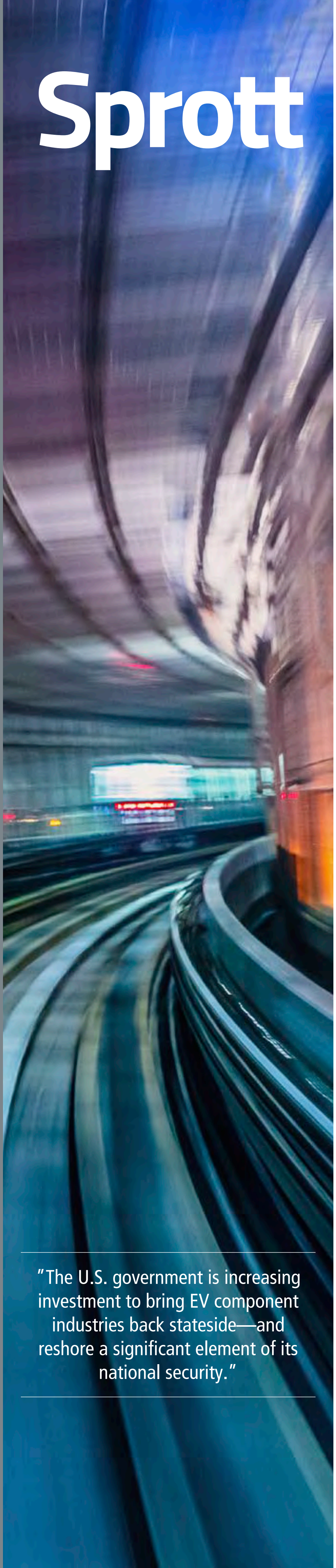


Energy Transition Materials Monthly

March 21, 2023

Has the Next Commodities Supercycle Begun?

Authored by Paul Wong, CFA – Market Strategist, Sprott Asset Management LP; and Jacob White – ETF Product Manager, Sprott Asset Management LP

Key Takeaways

- Transition materials markets corrected in February along with other risk assets, but the secular story in energy transition remains strong and the bullish headlines continue.
- Volatility in the macroeconomic environment—especially global interest rate policy—is dominating price behavior, undermining the importance of long-term fundamentals.
- Key materials were impacted by a fall in electric vehicle (EV) sales as China and Europe cut subsidies, but the long-term outlook remains strong despite these exogenous shocks.
- As the arms race in the global energy transition heats up, the drive to secure supply has become more important than price.
- All signs indicate the 40-year bond bull market has ended and the next great secular bull market in commodities has begun.

February in Review

The Nasdaq Sprott Energy Transition Materials Index fell 9.49% in February, giving back two-thirds of its year-to-date gains. The Index fell alongside virtually all risk assets as investors reversed earlier expectations that the U.S. Federal Reserve was close to ending its interest rate hikes.

Equity markets began the month on an upward trajectory on "forced-in buying"[1] driven by option call volume, which was at an all-time high. Optimism about a soft landing for the U.S. economy began to give way to a "no-landing" scenario—that is, no slowing in the economy at all. The U.S. Federal Reserve ("Fed") offered little pushback to easing financial conditions. By early February, markets were pricing in an "immaculate disinflation" scenario—a soft landing with declining inflation and no labor market pain.

Later in February, risk markets were affected by a series of data releases (e.g., January nonfarm payrolls, retail sales, the Institute for Supply Management services report[2] and the producer price index) that pointed to a stronger-than-expected U.S. consumer seemingly immune to Fed rate hikes.

Less than three months ago, the consensus expectation was that the U.S. economy would enter a recession in the first half of 2023, leading to a Fed pause, followed by rate cuts in the second half of 2023. These hopes have been dashed, and the timing of

"The U.S. government is increasing investment to bring EV component industries back stateside—and reshore a significant element of its national security."

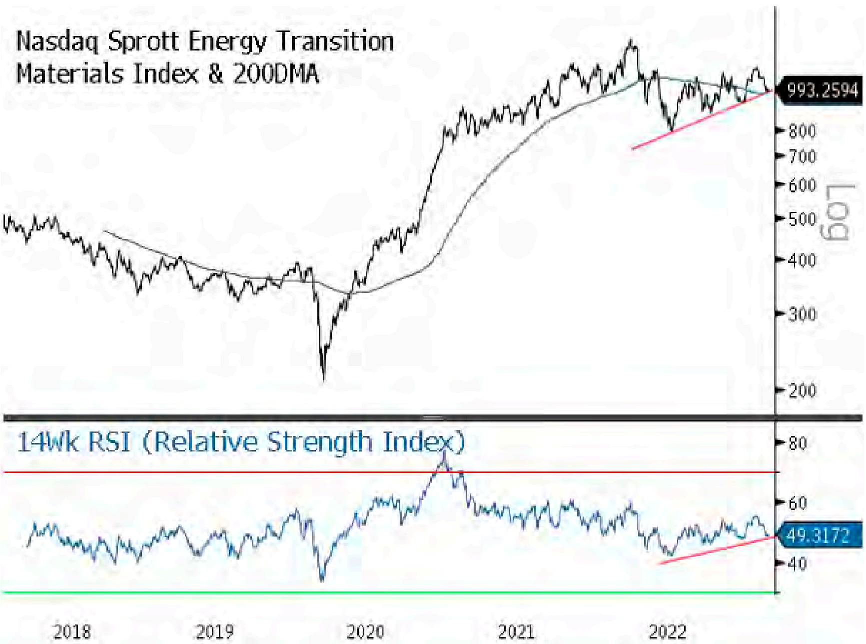
[1] "Forced-in buying" refers essentially to a "buy stop." Price action and prices rise to a point where buyers are forcibly compelled to add to positions.

[2] The ISM surveys non-manufacturing (or services) firms' purchasing and supply executives. The services report measures business activity for the overall economy.

possible rate cuts has been pushed out to early 2024. The market now expects a terminal Fed funds rate of 5.42%, 50 basis points higher than a month previously. This is a surprising change in expectations. It is also important to note that these expectations may change again in the near term given the recent stresses in the U.S. banking system.

The 2 YR U.S. Treasury yield reached a new high of 5.05% on March 8, and the U.S. dollar has staged a sharp rally back to resistance levels.[3] Macroeconomic volatility remains high.

Figure 1. Energy Transition Materials Consolidate Gains (2018-2023)



Source: Bloomberg. Data as of 3/6/2023. The relative strength index (RSI) is a momentum indicator that measures the speed and magnitude of a security's recent price changes to evaluate overvalued or undervalued conditions in the price of that security. Included for illustrative purposes only. **Past performance is no guarantee of future results. You cannot invest directly in an index.**

For Critical Materials, Supply Takes Precedence Over Price

The COVID pandemic exposed the fragile state of the EV industry's supply chain, and the Russia-Ukraine war further disrupted metal markets. Over the past several months, major corporations and government agencies have made headlines with significant investments in key mineral suppliers to secure or hedge supply. While this activity is bullish for critical minerals and commodities, it also indicates that supply is becoming more important than price for corporate and government players.

As LG Chem—the parent company of the world's second-largest producer of EV batteries—noted in a frank and insightful interview with Bloomberg Television, their "first and foremost priority is to secure enough raw material for the future."[4]

U.S. government agencies such as the Department of Defense and Department of Energy have also announced direct funding in mining projects to secure critical minerals. This *de facto* national industrial strategy acknowledges the sheer amount of critical minerals and immense upfront capital requirements. The U.S. government is stepping up its investment in disrupting global supply chains to bring EV component industries back to the U.S. and essentially reshore a significant element of its national security.[5]

[3] In trading, resistance is a price or price zone above the current market that contains the upside movement of an asset. Resistance is where selling interest appears over time, blocking further upside progress.
[4] Source: Bloomberg, "Battery Giant LG Chem Prepares to Lock In Mineral Supplies," February 12, 2023.
[5] Source: Thirdway.org, The US is About to Become an Electric Vehicle Manufacturing Powerhouse.

Energy Transition Materials Monthly

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Some recent headlines illustrate the race to secure supplies of critical energy transition materials:

- GM to Invest $650 Million in a Lithium Company to Support its Electric Vehicle Business
- DOE Grants $375M Loan for Lithium Battery Recycling Plant
- First Contracts Awarded for U.S. Strategic Uranium Reserve

"Although the energy transition arms race is in its early stages, it is moving rapidly."

Energy Transition Sparks a New Arms Race

The rush to secure critical minerals is analogous to the Cold War arms race, as nations compete to acquire and control vital resources essential to national security and economic competitiveness.

During the Cold War, the U.S. and the Soviet Union engaged in an arms race to develop nuclear weapons and other technologies essential to maintaining military superiority and deterring potential adversaries. This competition drove significant investments in conducting research and development (R&D), stockpiling materials and developing supply chains to support military production.

Today, nations are competing to acquire and control access to critical materials for clean energy and electric vehicles—materials that are vital to economic competitiveness and national security. Government efforts have produced policies and programs designed to secure critical mineral supplies and initiatives to promote domestic production (onshoring) and strengthen international partnerships and alliances (near- or friend-shoring). There is also a growing focus on developing more resilient supply chains for critical minerals to reduce dependence on foreign sources and reduce the risk of supply disruptions.

The U.S. has a long history of securing critical minerals through government action. In 1946, the U.S. established the Defense National Stockpile Center (DNSC) to maintain strategic and critical material stockpiles such as tungsten and titanium during the Cold War. The Defense Production Act of 1950 provided funding and other incentives to private industry to develop and produce strategic materials. The U.S. recognized the importance of these metals for national defense and established programs to secure a reliable supply and manage stockpiles. The Inflation Reduction Act of 2022 provides billions in grants and loans to spur the financing and development of initiatives for the energy transition.

These programs and others are active today in the critical minerals space, focused on funding and developing resources, and securing supply chains. The arms race in energy transition is in its early stages, but it is moving rapidly and often stochastically as geopolitical events evolve.

Below are some high-level observations on the race to secure critical minerals, which we will expand on in future commentaries.

- The race to secure critical minerals is highly inflationary because building entirely new energy infrastructure—from obtaining raw materials to processing and refining them to distributing them via resilient supply chains—is extremely capital intensive.
- A massive amount of upfront capital will be needed before the benefits of the energy transition may be realized. Capital must be sourced and deployed, creating demand-pull on the entire energy transition sector and industrial base.
- Capital availability will likely outpace the capacity to spend. After three decades of offshoring and over a decade of chronic underinvestment in commodity resources, capacity (including commodity supply and stockpiles, skilled trades, equipment, engineering and construction) is starting from a decades-low base relative to the overall economy.
- Commodities (especially critical minerals) are becoming scarcer and therefore more valuable. The market is well past "peak cheap commodities." We foresee concurrent demand and supply shocks and the emergence of a commodity supercycle.

- Industrial policy is moving toward industrial sovereignty with national security as a focal point. Governments are using policy, legislation, capital investment, grants, loans and other means to "crowd in" private sector investment, de-risking it to create more predictable returns and long-term incentives.

Is the Great Secular Bond Bull Market Over?

From 1981 to 2020, U.S. Treasury yields were in one of the longest and most remarkable secular bull markets in history as interest rates and bond yields continued to decline. During this period, the broader commodities market relative to U.S. Treasuries was in an equally long secular bear market, as commodities continually underperformed bonds.

Figure 2 shows the 40-year downward trend in the U.S. 10-year Treasury yield that ended in 2020, as well as the ratio of the BBG Commodity Index to U.S. Treasuries. This ratio is on the verge of severing its 40-year downtrend and breaking higher.

From an investment point of view, commodities appear poised to outperform bonds for a prolonged period. Measured from the peak in 1981, the r-squared[6] between the U.S. 10-year yield and the BBG Commodity Index to US Treasury Index Ratio is 0.83—i.e., it is highly correlated.

Technically speaking, the chart patterns below show a reversal, complete with a classic climatic blow-off action after a very long secular trend. Our long-term fundamental macro outlook (see our 2023 Top 10 Watch List) points to higher secular inflation and greater macro volatility as a result of deglobalization, the drive for energy security and global competition for commodities.

If this is indeed the end of the 40-year bond bull market, the ramifications for capital markets will be epochal. The immediate question is whether the U.S. Treasury market (the world's largest and deepest asset pool), which saw two significant liquidity malfunctions in the past three years (2020 and 2022), can handle a substantial outflow of capital. Not only has quantitative easing ended, but quantitative tightening is in full force. Foreign buying of U.S. Treasury bonds peaked a decade ago, and in 2022, foreign U.S. Treasury holdings fell sharply. We expect this trend to continue (see our January 2023 Gold commentary). The coming inflationary push from the energy transition and reshoring of the U.S. industrial base will stress bond markets and boost commodity markets.

"The coming inflationary push from the energy transition and reshoring of the U.S. industrial base will stress bond markets and boost commodity markets."

[6] R-squared of 0.56 indicates moderate correlation between the gold price and inflation uncertainty.

Figure 2. End of Two 40-Year Cycles? (1972-2023)

Source: Bloomberg. Data as of 3/6/2023. Included for illustrative purposes only. **Past performance is no guarantee of future results. You cannot invest directly in an index.**

"Car manufacturers are taking strategic stakes in lithium producers."

UPDATES ON CRITICAL MATERIALS

Lithium: Price Declines on EV Market Shock

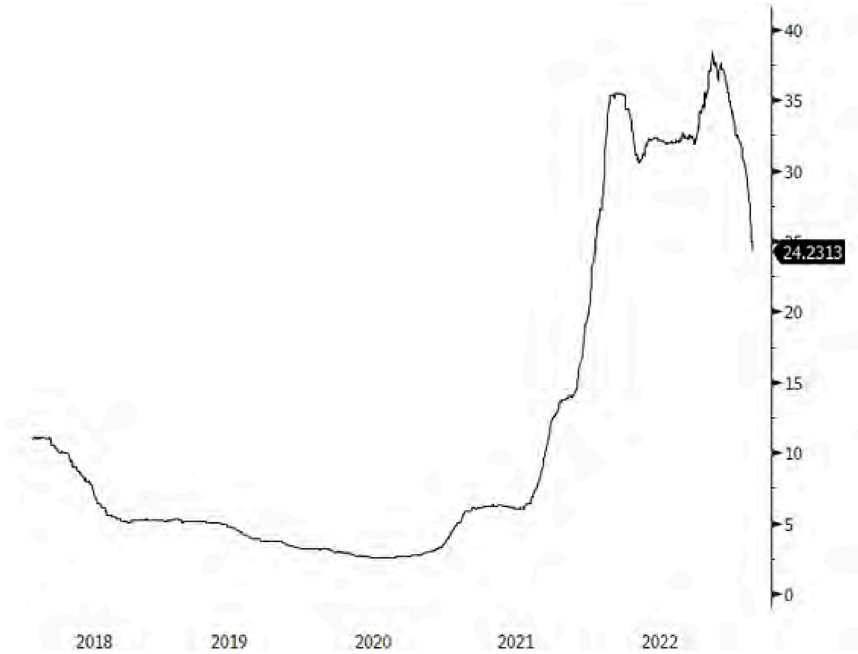
The lithium carbonate spot price continued its fall from the November 2022 peak, declining 23.95% in February. Despite this drop, lithium prices remained higher than their level 12 months ago (see Figure 3), largely due to the exponential growth in EV sales in recent years. (Per BloombergNEF,[7] electric vehicles were responsible for 76% of lithium demand in 2022.)

The EV tailwind has reversed for now, however. Global electric vehicle sales fell dramatically in January 2023, according to Rystad Energy (see Figure 4), as demand was pulled forward to December 2022 following cuts to EV subsidies in China and Europe. In January, EV sales in China fell 50% month-over-month and 6% year-over-year, according to the China Association of Automobile Manufacturers (China accounted for 58% of global EV sales in Q4 2022, according to BloombergNEF). These events, along with dampened short-term investor sentiment and news that CATL, a large battery manufacturer, was pressuring lithium suppliers for price concessions, weighed heavily on lithium prices in February.

Despite these challenges, the lithium market landscape exhibits positive features as well. The price of lithium is still significantly higher than its long-term average and above many lithium miners' cost curves. Lithium demand is forecast to grow exponentially due to the metal's dominant role in EV lithium-ion batteries. Large OEMs are well aware of this, and some have taken strategic stakes in lithium producers. For example, General Motors invested $650 million in Lithium Americas in January 2023, and Stellantis invested €50 million in Vulcan Energy in June 2022. Tesla is also said to be considering the acquisition of Brazilian miner Sigma Lithium.

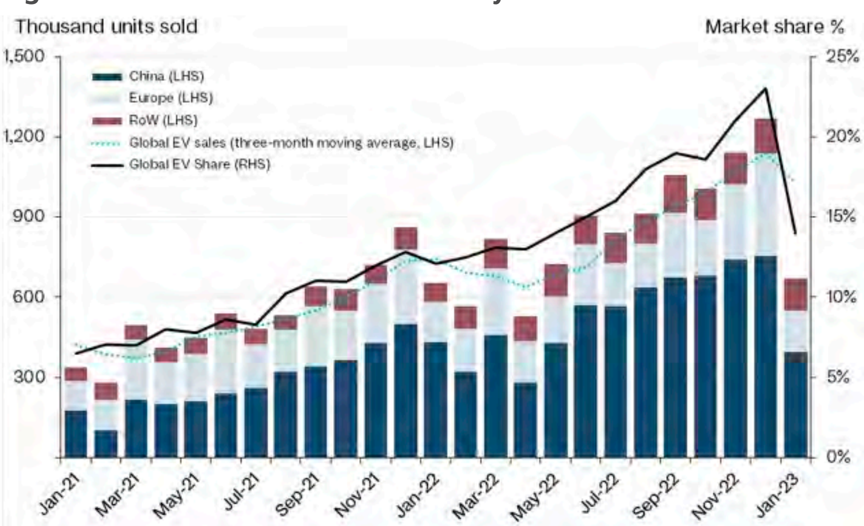
[7] Source: BloombergNEF is a leading provider of forward-thinking primary research and analysis on the trends driving the transition to a lower-carbon economy.

Figure 3. Lithium Price Holds Above Long-Term Average (2018-2023)



Source: Bloomberg. Data as of 3/15/2023. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Figure 4. EV Sales Plummet in January 2023



Source: Rystad Energy, March 2023. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Uranium: Contracting at New Highs

In a month where most commodities and equities sold off, the uranium spot price held steady in February with a slight gain of 0.20%. Uranium continues to show exceptional longer-term performance. Market fundamentals, which are the most positive in over a decade in our view, should continue to be the primary driver. The strength in uranium prices in February relative to softness in other metals and commodities highlights physical uranium's low correlation with other major asset classes and its potential portfolio diversification benefits (see Figure 5).

Long-term uranium contracting continued to hit new records in February (see our report "Uranium's Mixed February" for more details). Cameco, Canada's leading uranium producer, announced it had entered into an agreement with Energoatom, Ukraine's state-owned nuclear energy utility, for a supply contract of 40-67 million pounds of uranium. By comparison, Cameco contracted a total of 80 million pounds in 2022 and 30 million pounds in 2021. A significant amount of supply is already under contract, and more long-term contracts are likely to follow as utilities focus on supply security, representing a major potential tailwind for uranium and uranium miners.

Figure 5. Low Correlations Highlight Uranium's Diversification Benefits

U3O8 Uranium Spot Price Correlations With Selected Indices (2/28/2003-2/28/2023)

Source: Bloomberg and TradeTech LLC. Data for the uranium spot price is from TradeTech LLC. Other asset classes are from Bloomberg, namely S&P GSCI global commodities index, S&P 500 index, Bloomberg Barclays US Aggregate Bond index, FTSE Nareit Equity REITs index, Golds, LBUTTRRUU Index, and DXY US dollar index. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Copper: Global Bellwether for Volatile Markets

Copper continued to perform its role as a bellwether of the global economy in February. The spot price of copper fell 2.7% in February alongside declines in other risk assets amid investor uncertainty about the direction of future Fed rate hikes.

In February, Panama ordered the suspension of a large copper mine over a tax dispute, highlighting how exogenous events can disrupt the copper supply chain. Decreasing major discoveries of copper, low inventories, long lead times and declining ore grades combine to make it difficult to ramp up global copper supply.

At the same time, demand from the global energy transition process is likely to be meaningful as copper is essential in power grids, electric vehicles and clean energy technologies. Many of these technologies use much more copper relative to carbon-intensive alternatives. For example, an electric vehicle contains approximately 53 kg of copper versus 22 kg in a conventional internal combustion engine vehicle, according to the International Energy Agency.[8] The acceleration toward low-carbon energy sources over the coming decades will profoundly affect the copper market. To meet net-zero emissions targets, demand for copper may increase by close to 60% from 2022 to 2040, according to BloombergNEF.

[8] Source: IEA, "The Role of Critical Minerals in Clean Energy Transitions," May 2021.

Figure 6. Copper Follows Other Risk Assets Down in February (2018-2023)

Source: Bloomberg. Data as of 3/15/2023. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Nickel: Fundamentals Remain Strong Despite EV Headwinds

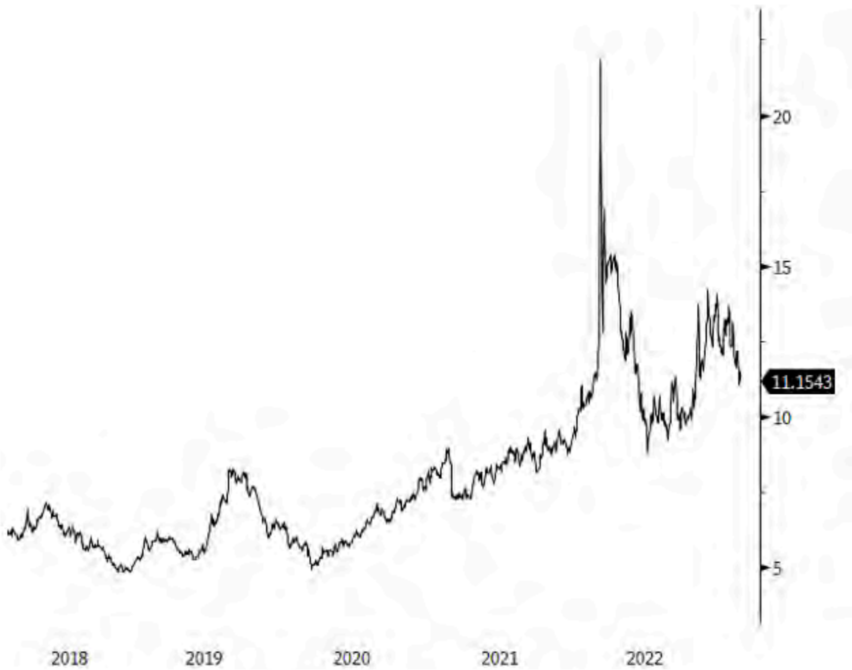
The nickel spot price had a challenging month, falling 18.45% in February along with the general decline in equity, bond and commodity markets (see Figure 7). Demand for nickel is predominantly from stainless steel production, which ties nickel to the ups and downs of the global economy. Nickel is also critical to electric vehicles; in fact, most of its projected growth comes from this sector. The EV market became a headwind for nickel in February given the recent weakness in global EV sales.

In addition to the EV market challenges, negative headlines affected the nickel market in February when a major nickel trading company, Trafigura, announced a $577 million impairment charge after purchasing nickel shipments that ended up lacking the metal. The nickel market last made a high in March 2022 when Russia's invasion of Ukraine sparked a historic short squeeze, pushing the London Metal Exchange to cancel all trades on March 8, 2022. Since then, the nickel market has become more volatile, but it continues to trade at price levels that haven't been seen in over a decade.

From a long-term perspective, nickel demand is expected to grow significantly due to its use in NMC (Lithium-Nickel-Manganese-Cobalt-Oxide or LiNiMnCoO2) cathodes for EV lithium-ion batteries. Nickel-intensive cathodes are gaining traction because adding nickel to batteries provides greater energy density and increases EV vehicles' driving range. As global demand for EVs grows, nickel supply is unlikely to keep up with demand, even as additional supply comes online from Indonesia. A major factor in this supply-demand imbalance is that Russia is a significant nickel producer, including the Class 1 nickel needed for lithium-ion batteries, and is likely to remain under economic sanctions for quite some time.

"Nickel demand is expected to grow significantly due to its use in NMC cathodes for EV lithium-ion batteries."

Figure 7. Nickel Price Decline Masks Core Market Strength (2008-2023)



Source: Bloomberg. Data as of 3/15/2023. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Bumps on a Long, Upward Trajectory

While overall market conditions in critical metals remain volatile, the long-term fundamental drivers are strong. Governments and corporations continue to ramp up large-scale investments in critical metals like lithium, uranium, copper and nickel, with the goal of onshoring the primary components of energy transition infrastructure and securing a resilient and sustainable supply chain. This considerable task—the reversal of the movement over the past three decades to increase globalization and offshoring to low-cost producers and supply sources—is in its early stages today. But despite its nascency, this powerful trend will have considerable consequences for commodities, capital markets and inflation.

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Critical Materials: Performance as of February 28, 2023

Metric	2/28/2023	1/31/2023	Change	Mo % Chg	YTD % Chg	*Analysis*
Miners						
Nasdaq Sprott Energy Transition Materials™ Index[9]	993.26	1,097.37	-104.11	-9.49%	6.36%	Pullback to 200 daily moving average & rising trendline
Nasdaq Sprott Lithium Miners™ Index[10]	1,035.87	1,168.25	-132.38	-11.33%	12.31%	Pullback to 200 daily moving average & rising trendline
North Shore Global Uranium Mining Index[11]	2,563.83	2,782.73	-218.90	-7.87%	5.64%	Consolidating along 200 daily moving average
Solactive Global Copper Miners Index[12]	138.77	150.90	-12.13	-8.04%	6.50%	Bouncing off short-term support
Nasdaq Sprott Nickel Miners™ Index[13]	885.95	980.48	-94.53	-9.64%	-2.65%	Trade range since 2022 nickel chaos
Nasdaq Sprott Junior Copper Miners™ Index[14]	925.86	996.65	-70.78	-7.10%	7.86%	Pullback from 1,000 resistance
Nasdaq Sprott Junior Uranium Miners™ Index[15]	1,038.01	1,191.26	-153.26	-12.87%	1.13%	Consolidating within larger flag pattern
Physical Materials						
Lithium Carbonate Spot Price $/lb[16]	24.23	31.86	-7.63	-23.95%	-29.06%	Breaking lower, after exponential gains
U3O8 Uranium Spot Price $/lb[17]	50.85	50.75	-0.10	0.20%	5.25%	Holding just above $50
LME Copper Spot Price $/lb[18]	4.06	4.17	-0.11	-2.70%	7.01%	Holding above $4 resistance
LME Nickel Spot Price $/lb[19]	11.15	13.68	-2.52	-18.45%	-17.72%	Volatility post-LME squeeze continues
Benchmarks						
S&P 500 TR Index[20]	3,970.15	4,076.60	-106.45	-2.44%	3.68%	Rangebound despite shifting macro
DXY US Dollar Index[21]	104.87	102.10	2.77	2.72%	1.30%	Rally at overbought & resistance
BBG Commodity Index[22]	106.16	111.80	-5.64	-5.05%	-5.89%	Breaking lower, exhaustion setup
S&P Metals & Mining Select Industry TR Index[23]	2,872.75	2,925.48	-52.73	-1.59%	12.90%	Bouncing off short-term support

Source: Bloomberg and Sprott Asset Management LP. Data as of February 28, 2023. **For the Fund's standardized performance please see pages 10-14. Past performance is no guarantee of future results. You cannot invest directly in an index.**

[9] The Nasdaq Sprott Energy Transition Materials™ Index (NSETM™) is designed to track the performance of a selection of global securities in the energy transition materials industry, and was co-developed by Nasdaq® and Sprott Asset Management LP.

[10] The Nasdaq Sprott Lithium Miners™ Index (NSLITP™) is designed to track the performance of a selection of global securities in the lithium industry, including lithium producers, developers and explorers; the Index was co-developed by Nasdaq® and Sprott Asset Management LP.

[11] The North Shore Global Uranium Mining Index (URNMX) is designed to track the performance of companies that devote at least 50% of their assets to the uranium mining industry, which may include mining, exploration, development and production of uranium, or holding physical uranium, owning uranium royalties or engaging in other non-mining activities that support the uranium mining industry.

[12] The Solactive Global Copper Miners Index includes international companies active in exploration, mining and/or refining of copper. The index includes a minimum of 20 and a maximum of 40 members. The calculation is done in USD as a total return index. Index adjustments are carried out semi-annually.

[13] Nasdaq Sprott Nickel Miners™ Index (NSNIKL™) is designed to track the performance of a selection of global securities in the nickel industry.

[14] Nasdaq Sprott Junior Copper Miners™ Index (NSCOPJ™) is designed to track the performance of mid-, small- and micro-cap companies in copper-mining related businesses.

[15] Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™) is designed to track the performance of mid-, small- and micro-cap companies in uranium-mining related businesses.

[16] The lithium carbonate spot price is measured by the China Lithium Carbonate 99.5% DEL. Source Bloomberg and Asian Metal Inc. Ticker L4CNMJGO AMTL Index. Data converted to pounds and to USD with Bloomberg FX Rates.

[17] The U3O8 uranium spot price is measured by a proprietary composite of U3O8 spot prices from UxC, S&P Platts and Numerco.

[18] The copper spot price is measured by the LME Copper Cash ($). Source Bloomberg ticker LMCADY. Data converted to pounds.

[19] The nickel spot price is measured by the LME Nickel Cash ($). Source Bloomberg ticker LMNIDY. Data converted to pounds.

[20] The Standard & Poor's 500 Total Return Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.

[21] The U.S. Dollar Index (USDX, DXY) is an index of the value of the U.S. dollar relative to a basket of foreign currencies.

[22] The Bloomberg Commodity Index (BCOM) is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities, and is designed to minimize concentration in any one commodity or sector. It currently has 23 commodity futures in six sectors.

[23] The S&P Metals & Mining Select Industry Total Return Index comprises stocks in the S&P Total Market Index that are classified in the GICS metals & mining sub-industry.

SETM

Energy Transition Materials Monthly

March 21, 2023

Sprott Energy Transition Materials ETF (Nasdaq: SETM)

Sprott Energy Transition Materials ETF (Nasdaq: SETM) is the only^ ETF to provide pure-play^^ exposure to a broad range of critical minerals and mining equities essential to the transition to cleaner energy. These critical minerals, metals and raw materials include uranium, copper, lithium, nickel, cobalt, graphite, manganese, rare earths and silver. SETM seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Nasdaq Sprott Energy Transition Materials™ Index (NSETM™). The Index is designed to track the performance of a selection of global securities in the energy transition materials industry.

^ Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.
^^The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

1. **Pure-Play Critical Minerals ETF –** Provides pure-play access to a range of critical minerals necessary for the global clean energy transition
2. **Increased Investment Driving Growth –** Government net-zero or reduced emissions mandates lead to increased investment. Globally, $1.11T was invested in the energy transition sector in 2022[†]
3. **Substantial Investment for the Foreseeable Future –** To meet net-zero targets, global investment may need to accelerate to a yearly average of $3.9T from 2023 to 2030[†]
4. **Well-Positioned Companies –** Companies that are upstream in the supply chain may be well-positioned to benefit from the increased investment in the critical minerals necessary for the clean energy transition

† Source: Energy Transition Investment Trends 2023, BloombergNEF.

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023	1 MO	S.I.[1]
Sprott Energy Transition Materials ETF (Net Asset Value)	–	-11.57
Sprott Energy Transition Materials ETF (Market Price)[2]	–	-11.76
Nasdaq Sprott Energy Transition Materials™ Index (Benchmark)[3]	–	-11.06
QUARTER END – DATA NOT YET AVAILABLE	**1 MO**	**S.I.[1]**
Sprott Energy Transition Materials ETF (Net Asset Value)	–	–
Sprott Energy Transition Materials ETF (Market Price)[2]	–	–
Nasdaq Sprott Energy Transition Materials™ Index (Benchmark)[3]	–	–

Fees and Expenses (%) as of the most recent prospectus[4]

Management Fee	0.65
Other Expenses	0.00
Total Annual Fund Operating Expenses	**0.65**

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.888.622.1813 or visit www.sprottetfs.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

* Returns less than one year are not annualized.
1 Inception Date: 2/1/2023.
2 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.
3 The Nasdaq Sprott Energy Transition Materials™ Index (NSETM™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index. The Adviser will provide certain services in connection with the Index including contributing inputs in connection with the eligibility and process to determine the initial selection and ongoing composition of the Index constituents.
4 Reflects Total Annual Operating Expenses as outlined in the prospectus dated January 31, 2023. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.65% on assets.

Energy Transition Materials Monthly

March 21, 2023

Sprott Lithium Miners ETF (Nasdaq: LITP)

Sprott Lithium Miners ETF (Nasdaq: LITP) is the only^ ETF to provide pure-play^^ exposure to the lithium miners that provide a critical mineral for the batteries that store clean energy and support the electric vehicle revolution. LITP seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Nasdaq Sprott Lithium Miners™ Index (NSLITP™). The Index is designed to track the performance of a selection of global securities in the lithium industry, including lithium producers, developers and explorers.

^ Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.
^^The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

1. **Pure-Play Lithium ETF –** The only pure-play U.S.-listed ETF focused on lithium mining companies that are providing a critical mineral necessary for the clean energy transition
2. **Essential to Electric Vehicles –** Lithium is a vital component in the rechargeable batteries used for hybrid and electric vehicles (EVs) and clean energy storage
3. **Growing Demand –** Electric vehicles are the largest consumer of lithium, and demand for this critical mineral may increase more than 40 times by 2040 relative to 2020[†]
4. **Well-Positioned Companies –** Companies that are upstream in the supply chain may be well-positioned to benefit from the increased investment in lithium necessary for the clean energy transition

† Source: "The Role of Critical Minerals in Clean Energy Transitions," International Energy Agency (IEA), May 2021.

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023	1 MO	S.I.[1]
Sprott Lithium Miners ETF (Net Asset Value)	–	-12.57
Sprott Lithium Miners ETF (Market Price)[2]	–	-12.52
Nasdaq Sprott Lithium Miners™ Index (Benchmark)[3]	–	-12.05
QUARTER END – DATA NOT YET AVAILABLE	**1 MO**	**S.I.[1]**
Sprott Lithium Miners ETF (Net Asset Value)	–	–
Sprott Lithium Miners ETF (Market Price)[2]	–	–
Nasdaq Sprott Lithium Miners™ Index (Benchmark)[3]	–	–

Fees and Expenses (%) as of the most recent prospectus[4]

Management Fee	0.65
Other Expenses	0.00
Total Annual Fund Operating Expenses	**0.65**

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.888.622.1813 or visit www.sprottetfs.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

* Returns less than one year are not annualized.
1 Inception Date: 2/1/2023.
2 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.
3 The Nasdaq Sprott Lithium Miners™ Index (NSLITP™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index. The Adviser will provide certain services in connection with the Index including contributing inputs in connection with the eligibility and process to determine the initial selection and ongoing composition of the Index constituents.
4 Reflects Total Annual Operating Expenses as outlined in the prospectus dated January 31, 2023. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.65% on assets.

Energy Transition Materials Monthly
March 21, 2023

Sprott Uranium Miners ETF (NYSE Arca: URNM)

Sprott Uranium Miners ETF (NYSE Arca: URNM) is the only^ ETF to provide pure-play^^ exposure to uranium miners and physical uranium essential to nuclear power. URNM seeks to invest at least 80% of its total assets in securities of the North Shore Global Uranium Mining Index (URNMX). The Index is designed to track the performance of companies that devote at least 50% of their assets to the uranium mining industry, which may include mining, exploration, development and production of uranium, or holding physical uranium, owning uranium royalties or engaging in other non-mining activities that support the uranium mining industry.

^ Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.
^^The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

1. **Pure-Play Uranium ETF –** A U.S.-listed uranium ETF focused on uranium miners and physical uranium
2. **Uranium Bull Market –** A new uranium bull market is likely underway, incentivizing miners and providing opportunities to investors
3. **Critical Mineral in Clean Energy Transition –** Uranium and nuclear energy are critical to the clean energy transition
4. **Supporting Energy Security –** Uranium and nuclear energy may help countries achieve a reliable and affordable source of electricity

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023	1 MO	3 MO	YTD	1 YR	3 YR	S.I.[1]
Sprott Uranium Miners ETF (Net Asset Value)	-8.12	-0.33	5.45	-9.95	49.42	39.34
Sprott Uranium Miners ETF (Market Price)[2]	-8.45	-1.47	5.45	-12.28	49.01	39.31
North Shore Global Uranium Mining Index (Benchmark)[3]	-7.96	0.50	5.63	-9.24	50.55	40.61
QUARTER END AS OF 12/31/2022	**1 MO**	**3 MO**	**YTD**	**1 YR**	**3 YR**	**S.I.[1]**
Sprott Uranium Miners ETF (Net Asset Value)	-5.48	-2.46	-12.03	-12.03	38.64	39.36
Sprott Uranium Miners ETF (Market Price)[2]	-6.56	-2.59	-11.88	-11.88	38.40	39.34
North Shore Global Uranium Mining Index (Benchmark)[3]	-4.87	-2.44	-11.42	-11.42	39.85	40.62

Fees and Expenses (%) as of the most recent prospectus[4]

Management Fee	0.85
Other Expenses	0.00
Total Annual Fund Operating Expenses	**0.85**

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* Returns less than one year are not annualized.

1 Inception Date: 12/3/2019. URNM was reorganized from the North Shore Global Uranium Mining ETF into the Sprott Uranium Miners ETF on 4/22/2022. URNM is a continuation of the prior ETF and, therefore, the performance information shown includes the prior ETF's performance.

2 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.

3 The North Shore Global Uranium Mining Index (URNMX) was created by North Shore Indices, Inc. (the "Index Provider"). The Index Provider developed the methodology for determining the securities to be included in the Index and is responsible for ongoing maintenance of the Index. The Index is calculated by Indxx, LLC, which is not affiliated with the North Shore Global Uranium Miners Fund ("Existing Fund"), ALPS Advisors, Inc. (the "Sub-Adviser") or Sprott Asset Management LP (the "Adviser").

4 Reflects Total Annual Operating Expenses as outlined in the prospectus dated December 29, 2022. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.85% on up to $500 million in assets, 0.80% on the next $500 million in assets, and 0.70% on assets greater than $1 billion.

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Sprott Junior Uranium Miners ETF (Nasdaq: URNJ)

Sprott Junior Uranium Miners ETF (Nasdaq: URNJ) is the only^ ETF to provide pure-play^^ exposure to small, exploration- and development-stage uranium miners with the potential for revenue and asset growth. URNJ seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™), which is designed to track the performance of mid-, small- and micro-cap companies in uranium mining-related businesses.

^ Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.
^^The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

1. **Pure-Play Junior Uranium ETF –** The only pure-play ETF focused on small uranium miners, selected for their potential for significant revenue and asset growth
2. **Uranium Bull Market –** A new uranium bull market is likely underway, incentivizing miners to explore and develop new uranium mines
3. **Critical Mineral in Clean Energy Transition –** Uranium and nuclear energy are critical to the clean-energy transition
4. **Supporting Energy Security –** Uranium and nuclear energy provide reliable, affordable electricity that may help countries achieve energy security

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023	1 MO	S.I.[1]
Sprott Junior Uranium Miners ETF (Net Asset Value)	–	-14.26
Sprott Junior Uranium Miners ETF (Market Price)[2]	–	-14.31
Nasdaq Sprott Junior Uranium Miners™ Index (Benchmark)[3]	–	-13.85
QUARTER END – DATA NOT YET AVAILABLE	**1 MO**	**S.I.[1]**
Sprott Junior Uranium Miners ETF (Net Asset Value)	–	–
Sprott Junior Uranium Miners ETF (Market Price)[2]	–	–
Nasdaq Sprott Junior Uranium Miners™ Index (Benchmark)[3]	–	–

Fees and Expenses (%) as of the most recent prospectus[4]

Management Fee	0.80
Other Expenses	0.00
Total Annual Fund Operating Expenses	**0.80**

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* Returns less than one year are not annualized.
1 Inception Date: 2/1/2023.
2 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.
3 The Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index. The Adviser will provide certain services in connection with the Index including contributing inputs in connection with the eligibility and process to determine the initial selection and ongoing composition of the Index constituents.
4 Reflects Total Annual Operating Expenses as outlined in the prospectus dated January 31, 2023. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.80% on assets.

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Sprott Junior Copper Miners ETF (Nasdaq: COPJ)

Sprott Junior Copper Miners ETF (Nasdaq: COPJ) is the only^ ETF to provide pure-play^^ exposure to small, exploration- and development-stage copper miners with the potential for revenue and asset growth. COPJ seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Nasdaq Sprott Junior Copper Miners™ Index (NSCOPJ™), which is designed to track the performance of mid-, small- and micro-cap companies in copper mining-related businesses.

^ Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.
^^The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

1. **Pure-Play Junior Copper ETF –** The only pure-play ETF focused on small copper miners, selected for their potential for significant revenue and asset growth
2. **Essential to Electric Vehicles, Wind and Solar Plants –** Essential to energy transmission, copper is a critical mineral across clean energy generation sources and in electric vehicles
3. **Growing Demand –** To meet net-zero carbon emissions targets, demand for this critical mineral may increase 58% by 2040, relative to 2022†
4. **Well-Positioned Companies –** Companies that are upstream in the supply chain may be well-positioned to benefit from the increased investment in copper necessary for the clean energy transition

† Source: BloombergNEF Global Copper Outlook, 2022.

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023	1 MO	S.I.[1]
Sprott Junior Copper Miners ETF (Net Asset Value)	–	-8.31
Sprott Junior Copper Miners ETF (Market Price)[2]	–	-8.26
Nasdaq Sprott Junior Copper Miners™ Index (Benchmark)[3]	–	-8.25

QUARTER END – DATA NOT YET AVAILABLE	1 MO	S.I.[1]
Sprott Junior Copper Miners ETF (Net Asset Value)	–	–
Sprott Junior Copper Miners ETF (Market Price)[2]	–	–
Nasdaq Sprott Junior Copper Miners™ Index (Benchmark)[3]	–	–

Fees and Expenses (%) as of the most recent prospectus[4]

Management Fee	0.75
Other Expenses	0.00
Total Annual Fund Operating Expenses	**0.75**

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* Returns less than one year are not annualized.
1 Inception Date: 2/1/2023.
2 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.
3 The Nasdaq Sprott Junior Copper Miners™ Index (NSCOPJ™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index. The Adviser will provide certain services in connection with the Index including contributing inputs in connection with the eligibility and process to determine the initial selection and ongoing composition of the Index constituents.
4 Reflects Total Annual Operating Expenses as outlined in the prospectus dated January 31, 2023. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.75% on assets.

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About Sprott – Sprott is a global leader in precious metal and energy transition investments. We are specialists. Our in-depth knowledge, experience and relationships separate us from the generalists. Our investment strategies include Exchange Listed Products, Managed Equities and Private Strategies. Sprott has offices in Toronto, New York and London and the company's common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "SII". For more information, please visit **www.sprott.com**.

Sprott

IMPORTANT DISCLOSURES & DEFINITIONS

A **bull market** is the condition of a financial market in which prices are rising or are expected to rise.

A **basis point** is a common unit of measure for interest rates and other percentages in finance. One basis point equals 1/100th of 1%, or 0.01%.

Correlation is a statistical term describing the degree to which two variables move in coordination with one another.

A **tailwind** in finance refers to a certain situation or condition that may lead to higher profits, revenue or growth.

A **bellwether** is a leading indicator of an economic trend.

The Sprott Funds Trust is made up of the following ETFs ("Funds"): Sprott Gold Miners ETF (SGDM), Sprott Junior Gold Miners ETF (SGDJ), Sprott Energy Transition Materials ETF (SETM), Sprott Lithium Miners ETF (LITP), Sprott Uranium Miners ETF (URNM), Sprott Junior Uranium Miners ETF (URNJ) and Sprott Junior Copper Miners ETF (COPJ). Before investing, you should consider each Fund's investment objectives, risks, charges and expenses. Each Fund's prospectus contains this and other information about the Fund and should be read carefully before investing.

This material must be preceded or accompanied by a prospectus. A prospectus can be obtained by calling 888.622.1813 or by visiting: Sprott Gold Miners ETF Prospectus – https://sprottetfs.com/media/2303/sprott-etfs-stat-prospectus.pdf, Sprott Junior Gold Miners ETF Prospectus – https://sprottetfs.com/media/2303/sprott-etfs-stat-prospectus.pdf, Sprott Energy Transition Materials ETF Prospectus – https://www.sprottetfs.com/media/5998/setm-prospectus.pdf, Sprott Lithium Miners ETF Prospectus – https://www.sprottetfs.com/media/5997/litp-prospectus.pdf, Sprott Uranium Miners ETF Prospectus – https://sprottetfs.com/media/5167/urnm-prospectus.pdf, Sprott Junior Uranium Miners ETF Prospectus – https://www.sprottetfs.com/media/5999/urnj-prospectus.pdf and Sprott Junior Copper Miners ETF Prospectus – https://www.sprottetfs.com/media/5996/copj-prospectus.pdf.

The Funds are not suitable for all investors. There are risks involved with investing in ETFs, including the loss of money. The Funds are 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.

Exchange Traded Funds (ETFs) are bought and sold through exchange trading at market price (not NAV) and are not individually redeemed from the Fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. "Authorized participants" may trade directly with the Fund, typically in blocks of 10,000 shares.

Funds that emphasize investments in small/mid-cap companies will generally experience greater price volatility. 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. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses, affect the Fund's performance.

ALPS Distributors, Inc. is the Distributor for the Sprott Funds Trust and is a registered broker-dealer and FINRA Member. Sprott Asset Management LP is the investment advisor to the Sprott ETFs.

ALPS Distributors, Inc. is not affiliated with Sprott Asset Management LP.

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