

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) continued to trend lower in April 2019, as the broad market increased just over 4%.
- Whitney George, Chief Investment Officer of Sprott Asset Management LP, compares the current environment for gold equities to past Merger & Acquisitions (M&A) cycles and suggests consolidation may be the boost to future returns.
- As the largest weighting in the fund, Kirkland Lake Gold LTD (KL; 17.03% weight in SGDM*) helped propel SGDM over the NYSE Arca Gold Miners Index during the month.

Performance

- The Sprott gold mining ETFs continued to fall during the month of April 2019, as the broad domestic equity market pushed higher on better than expected job growth. The bounce back from the February 2019 report helped to diffuse worries about a global economic slowdown.
- Whitney George sat down with Sprott Senior Portfolio Manager Maria Smirnova, to discuss his take on the potential upcoming consolidation period for gold equities:

*"These are the early innings of what we believe will be a new, prolonged M&A cycle. We see tremendous potential especially in the junior mining space given that smaller gold mining companies are trading at a material discount to larger mining companies."*¹

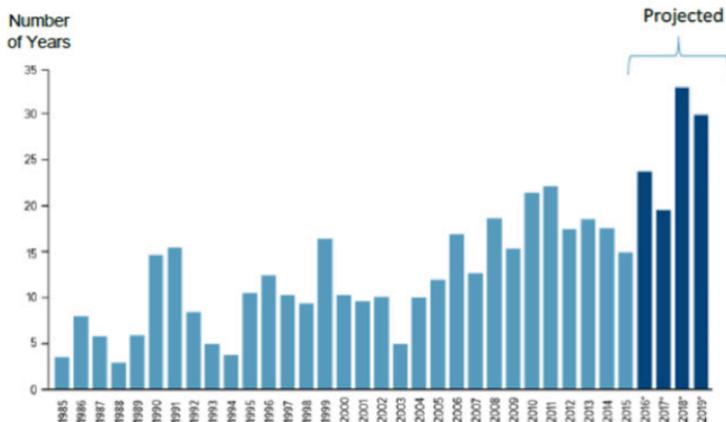
Total Return - April	1M	YTD	1YR
Sprott Gold Miners ETF (SGDM)	-4.80%	2.91%	-7.45%
Sprott Junior Gold Miners ETF (SGDJ)	-7.29%	2.80%	-15.19%
NYSE Arca Gold Miners Index	-6.63%	-0.45%	-5.10%
Philadelphia Stock Exchange Gold and Silver	-6.54%	1.18%	-11.41%
Nyse Arca Gold BUGS Index	-7.37%	-1.81%	-11.13%
GOLD (spot)	-1.05%	-0.08%	-2.74%

Source: Bloomberg as of 4/30/2019

Performance data quoted represent past performance. Past performance is no guarantee of future results so that shares, when redeemed may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For the most current month-end performance data please call 844.234.5852. Performance includes reinvested distributions and capital gains.

For Standard performance, please see page 3.

Years Between Discovery and Production is Increasing



Source: SNL Metals & Mining. U.S. Global Investors IAMGOLD. April 2017

"For mining companies, business cycles can be very long. It takes many years to find ore deposits and then turn them into productive mines. As shown in Figure 3, the discovery-to-production period has gotten much longer. For the mining industry, its business cycles can span 2-3 generations, and play out over decades. To invest in this sector takes commitment, patience and understanding."¹

Strategy

- 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.

¹ <http://www.sprott.com/insights/miners-ride-a-new-wave-of-consolidation/>

Attribution Notes

SGDM:

- Kirkland Lake Gold LTD (KL; 19.09% weight in SGDM*) turned it around in April, finishing the month in the green after posting an increase on Q1 2019 gold production of 57% year over year.² KL ended March down 16% and finished April up 24% on the year.
- Yamana Gold (AUY; 1.61% weight in SGDM*) fell 16% for the month after announcing its sale of its top asset, the Chapada mine, to a competitor. This sale will decrease gold production by 12-15%, however, it will increase cash for the company by \$800 million, with the possibility of another \$125 million over the next 5 years.³

Sprott Gold Miners ETF (SGDM)			
Country of Risk	Average Weight for April (%)	Contribution to Return (%)	Total Return (%)
Canada	78.95	-3.26	-4.15
South Africa	7.64	-0.51	-6.62
United States	7.00	-0.4	-5.72
Peru	4.61	-0.28	-5.85
Brazil	1.80	-0.31	-16.09

Source: Bloomberg as of 4/30/2019

Past performance is not indicative of future results.

SGDJ:

- Despite potential trade tariff issues between the United States and China, China Gold International (CGG CN; 1.59% weight in SGDJ*) increased almost 5% on the month.
- Canadian names struggled in April, led lower by Torex Gold Resources Inc. (TXG CN; 3.36% weight in SGDJ*) falling 24% for the month and Pretium Resources Inc. (PVG; 5.54% weight in SGDJ*) falling 11%, both ahead of Q1 earnings to be announced the beginning of May.

Sprott Junior Gold Miners ETF (SGDJ)			
Country of Risk	Average Weight for April (%)	Contribution to Return (%)	Total Return (%)
Canada	64.17	-4.80	-7.32
South Africa	13.20	-1.10	-8.63
United States	7.97	-0.50	-6.04
Australia	6.90	-0.81	-10.85
Ivory Coast	6.23	-0.36	-5.58
China	1.54	0.06	4.98

Source: Bloomberg as of 4/30/2019

Past performance is not indicative of future results.

Valuations

- Both ZAXSGDM and ZAXSGDJ continue to trade at depressed valuations relative to their three-year averages.

	Sprott Zacks Gold Miners Index (ZAXSGDM)		NYSE Arca Gold Miners Index (GDM)		Sprott Zacks Junior Gold Miners (ZAXSGDJ)		MVIS Global Junior Gold Miners Index (MVISGDJ)	
	Current	3 Year Average	Current	3 Year Average	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio (x)	41.52	40.36	35.38	33.17	28.59	27.97	25.26	23.25
Price/Book Ratio (x)	1.55	1.40	1.51	1.51	0.93	1.16	1.12	1.27
Price/Cash Flow Ratio (x)	10.26	9.39	9.12	9.10	6.17	8.34	6.99	8.00
Price/Sales Ratio (x)	2.92	2.77	2.47	2.76	1.53	2.36	1.85	2.29
Trailing 12 Month Yield (x)	0.66	0.75	1.10	0.80	0.97	0.59	1.10	0.71

BB Data as of 4/30/19

BB Data as of 4/30/19

Source: Bloomberg as of 4/30/2019

Past performance is not indicative of future results.

² https://s21.q4cdn.com/967674075/files/doc_news/Kirkland-Lake-Gold-Reports-Record-Quarterly-Production-at-Fosterville-and-Macassa.pdf

³ <https://www.gurufocus.com/news/855107/yamana-gold-sells-brazilian-mine-for-more-than-1-billion->

Performance (as of 3/31/19)

	Cumulative as of 04/30/2019				Annualized as of 03/31/2019		
	1 Month	3 Month	YTD	Since Inception	1 Year	3 Year	Since Inception
Sprott Gold Miners ETF (Net Asset Value)	-4.80%	-5.99%	2.91%	-25.78%	-2.93%	0.99%	-5.15%
Sprott Gold Miners ETF (Market Price) [†]	-4.85%	-5.60%	3.14%	-25.78%	-2.88%	0.99%	-5.13%
S&P 500 Total Return Index	4.05%	9.48%	18.25%	64.39%	9.50%	13.51%	10.19%
Sprott Zacks Gold Miners TR	-4.75%	-5.82%	3.13%	-23.17%	-2.23%	1.71%	-4.46%
Sprott Junior Gold Miners ETF (Net Asset Value)	-7.29%	-7.29%	2.80%	8.63%	-8.37%	-0.88%	4.04%
Sprott Junior Gold Miners ETF (Market Price)	-7.39%	-7.12%	2.73%	8.63%	-8.03%	-0.82%	4.07%
S&P 500 Total Return Index	4.05%	9.48%	18.25%	53.54%	9.50%	13.51%	10.21%
Sprott Zacks Junior Gold Miners Index TR	-7.31%	-7.17%	2.97%	12.27%	-7.73%	-0.06%	4.91%

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.

Gross Expense Ratio: 0.75%

Fund inception date of 4/18/16

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. KIRKLAND LAKE GOLD LTD	17.90
2. AGNICO EAGLE MINES LTD	14.42
3. WHEATON PRECIOUS MET	12.89
4. CIA DE MINAS BUENAVENTU	4.67
5. ROYAL GOLD INC	4.64
6. ALAMOS GOLD INC-CLASS	4.56
7. BARRICK GOLD CORP	4.43
8. B2GOLD CORP	4.36
9. PRETIUM RESOURCES INC	3.71
10. PAN AMERICAN SILVER CO	3.61

SGDJ Top 10 Holdings (%)[^]

1. SIBANYEGOLDLTD-SPONSADR	8.73
2. OSISKOGOLDROYALTIESLTD	7.15
3. OCEANAGOLDCORP	6.79
4. DETOURGOLDCORP	6.44
5. ENDEAVOURMININGCORP	6.38
6. ALAMOS GOLD INC-CLASS A	5.71
7. PRETIUMRESOURCESINC	5.45
8. SSRMININGINC	5.23
9. CENTERRAGOLDINC	4.66
10. FIRSTMAJESTICSILVERCORP	3.93

[^]Source: Bloomberg as of 4/30/19
Holdings are subject to change.

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.

Smart Beta - Smart beta investing combines the benefits of passive investing and the advantages of active investing strategies.

Beta - is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the entire market or a benchmark.

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.

Philadelphia Stock Exchange Gold and Silver - The Philadelphia Stock Exchange Gold and Silver Index is a capitalization-weighted index which includes the leading companies involved in the mining of gold and silver. The index was developed with a base value of 100 as of January 1979.

NYSE Arca Exchange Gold BUGS Index - The NYSE Arca Gold BUGS Index is a modified equal-dollar weighted index of companies involved in major gold mining. The index was designed to give investors significant exposure to near term movements in gold prices by including companies that do not hedge their gold production beyond 1½ years. The index was developed with a base value of 200 as of March 15, 1996

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

The Funds employ a "passive management" - or indexing- investment approach and seek to track the investment results of their respective index composed of gold mining companies. Unlike many investment companies, the funds are not "actively" managed. Therefore, they would not necessarily sell a security because the security's issuer was in financial trouble unless that security is removed from either index. Similarly, the funds do not buy a security because the security is deemed attractive unless that security is added to the Sprott Zacks Gold Miners Total Return Index or the Sprott Zacks Junior Gold Miners Total Return index.

The inclusion or exclusion of a company in the Sprott Zacks Gold Miners Total Return Index or the Sprott Zacks Junior Gold Miners Total Return index is not a recommendation to buy or to sell securities, and not an offer to buy or sell securities

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