

Sprott ETFs – Monthly Miners Insights

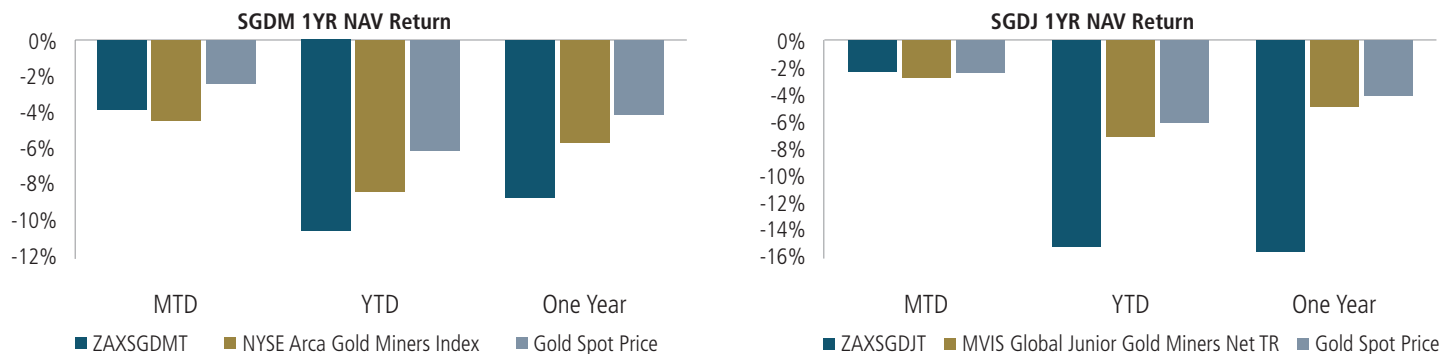
Factors *that* Matter™

Key Takeaways

- Both the Sprott Gold Miners ETF (SGDM) and the Sprott Junior Gold Miners ETF (SGDJ) endured another rough month in July as spot gold prices fell 2.39%.
- While they struggled last month, SGDM and SGDJ outperformed industry benchmarks as Australian miners, which had been primary alpha drivers over the past year, lagged. SGDM has no Australia exposure while SGDJ allocates just 8% to that country via Oceana Gold Corp. (OGC CN).
- Company Spotlight: Yamana Gold Inc. (AUY).

Performance Notes

- Canadian miners weighed on SGDM last month. Agnico Eagle Mines LTD (AEM) and Gold Corp Inc (GG), 12.03% and 10.50% of SGDM, respectively, both fell 8+% as the companies reported second-quarter (Q2) earnings that missed estimates.
- Though still hampered by Canadian miners, SGDJ performed less poorly in July than the senior SGDM. New Gold Inc (NGD) plunged 39% last month after posting less-than- expected earnings. The company is down 42% this year.
- The junior fund was also negatively affected by its exposure to the Canadian dollar as the fund holds dual-listed names on the Toronto Stock Exchange (TSX). While Canadian miners brought the fund down for the month, not having exposure to traditional Aussie miners, actually helped returns as the country has been a consistent driver of weaker relative returns against the MVIS Global Junior Gold Miners Index.



Source: Bloomberg, L.P., as of 7/31/2018

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, large-cap Canadian miners detracted the most from the fund in July. Yamana Gold (AUY) was a bright spot as the company delivered better-than-expected earnings and said that its 2018 production is likely top estimates.

SGDJ

- Among junior miners, SGDJ beat the MVIS Global Junior Gold Miners Index last month thanks in part to lower exposure to Australian miners. Oceana Gold Corp. (OGC CN), SGDJ's lone holding with Australia exposure, returned 10.82% in July.

Attribution

	AVG Weight During July	Contribution to Return	Total Return
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%	-2.34%	-2.34%
Australia	8.37%	0.83%	10.82%
South Africa	6.25%	0.35%	5.78%
Ivory Coast	5.92%	0.10%	2.02%
China	3.18%	0.03%	0.68%
United States	19.05%	-0.60%	-3.13%
Canada	57.23%	-3.05%	-5.27%

Source: Bloomberg L.P., as of 7/31/2018

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	31.58	44.15	28.16	31.80
Price/Book Ratio	1.22	2.92	1.37	1.40
Price/Cash Flow Ratio	8.75	9.07	8.73	8.43
Price/Sales Ratio	2.37	2.70	2.48	2.58
	SGDJ		MVIS Global Junior Gold Miners Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio	17.01	26.82	21.85	21.05
Price/Book Ratio	0.95	1.13	1.18	1.18
Price/Cash Flow Ratio	6.81	8.18	7.03	7.64
Price/Sales Ratio	1.66	2.37	1.97	2.21

Source: Bloomberg, L.P., as of 7/31/2018

July 2018 Company Snapshot Company: Yamana Gold Inc. (AUY)

- While Canadian miners were a drag on SGDM last month, Yumana Gold Inc. (AUY) was a bright spot. The stock, 4.11% of SGDM at the end of July, was one of the fund's best-performing Canadian names last month.
- The company, which celebrated its 15th anniversary at the end of July, rallied after reporting strong second-quarter results. On an adjusted basis, Yamana earned 6 cents a share in the quarter, easily beating the average estimate of 2 cents a share. Revenue rose 0.80% to \$431.5 million. Yamana's second-quarter cost of sales decreased 10.30%.
- Yamana offered some encouraging commentary regarding production at some of its Latin American mines, including Jacobina, Brazil.
- "New targets within the Yamana land package continue to demonstrate the potential of this asset, both to sustain production in the long term and to deliver opportunities for higher grades," according to a Yamana statement.
- Some of Yamana's Brazilian properties, including Jacobina and Chapada have potentially lengthy lifespans.
- "The Chapada complex has mineral reserves that support a mine life in excess of 20 years. Given this long mine life the primary focus of the exploration program is on increasing gold grades in new inferred mineral resources," according to the company.

Source: <https://finance.yahoo.com/news/yamana-gold-provides-mid-2018-210547862.html>

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.

SGDM Top 10 Holdings (%)[^]

1. RANDGOLD RESOURCES	12.63%
2. AGNICO EAGLE MINES LTD	11.44%
3. NEWMONT MINING CORP	10.09%
4. GOLDCORP INC	10.07%
5. IAMGOLD CORP	4.76%
6. ROYAL GOLD INC	4.49%
7. ALAMOS GOLD INC-CLASS	4.21%
8. CIA DE MINAS BUENAVENT	4.19%
9. YAMANA GOLD INC	4.11%
10. BARRICK GOLD CORP	4.00%

[^]as of 7/31/18

Daily holdings are available on the alpsfunds.com website

SGDJ Top 10 Holdings (%)[^]

1. OCEANAGOLD CORP	9.04%
2. PRETIUM RESOURCES INC	7.05%
3. ENDEAVOUR MINING CORP	6.19%
4. CENTERRA GOLD INC	6.06%
5. COEUR MINING INC	5.87%
6. OSISKO GOLD ROYALTIES L	4.63%
7. SIBANYE GOLD LTD-SPONS	4.41%
8. TAHOE RESOURCES INC	4.29%
9. SSR MINING INC	3.94%
10. FORTUNA SILVER MINES INC	3.85%

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.