

Sprott ETFs – Monthly Miners Insights

Factors *that* Matter™

Key Takeaways

- Gold mining stocks lagged in November, as the yellow metal was roughly flat, amidst the broad US equity market gain of 2%.
- Senior miners outperformed the juniors for the month, while Canadian names in both funds lagged relative to gold mining benchmarks.
- Small-cap holding Tahoe Resources Inc. (TAHO) returned almost 50% last month after Pan American Silver Corp (PAAS) announced their bid to buy the miner.

Performance

- Both funds declined in November with senior miners outperforming their junior counterparts. Gold gain just 34 basis points (bps) as broader equity benchmarks tried to recoup some of the 6.80% lost in October.
- The Sprott Gold Miners ETF (SGDM) lagged broader mining indexes due to the selection effect while the Sprott Junior Gold Miners ETF (SGDJ) lagged, relatively speaking, due to allocation and selection effect.

Total Return – November	1M	YTD	1YR
Sprott Gold Miners ETF (SGDM)	-1.86%	-26.39%	-22.56%
Sprott Junior Gold Miners ETF (SGDJ)	-6.81%	-35.37%	-31.19%
NYSE Arca Gold Miners Index	1.24%	-17.33%	-13.55%
Philadelphia Stock Exchange Gold and Silver	0.38%	-23.84%	-18.19%
Nyse Arca Gold BUGS Index	1.62%	-24.05%	-21.12%
GOLD (spot)	0.34%	-6.56%	-4.59%

Source: Bloomberg as of 11/30/2018

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.

Q4 Rebalance Stats

SGDM	
Adds	Agnico Eagle Mines Ltd (AEM) Sandstorm Gold Ltd (SAND) Wheaton Precious Metals Corp (WPM)
Drops	Newmont Mining Corp (NEM) Randgold Res-ADR (GOLD) Silvercorp Metals Inc (SVM)
Number of companies:	25
Market cap (millions):	\$77,931
Largest market cap (millions):	\$14,858
Smallest market cap (millions):	\$448
Weighted avg. company market cap (millions):	\$4,928
Market cap breakdown:	
Large (>\$10B)	4.49%
Medium (\$2-\$10B)	67.63%
Small (<\$2B)	27.88%

SGDJ	
Adds	Alamos Gold Inc (AGI) Iam Gold Corp (IAG) TMAC Resources Inc (TMR CN) Wesdome Gold Mines Ltd (WDO CN)
Drops	Argonaut Gold Inc (AR CN) Asanko Gold Inc (AKG CN) Gold Resource Corp (GORO) Guyana Goldfields Inc (GUY CN) Leagold Mining Corp (LMC CN) Roxgold Inc (ROXG CN)
Number of companies:	37
Market cap (millions):	\$29,639
Largest market cap (millions):	\$1,921
Smallest market cap (millions):	\$224
Weighted avg. company market cap (millions):	\$1,160
Market cap breakdown:	
Large (>\$10B)	0.00%
Medium (\$2-\$10B)	0.00%
Small (<\$2B)	100.00%

Source: Bloomberg as of 11/30/2018

Attribution Notes

SGDM:

- Newmont Mining Corp. (NEM), which was dropped during SGDM fourth-quarter rebalance, was the top-performing name in the portfolio, contributing 1.09% to return.
- Canadian miners struggled in November, detracting 2.17% from return. Alamos Gold Inc. - Class A (AGI, 3.30% weight) slid 19.30% last month after reporting disappointing third-quarter earnings.

SGDJ:

- Pretium Resources Inc. (PVG) led the juniors lower last month, tumbling 10.79% following a downbeat earnings report.
- Amid a negative environment for miners, Oceana Gold Corp. (OGC CN, 8.23% weight) is enjoying a solid year, up 14.41% as of Nov. 30, 2018. The company's third-quarter earnings report included an increase to full-year guidance, record revenue and reduced debt.

	AVG Weight During Nov. (%)	Contribution to Return (%)	Total Return (%)
Sprott Zacks Gold Miners Index (ZAXSGDM) (%)	100.00	-1.86	-1.86
Canada	63.07	-2.17	-3.27
United States	18.51	0.27	0.05
South Africa	7.12	0.01	1.08
Peru	4.82	0.18	2.6
Brazil	3.33	-0.29	-8.37
Jersey	3.15	0.14	3.81
Sprott Zacks Junior Gold Miners (ZAXSGDJ) (%)	100.00	-6.81	-6.81
Canada	58.96	-3.90	-6.25
United States	13.1	0.10	-1.58
South Africa	9.55	-1.65	-15.29
Australia	9.37	0.10	1.36
Ivory Coast	6.43	-1.35	-18.58
China	2.59	-0.11	-0.74

Source: Bloomberg as of 11/30/2018

Past performance is not indicative of future results.

Valuations

- 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)	29.63	40.88	28.34	32.21
Price/Book Ratio (x)	0.98	1.35	1.27	1.45
Price/Cash Flow Ratio (x)	7.29	8.98	8.22	8.69
Price/Sales Ratio (x)	2.13	2.68	2.31	2.65
Trailing 12 Month Yield (x)	0.90	0.80	1.10	0.80

BB Data as of 11/30/18

	Sprott Zacks Junior Gold Miners (ZAXSGDJ)		MVIS Global Junior Gold Miners Index	
	Current	3 Year Average	Current	3 Year Average
Price/Earnings Ratio (x)	17.32	26.91	17.88	21.84
Price/Book Ratio (x)	0.73	1.14	1.00	1.23
Price/Cash Flow Ratio (x)	5.88	8.23	5.94	7.80
Price/Sales Ratio (x)	1.31	2.37	1.64	2.25
Trailing 12 Month Yield (x)	0.94	0.64	1.09	0.74

BB Data as of 11/30/18

Source: Bloomberg as of 11/30/2018

Past performance is not indicative of future results.

November 2018 Company Snapshot Company: Tahoe Resources Inc. (TAHO) Weight: 2.00%

Shares of junior miner Tahoe Resources Inc. (TAHO) surged last month after Pan American Resources (PAAS) in a deal that will create the world's largest silver miner. Pan American's offered \$1.1 billion for Tahoe, valuing the junior miner at \$3.40 per share.

When Tahoe reported third-quarter earnings on Nov. 6th, 2018, it said it "produced 91.2 thousand ounces of gold during the quarter at total cash costs and all-in sustaining costs (AISC) of \$807 and \$1,263 per ounce, respectively."

For the third quarter, Tahoe lost 61 cents per share due to an impairment charge at its Escobal mine in Guatemala. Escobal, widely viewed as one of the top silver mining properties in the world, is Tahoe's crown jewel asset and has the highest production value for the company.

While the company is not giving up hopes to reclaim their license, they took a \$170 million impairment charge in the third quarter, in order to price in the loss from suspended operations. A Guatemalan court suspended Tahoe's Escobal license last year.

Tahoe's forecast full-year production at the low end of guidance and at the high end of ASIC, indicating the deal to sell to Pan American could be a shrewd move.

"Despite low Q3 production, the Company expects to meet the low end of its production guidance (400 to 475 thousand ounces of gold) and the high end of its total cash cost, AISC, and capital guidance for the full year 2018, with gold production weighted to the fourth quarter," said the company.

¹ Source: Tahoe corporate statement Nov. 6, 2018 <https://finance.yahoo.com/news/tahoe-reports-q3-2018-results-210500966.html>

SGDM Top 10 Holdings (%)^

1. ROYAL GOLD INC	12.36
2. AGNICO EAGLE MINES LTD	11.78
3. GOLDCORPINC	11.78
4. WHEATONPRECIOUSMETALS	9.07
5. KIRKLAND LAKE GOLD LTD	4.93
6. CIA DE MINAS BUENAVENTUR	4.52
7. BARRICK GOLD CORP	4.48
8. B2GOLDCORP	4.37
9. IAMGOLDCORP	3.71
10. ANGLOGOLD ASHANTI-SPON	3.39

^as of 11/30/18 Holdings subject to change.

SGDJ Top 10 Holdings (%)^

1. OCEANAGOLDCORP	8.17
2. ENDEAVOURMININGCORP	7.03
3. SIBANYE GOLD LTD-SPONS AD	6.58
4. PRETIUMRESOURCESINC	6.34
5. DETOURGOLDCORP	6.02
6. SSR MININGINC	5.68
7. OSISKO GOLD ROYALTIES LTD	5.55
8. ALAMOS GOLD INC-CLASS A	4.46
9. CENTERRAGOLDINC	4.17
10. HARMONY GOLD MNG-SPON A	3.97

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 Index is the total return index that covers the most liquid small-cap companies which are active in the gold/silver mining sector.

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

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.