

8 FACTORS THAT ARE DRIVING GOLD EQUITIES

1

Over the last **15 years**, gold bullion has performed well in absolute terms...



	US Dollar	Euro	Yuan	Rupee	Yen	Pound	CAD	AUD	CHF	Average
2001	2.46%	8.12%	2.45%	5.90%	17.62%	5.24%	8.64%	11.79%	5.31%	7.50%
2002	24.77%	5.75%	24.78%	24.07%	12.64%	12.66%	23.47%	13.84%	3.87%	16.21%
2003	19.37%	-0.21%	19.36%	13.52%	8.04%	7.79%	-1.80%	-11.21%	7.31%	6.91%
2004	5.54%	-2.19%	5.53%	0.53%	0.66%	-1.76%	-2.18%	1.40%	-3.10%	0.49%
2005	17.92%	35.09%	14.98%	22.23%	35.70%	31.44%	14.06%	25.84%	35.97%	25.91%
2006	23.15%	10.49%	19.11%	20.99%	24.31%	8.16%	23.46%	14.61%	14.24%	17.61%
2007	30.98%	18.46%	22.45%	16.64%	22.96%	29.27%	11.40%	17.77%	21.96%	21.32%
2008	5.77%	10.55%	-1.06%	30.62%	-14.10%	43.88%	29.91%	31.59%	-0.49%	15.19%
2009	24.36%	21.08%	24.39%	18.88%	27.58%	12.25%	7.89%	-2.38%	20.40%	17.16%
2010	29.52%	38.87%	25.02%	24.45%	12.90%	34.15%	21.94%	13.66%	16.90%	24.16%
2011	10.06%	13.51%	5.22%	30.74%	4.37%	10.64%	12.53%	9.80%	10.63%	11.94%
2012	7.14%	5.22%	6.04%	10.54%	20.54%	2.30%	4.85%	5.82%	4.39%	7.43%
2013	-28.04%	-31.13%	-30.14%	-18.76%	-12.55%	-29.44%	-23.12%	-16.30%	-30.08%	-24.40%
2014	-1.72%	11.99%	0.79%	0.45%	11.89%	4.49%	7.40%	7.45%	9.92%	5.85%
2015	-10.42%	-0.25%	-6.38%	-6.16%	-10.15%	-5.27%	6.65%	0.33%	-9.90%	-4.61%
2016	8.56%	11.84%	16.13%	11.42%	5.34%	29.57%	5.59%	9.66%	10.46%	12.06%
10-Year Return	80.98%	126.31%	60.91%	177.95%	77.27%	186.88%	108.88%	97.68%	50.89%	109.11%

Source: Bloomberg.

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2

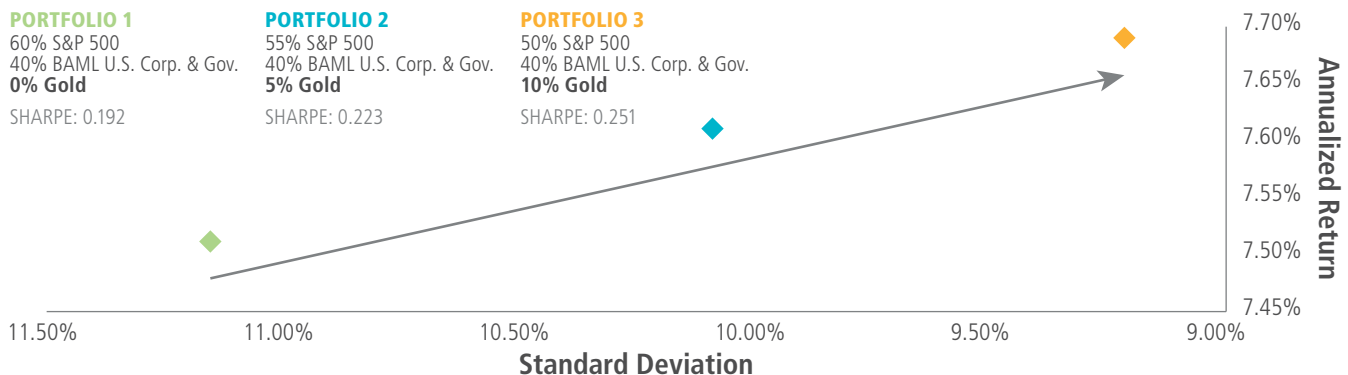
...and in relative terms

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	10-Years 2007-'16 Annualized
REITs 35.5%	MSCI EmMkts 39.8%	Barclays Agg Bond 8.4%	MSCI EmMkts 78.8%	Gold 29.3%	Gold 9.6%	REITs 19.6%	Russell 2000 38.9%	REITs 28.1%	REITs 2.8%	Russell 2000 21.0%	S&P 400 9.1%
MSCI EmMkts 32.6%	Gold 30.5%	Gold 4.9%	S&P 400 37.5%	REITs 27.8%	Barclays Agg Bond 7.9%	MSCI EmMkts 18.6%	S&P 400 33.6%	S&P 500 13.7%	Mkt Neut HFs 1.7%	S&P 400 20.5%	S&P 500 6.9%
MSCI EAFE 27.4%	MSCI EAFE 11.9%	Russell 2000 -33.8%	MSCI EAFE 32.8%	Russell 2000 26.9%	REITs 7.6%	MSCI EAFE 18.1%	S&P 500 32.5%	S&P 400 9.8%	S&P 500 1.4%	S&P 500 11.8%	Russell 2000 7.0%
Gold 22.5%	B'berg Commod 11.1%	S&P 400 -36.2%	REITs 28.6%	S&P 400 26.7%	Mkt Neut HFs 4.5%	S&P 400 17.8%	MSCI EAFE 23.6%	Barclays Agg Bond 6.0%	Barclays Agg Bond 0.4%	B'berg Commod 11.4%	Gold 5.4%
Russell 2000 18.4%	Mkt Neut HFs 9.3%	B'berg Commod -36.6%	Russell 2000 27.2%	MSCI EmMkts 19.3%	S&P 500 2.1%	Russell 2000 16.4%	Mkt Neut HFs 9.3%	Russell 2000 4.9%	MSCI EAFE -0.2%	MSCI EmMkts 11.2%	REITs 4.5%
S&P 500 15.8%	S&P 400 8.0%	S&P 500 -37.0%	S&P 500 26.5%	B'berg Commod 16.7%	S&P 400 -1.7%	S&P 500 16.0%	REITs 2.7%	Mkt Neut HFs -1.2%	S&P 400 -2.2%	REITs 9.4%	Barclays Agg Bond 4.3%
Mkt Neut HFs 11.2%	Barclays Agg Bond 7.0%	REITs -37.6%	Gold 24.0%	S&P 500 15.1%	Russell 2000 -4.2%	Gold 6.6%	Barclays Agg Bond -2.1%	MSCI EmMkts -2.0%	Russell 2000 -4.4%	Gold 8.6%	MSCI EmMkts 2.2%
S&P 400 10.3%	S&P 500 5.6%	Mkt Neut HFs -40.3%	B'berg Commod 18.8%	MSCI EAFE 8.5%	MSCI EAFE -11.6%	Barclays Agg Bond 3.9%	MSCI EmMkts -2.3%	Gold -2.2%	Gold -10.7%	Barclays Agg Bond 2.6%	MSCI EAFE 1.4%
Barclays Agg Bond 4.3%	Russell 2000 -1.6%	MSCI EAFE -42.9%	Mkt Neut HFs 4.1%	Barclays Agg Bond 6.3%	B'berg Commod -13.4%	Mkt Neut HFs 0.9%	B'berg Commod -9.6%	MSCI EAFE -4.3%	MSCI EmMkts -14.8%	MSCI EAFE 1.5%	Mkt Neut HFs -2.9%
B'berg Commod -2.7%	REITs -15.6%	MSCI EmMkts -53.2%	Barclays Agg Bond 3.6%	Mkt Neut HFs -0.1%	MSCI EmMkts -18.2%	B'berg Commod -1.1%	Gold -28.3%	B'berg Commod -17.1%	B'berg Commod -24.8%	Mkt Neut HFs -4.1%	B'berg Commod -8.0%

Source: Oppenheimer & Co., Inc. Investment Strategy, Bloomberg's total returns calculator, Standard and Poor's, Credit Suisse, Barclays, MSCI, Bloomberg, and NAREIT.

3

Adding gold to a portfolio improves risk adjusted returns



Source: Bloomberg, World Gold Council, Time frame: 12/31/1974 – 12/31/2016. BAML = Bank Of America Merrill Lynch. For illustrative purposes only.

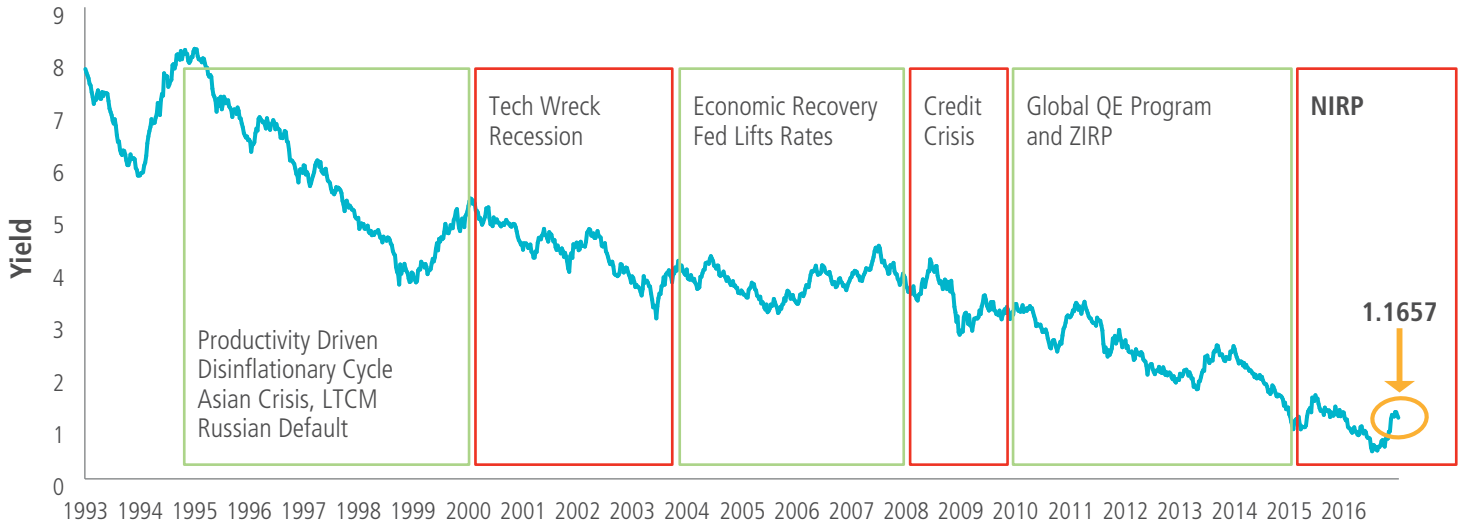
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4

The opportunity cost of gold vs government bonds remains very low

AVERAGE G7 10-YEAR YIELDS IN SECULAR DECLINE

-\$9.3% Billion of global bonds now offer **negative yield***



Source: Bloomberg. *Source: Fitch Ratings as at November 28, 2016

5

The rally in 2016 has the hallmarks of a trend...

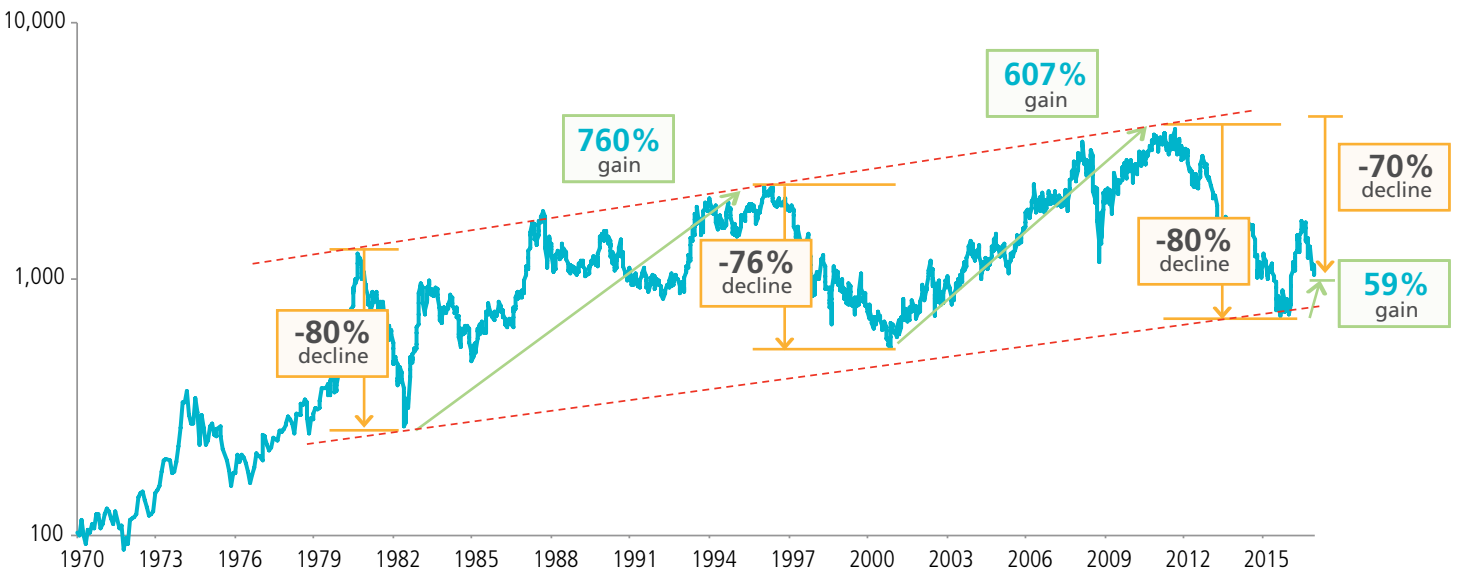


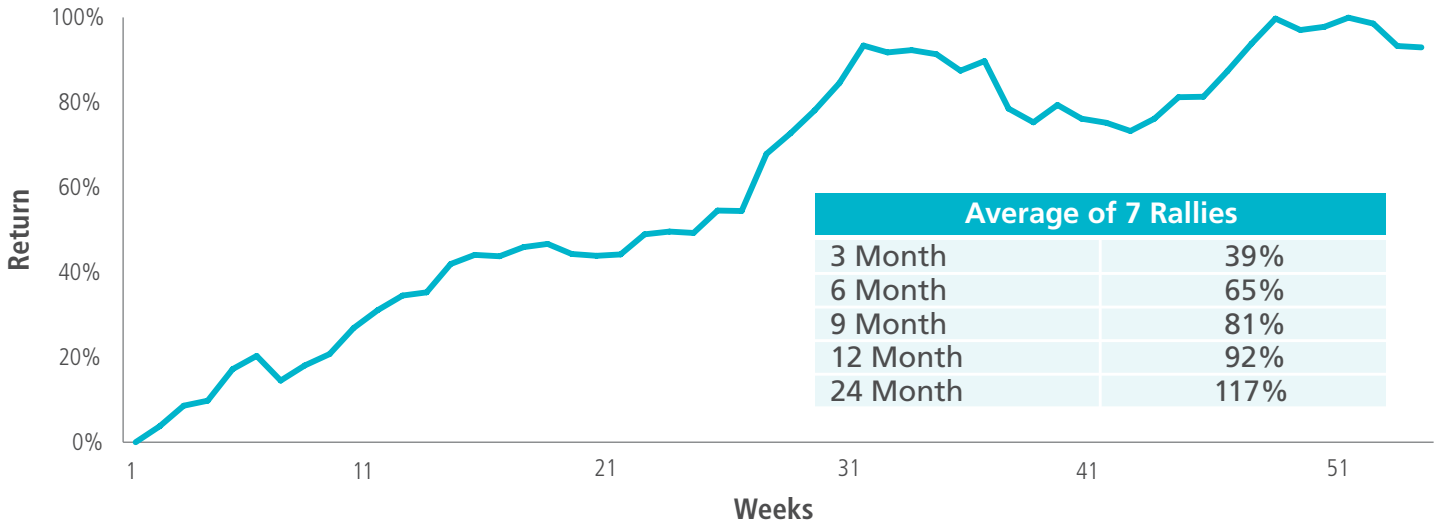
Chart represents S&P/TSX Global Gold Index in \$USD. Source: Bloomberg. As at December 31, 2016.

We believe the rebound in 2016 marks the beginning of a new bull market in gold and gold stocks.

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6 ...supported by the historical recovery patterns of precious metal equities

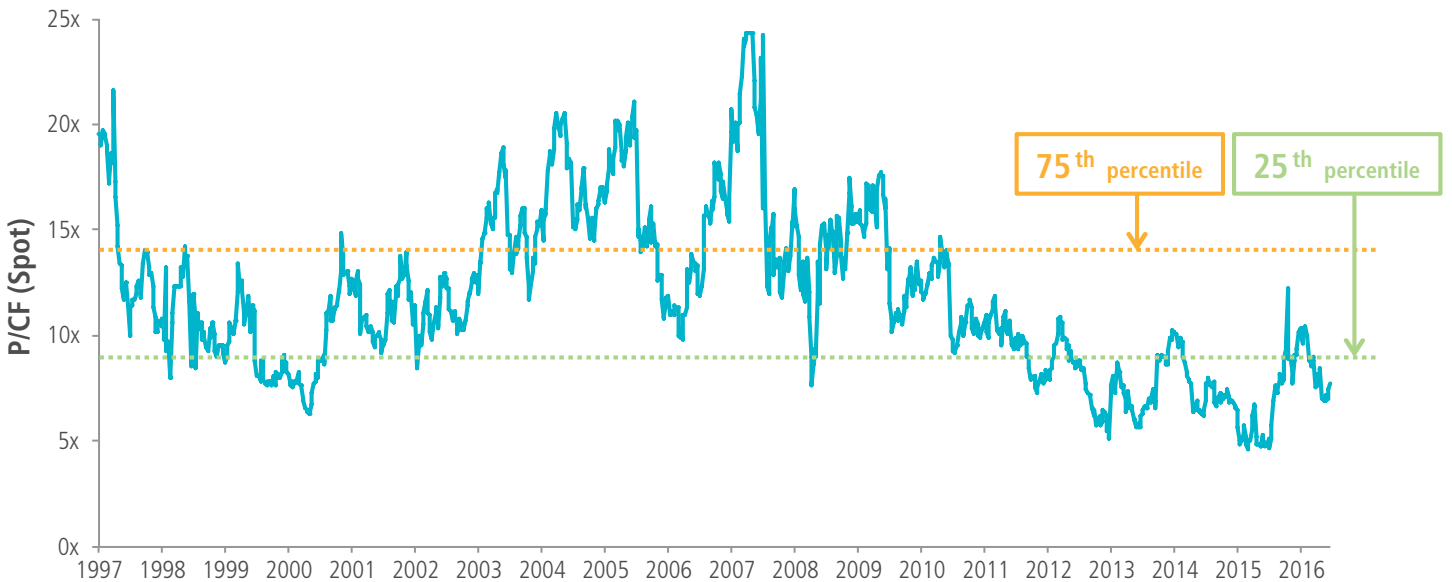
AVERAGE RETURNS FOLLOWING SEVEN MAJOR BEAR MARKETS



Source: Bloomberg.

7 Senior producer valuations are very attractive...

PRICE TO CASH FLOW MULTIPLES FOR SENIOR PRODUCERS



Source: BMO Capital Markets, Bloomberg, as at December 31, 2016.

Producers have “right-sized” their businesses helping to improve profitability and reduce debt.

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8

...and gold equities, which have historically outperformed gold bullion in gold bull markets, are at less than half their average, historical equity-to-bullion ratio

LONG TERM GOLD EQUITY TO GOLD BULLION RATIO
NYSE ARCA Gold Bugs Index (HUI) to Gold Ratio



Source: Bloomberg, as at December 31, 2016.

Summary

From where we sit, gold equities are worth considering because:

- Over the last 15 years gold bullion has performed well in absolute and relative terms.
- The opportunity cost of investing in a non-income producing asset class, remains at low levels.
- The current gold bull market – driven by a global push to a negative interest rate policy, currency volatility, and a high level of geopolitical risk – has all the hallmarks of being in the early stages.
- Senior producer valuations are very attractive because gold companies have reduced their operating costs and capital expenditures, while gold equity valuations remain low relative to the price of gold – indicating there is opportunity for stock valuations to rise.
- Gold remains a strong, non-correlated diversifier for traditional asset classes.

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- Secure Storage at Royal Canadian Mint

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NYSE Arca: SGDM

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NYSE Arca: SGDJ

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- Emphasizes Companies with the most Sensitivity to Gold, and the Strongest Revenue Growth and Balance Sheet
- Dynamic Index – Quarterly reconstitution

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- Emphasizes Companies with the Strongest Revenue Growth and Stock Price Momentum
- Dynamic Index – Semi-annual reconstitution

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FORWARD-LOOKING STATEMENTS

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Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable. These companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources and may lack management depth. 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. ALPS Portfolio Solutions Distributor, Inc. is the Distributor for the Sprott Gold Miners ETF and the Sprott Junior Gold Miners ETF. The underlying index for the Sprott Gold Miners ETF is rebalanced on a quarterly basis and a higher portfolio turnover will cause the Fund to incur additional transaction costs. The underlying index for the Sprott Junior Gold Miners ETF is rebalanced on a semi-annual basis and a higher turnover will cause the Fund to incur additional transaction costs. The US Dollar Index (DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies.