0.17%
Sprott Junior Gold Miners ETF (SGDJ US)	100.00%	-1.87%	-1.87%
MKT CAP med	1.10%	-0.02%	-0.84%
MKT CAP small	98.90%	-1.85%	-1.82%
Sprott Junior Gold Miners ETF (SGDJ US)	100.00%	-1.61%	-1.61%
Canada	57.52%	-0.96%	-1.66%
United States	19.01%	-0.79%	-4.09%
Australia	7.41%	0.87%	12.51%
South Africa	6.71%	-0.46%	-6.90%
Ivory Coast	5.84%	0.18%	3.14%
China	3.51%	-0.45%	-12.43%

Source: Bloomberg, L.P., as of June 30, 2018

Valuation Notes

- Both SGDM and SGDJ are trading at depressed valuations relative to their three-year averages. Since the sector's surge in 2015, the group has slumped and now looks inexpensive. With talk about peak gold swirling, the idea of consistent demand amid decreasing lower global supply could stoke higher spot gold prices, potentially taking the miners along for the ride.

	SGDM		NYSE Arca Gold Miners Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio	30.60	45.11	26.96	31.78
Price/Book Ratio	1.28	1.37	1.44	1.39
Price/Cash Flow Ratio	9.13	9.09	9.08	8.38
Price/Sales Ratio	2.49	2.73	2.59	2.56
Trailing 12 Month Yield	0.86	0.82	1.04	0.78

	SGDJ		MVIS Global Junior Gold Miners Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio	15.18	26.85	28.18	20.86
Price/Book Ratio	0.97	1.13	1.46	1.17
Price/Cash Flow Ratio	7.05	8.15	9.22	7.61
Price/Sales Ratio	1.74	2.36	2.65	2.20
Trailing 12 Month Yield	0.24	0.69	0.88	0.81

Source: Bloomberg, L.P., as of June 30, 2018

June 2018 Company Snapshot Company: Oceana Gold Inc (OGC CN)

- OceanaGold Corporation is a mid-tier, low-cost, multinational gold producer with assets located in the Philippines, New Zealand and the United States.
- List of mines include:
 - » Didipio Gold-Copper Mine located on the island of Luzon in the Philippines
 - » Waihi Gold Mine – North Island of New Zealand
 - » Macraes Goldfield – South Island of New Zealand
 - » Haile Gold Mine – United States
- OGC CN was up 12.51% in June after the company announced the intersection of high-grade mineralization along two large veins in their Waihi Gold mine.
- OGC CN also saw a lift due to their June 19th announcement of strong production in their Didipio Operation resulting in increasing its global production from 500K ounces to 540K ounces.

Source: Ocean Gold, as of June 19, 2018

Performance (as of 6/30/18)

	3 Month	6 Month	YTD	1 Year	3 Year	Cumulative Since Inception	Annualized Since Inception
Sprott Gold Miners ETF (Net Asset Value)	-1.63%	-6.90%	-6.90%	-0.09%	7.32%	-20.99%	-5.77%
Sprott Gold Miners ETF (Market Price) [†]	-1.63%	-6.81%	-6.81%	-0.04%	7.32%	-20.99%	-5.77%
S&P 500 Total Return Index	3.43%	2.65%	2.65%	14.37%	11.93%	49.24%	10.64%
Sprott Zacks Gold Miners TR	-1.51%	-6.59%	-6.59%	0.54%	8.07%	-18.74%	-5.10%
Sprott Junior Gold Miners ETF (Net Asset Value)	-3.39%	-13.09%	-13.09%	-12.49%	5.72%	23.54%	6.72%
Sprott Junior Gold Miners ETF (Market Price) [†]	-3.30%	-13.31%	-13.31%	-12.62%	5.59%	23.33%	6.66%
S&P 500 Total Return Index	3.43%	2.65%	2.65%	14.37%	11.93%	39.39%	10.75%
Sprott Zacks Junior Gold Miners Index TR	-3.18%	-12.81%	-12.81%	-11.89%	6.65%	27.10%	7.65%

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. The investment return and principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

SGDM and SGDJ Gross Expense Ratios: 0.57%

SGDM Fund inception date of 7/5/2014

SGDJ Fund inception date of 3/31/2015

[†] 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.

ETF Stats

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 12/28/17

**As of 12/31/17

As of June 30, 2018

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 12/28/17

**As of 12/31/17

As of June 30, 2018

SGDM Top 10 Holdings (%)[^]

1. RANDGOLD RESOURCES LTD-ADR	12.69%
2. AGNICO EAGLE MINES LTD	12.05%
3. GOLDCORP INC	10.63%
4. NEWMONT MINING CORP	9.99%
5. IAMGOLD CORP	4.84%
6. ROYAL GOLD INC	4.74%
7. BARRICK GOLD CORP	4.51%
8. ALAMOS GOLD INC-CLASS A	4.24%
9. CIA DE MINAS BUENAVENTUR-ADR	4.00%
10. YAMANA GOLD INC	3.60%

[^]as of June 30, 2018

Daily holdings are available on the alpsfunds.com website

SGDJ Top 10 Holdings (%)[^]

1. OCEANAGOLD CORP	7.99%
2. CENTERRA GOLD INC	7.26%
3. COEUR MINING INC	6.23%
4. PRETIUM RESOURCES INC	6.18%
5. ENDEAVOUR MINING CORP	5.94%
6. TAHOE RESOURCES INC	4.59%
7. OSISKO GOLD ROYALTIES LTD	4.51%
8. SIBANYE GOLD LTD-SPONS ADR	4.14%
9. FIRST MAJESTIC SILVER CORP	4.14%
10. FORTUNA SILVER MINES INC	3.91%

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 and Sprott Junior Gold Miners ETF shares are not individually redeemable. Investors buy and sell shares of the funds 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 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.

Sprott Zacks Junior Gold Miners Total Return Index is comprised of between 30 to 40 stocks selected, based on investment and other criteria, from a universe of gold and silver mining companies whose stocks are listed on a major U.S. or Canadian exchange. The stocks are selected using a proprietary, quantitative rules-based methodology developed by Zacks Index Services.

NYSE Arca Gold Miners Index is a modified market capitalization weighted index comprised of publicly traded companies involved primarily in the mining for gold and silver. MVIS Global Junior Gold Miners (TR NET) (Ticker: MVGDJTR) is the total return index that covers the most liquid small-cap companies which are active in the gold/silver mining sector.

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.

Beta is a measure of the volatility, or systematic risk, of a security in comparison to the market as a whole.

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 and The Sprott Junior Gold Miners ETF.