

Sprott ETFs – Monthly Miners Insights

Factors *that* Matter™

Key Takeaways

- The Sprott Gold Miners ETF (SGDM) lost just 0.45% last month as spot gold rallied. Junior miners struggled a bit as the Sprott Junior Gold Miners ETF (SGDJ) slipped 3.17%.
- Amid elevated global equity market volatility, gold's flight to safety status was renewed a bit in October.
- A lack of Australian exposure weighed on SGDM and SGDJ last month.

Performance

- Both miners funds struggled in October, underscoring what has been a rough 2018 for precious metals miners. Still, the industry is home to low valuations and boasts the potential for consolidation, should more companies opt to follow heavy hitters Barrick Gold Corp (ABX; 5.83% in SGDM) and Rangold Resources Ltd (GOLD; 5.63% in SGDM), which announced merger plans in September.

Total Return – October	1M	YTD	1YR
Sprott Gold Miners ETF (SGDM)	-0.45%	-24.99%	-23.15%
Sprott Junior Gold Miners ETF (SGDJ)	-3.17%	-30.65%	-28.48%
NYSE Arca Gold Miners Index	1.94%	-18.18%	-14.65%
Philadelphia Stock Exchange Gold and Silver	-1.34%	-24.13%	-20.23%
Nyse Arca Gold BUGS Index	1.25%	-25.26%	-22.69%
GOLD (spot)	2.30%	-6.61%	-4.73%

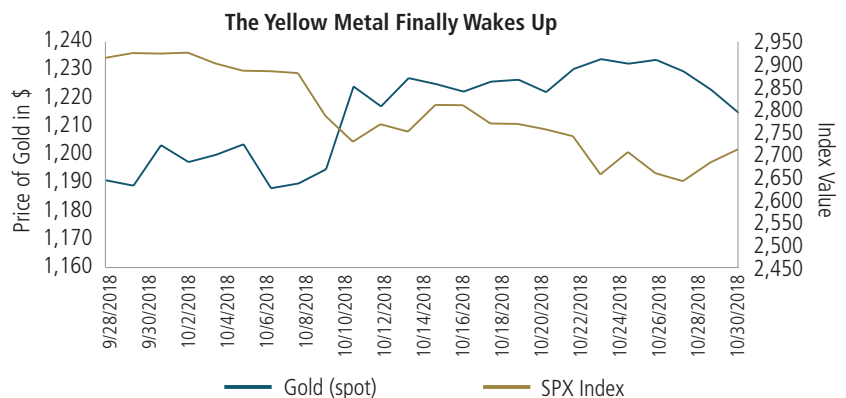
Source: Bloomberg as of 10/31/2018

Past performance is not indicative of future results.
For Standard performance, please see page 3.

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.

- Despite the strengthening U.S. dollar and rising interest rates, gold was boosted in October by market jitters and some disappointing economic data points out of China, among other factors. Renewal of gold's defensive status has been paramount for gold bulls and October may be the catalyst gold bugs have been waiting for.



Source: Bloomberg as of 10/31/2018

Past performance is not indicative of future results.

Attribution Notes

SGDM:

- Barrick Gold (ABX) was the best performer among the senior miners last month as the company posted higher third-quarter production. Goldcorp Inc. (GG) detracted the most from SGDM in October after the company reported disappointing third-quarter production results along with higher year-over-year all in sustaining costs. Goldcorp's lower output was attributable to the commissioning of a new mine. The Penasquito Pyrite Leach project resulted in lower grades. With the project coming online, Goldcorp expects higher sustainable fourth-quarter production along with ramp ups at other mines.¹

	AVG Weight During Oct. (%)	Contribution to Return (%)	Total Return (%)
SPROTT GOLD MINERS ETF (SGDM US) (%)			
Canada	59.68	-1.55	-2.22
United States	20.73	0.27	-1.63
South Africa	5.88	0.54	3.68
Peru	4.86	0.14	3.21
Jersey	5.26	0.53	11.33
Brazil	3.59	-0.31	-8.84
Sprott Junior Gold Miners ETF (SGDJ US) (%)			
Canada	55.36	-1.96	-3.59
United States	16.38	-1.38	-8.17
Australia	10.02	-0.52	-5.06
South Africa	8.93	0.95	12.42
Ivory Coast	6.17	-0.14	-2.16
China	3.14	-0.12	-5.46

SGDJ

- Nearly 40% of SGDJ's components endured double-digit losses last month. Guyana Goldfields Inc. (GUY CN; 0.90% weight) slid 47% on Oct. 30 after reporting third-quarter results. Sibanye Gold Ltd. (SBGL; 6.05% weight) was a bright spot for SGDJ last month after the South African miner caught a bid from rising gold prices. SGDJ's South African holdings generated positive returns in October while the funds five other geographic exposures were all negative.

Valuations

- Valuations continue to drop for both underlying indexes. Both ZAXSGDM and ZAXSGDJ continue to trade at depressed valuations relative to three-year averages.

	Sprott Zacks Gold Miners Index (ZAXSGDM)		NYSE Arca Gold Miners Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio (x)	22.89	41.63	26.87	32.08
Price/Book Ratio (x)	1.08	1.37	1.26	1.44
Price/Cash Flow Ratio (x)	7.25	9.09	8.05	8.62
Price/Sales Ratio (x)	2.19	2.72	2.30	2.64
Trailing 12 Month Yield (x)	0.83	0.79	1.25	0.79

BB Data as of 10/31/18

	Sprott Zacks Junior Gold Miners (ZAXSGDJ)		MVIS Global Junior Gold Miners Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio (x)	15.62	26.91	18.38	21.66
Price/Book Ratio (x)	0.84	1.14	1.02	1.23
Price/Cash Flow Ratio (x)	5.77	8.23	6.04	7.76
Price/Sales Ratio (x)	1.45	2.37	1.69	2.25
Trailing 12 Month Yield (x)	0.25	0.59	1.01	0.75

BB Data as of 10/31/18

Source: Bloomberg as of 10/31/2018

Past performance is not indicative of future results.

¹ http://www.miningweekly.com/article/goldcorp-output-falls-20-in-peasquito-transition-period-2018-10-25/rep_id:3650

October 2018 Company Snapshot

Company: Barrick Gold (ABX)

Weight: 5.83%

In September, Barrick Gold announced a deal, now valued around \$6.1 billion, to acquire rival Randgold, creating the world's largest gold miner. Randgold CEO Mark Bristow is considered one of the sharpest minds in the mining industry and is helping lead the companies' effort to shed some assets ahead of finalization of the deal.

It is possible the companies' part with some mines² to clean up their portfolios, but Barrick's balance sheet is stronger than it was several years ago, so the company does not have to rush to sell assets simply to raise cash.

The marriage between Barrick and Randgold reignited rumors that Barrick and Newmont Mining Corp. (NEM; 14.87% weight in SGDM) could combine their Nevada operations.

"Newmont produced 1.8 million ounces of gold in Nevada in 2017 and has processing capacity which would benefit Barrick Nevada, which produced 2.3 million ounces or 43 percent of its owner's 2017 output in 2017," according to Reuters.³

Barrick reported third-quarter adjusted earnings per share of 8 cents on revenue of \$1.84 billion. Analysts expected earnings of 6 cents a share. The company took a write-down on a Peruvian mine during the quarter.

Related to the Randgold deal, Barrick raised its fourth-quarter dividend to 7 cents a share, bringing its 2018 payout to 16 cents per share, up from the originally planned 12 cents for this year.

² Source: BBC Nov. 7, 2018 <https://news.sky.com/story/mining-giant-barrick-gold-to-sell-assets-in-clean-up-after-6bn-merger-11546537>

³ Source: Reuters Nov. 5, 2018 <https://www.reuters.com/article/us-barrick-gold-newmont-mining/barrick-in-talks-with-newmont-to-combine-nevada-gold-operations-sources-idUSKCN1NA1GC>

SGDM Top 10 Holdings (%)^

1. KIRKLAND LAKE GOLD LTD	15.32
2. NEWMONT MINING CORP	14.21
3. GOLDCORP INC	12.39
4. BARRICK GOLD CORP	5.83
5. RANDGOLD RESOURCES	5.63
6. CIA DE MINAS BUENAVEN	5.10
7. ROYAL GOLD INC	4.55
8. PAN AMERICAN SILVER CORP	4.28
9. ALAMOS GOLD INC-CLASS	3.89
10. B2GOLD CORP	3.85

SGDJ Top 10 Holdings (%)^

1. OCEANAGOLD CORP	10.45
2. PRETIUM RESOURCES IN	8.19
3. CENTERRA GOLD INC	6.55
4. ENDEAVOUR MINING COR	6.02
5. SIBANYE GOLD LTD-SPON	5.27
6. SSR MINING INC	4.99
7. COEUR MINING INC	4.93
8. OSISKO GOLD ROYALTIES	4.57
9. FIRST MAJESTIC SILVER	3.79
10. CHINA GOLD INTERNATIO	3.29

^as of 10/31/18 Holdings subject to change.

Performance (as of 9/30/18)

	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	Cumulative Since Inception	Annualized Since Inception
Sprott Gold Miners ETF (Net Asset Value)	-1.26%	-19.07%	-20.39%	-24.65%	-23.74%	8.08%	-36.06%	-10.07%
Sprott Gold Miners ETF (Market Price) [†]	-1.07%	-18.86%	-20.18%	-24.38%	-23.54%	8.20%	-35.89%	-10.01%
S&P 500 Total Return Index	0.57%	7.71%	11.41%	10.56%	17.91%	17.31%	60.75%	11.92%
Sprott Zacks Gold Miners TR	-1.23%	-18.90%	-20.13%	-24.25%	-23.22%	8.86%	-34.10%	-9.42%
Sprott Junior Gold Miners ETF (Net Asset Value)	-3.73%	-17.60%	-20.39%	-28.38%	-31.69%	7.06%	1.80%	0.51%
Sprott Junior Gold Miners ETF (Market Price) [†]	-2.91%	-17.36%	-20.08%	-28.36%	-31.55%	7.14%	1.92%	0.55%
S&P 500 Total Return Index	0.57%	7.71%	11.41%	10.56%	17.91%	17.31%	50.14%	12.30%
Sprott Zacks Junior Gold Miners Index TR	-3.68%	-17.50%	-20.12%	-28.07%	-31.23%	8.06%	4.86%	1.36%

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.

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. 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.

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.