

**Sprott Asset Management LP**

**March 31, 2019**

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**This brochure provides information about the qualifications and business practices of Sprott Asset Management LP (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact Ahsan Ahmed, Chief Compliance Officer, at AAhmed@sprott.com or (416) 943-6388. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in Toronto, Ontario, Canada. The Adviser commenced operations as an investment adviser on November 20, 2002. The Adviser is a wholly-owned subsidiary of Sprott Inc. (Ticker: SII), a public company whose securities are listed on the Toronto Stock Exchange. The Adviser's investment advisory business in the United States consists of (i) providing advisory services to the Trusts (as defined below), whose securities are traded in the United States; (ii) serving as the investment manager to pooled investment vehicles in which U.S. residents invest (the "Funds"), (iii) serving as investment adviser to the Focus Trust (as defined below) and (iv) serving as investment sub-adviser to an account sponsored by an unaffiliated third-party.

The Adviser provides investment advisory services on a discretionary basis to the Funds which are intended for sophisticated investors and institutional investors. The Adviser also serves as sponsor and manager to Sprott Physical Gold Trust, Sprott Physical Silver Trust, and Sprott Physical Platinum and Palladium Trust (the "Trusts"). Each of the Trusts is a closed-end trust formed under the laws of Canada and traded on the NYSE Arca and the Toronto Stock Exchange. The Adviser's investment advice with respect to the Trusts is limited to advice regarding investments in the natural resources sector. The Adviser serves as investment adviser and Sprott Asset Management USA Inc. ("Sprott USA") serves as investment sub-adviser to Sprott Focus Trust, Inc., a closed-end investment company registered with the U.S. Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended (the "Focus Trust"). Sprott USA is an affiliate of the Adviser and has filed its own Form ADV with the SEC.

The Adviser provides advice to client accounts based on specific investment objectives and strategies.

As of December 31, 2018, the Adviser managed approximately \$6,566,580,583 of client assets, which is managed on a discretionary basis.

#### **Item 5. Fees and Compensation**

##### Asset-Based Compensation

The Adviser generally charges each client an investment management fee based on the value of the client's assets under management as follows:

##### Funds

The Funds each pay a monthly management fee in arrears in a range from 1.0% to 2.0% per annum based on the value of the net assets of each Fund on the last day of the month. To the extent a Fund is invested in a related issuer, the management fee will be charged to such Fund such that the management fees would not be duplicated.

These fees are negotiable.

##### Trusts

The Trusts each pay a monthly management fee in arrears in a range from 0.35% to 0.50% per annum based on the value of the net assets of each Trust. The management fee is calculated and accrued daily and payable monthly in arrears on the last day of each month.

These fees are not negotiable.

### Registered Investment Company

The Adviser provides investment advisory services to the Focus Trust and is paid an asset-based investment advisory fee of 1.0% per annum for providing those services. This fee is payable monthly in arrears.

### Performance-Based Compensation

The Adviser or an affiliate of the Adviser may receive performance-based compensation, plus applicable Canadian taxes, from each Fund in an amount equal to 20% of each Fund's net profits (including net unrealized gains) during each fiscal year. Such performance-based compensation is subject to a loss carry forward provision. Such compensation, if any, will be paid or allocated at the end of each fiscal year. The Adviser may also receive performance-based compensation from the account to which it is a sub-adviser.

These fees are negotiable.

### Expenses

#### Funds

In addition to paying investment management fees and, if applicable, the performance-based compensation, each Fund is also subject to other investment expenses such as legal, taxes, accounting (including back office accounting by third parties), auditing, the Fund's pro rata share of any master fund's expenses and other professional expenses, research expenses (including research-related travel) and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other reasonable expenses related to the purchase, sale or transmittal of Fund assets, as the Fund's general partner or investment manager determines in its sole discretion. Please refer to Item 12 of this brochure for a discussion of the Adviser's brokerage practices.

#### Trusts

In addition to paying investment management fees, each Trust is also responsible for all costs and expenses incurred in connection with the on-going operation and administration of the Trust including, but not limited to: the fees and expenses payable to and incurred by the Trustee, any investment manager, the custodians, any sub-custodians, the registrar, the transfer agent and the valuation agent of the Trust; transaction and handling costs for the physical bullion including transportation costs for any physical bullion; custodian settlement fees; counterparty fees; legal, audit, accounting, bookkeeping and record-keeping fees and expenses; costs and expenses of reporting to unitholders and conducting unitholder meetings; printing and mailing costs; filing and listing fees payable to applicable securities regulatory authorities and stock exchanges; other administrative expenses and costs incurred in connection with the Trust's continuous disclosure public filing requirements and investor relations; any applicable Canadian taxes payable by the Trust or to which the Trust may be subject; interest expenses and borrowing costs, if any; brokerage expenses and commissions; costs and expenses relating to the issuance of units; costs and expenses of preparing financial and other reports; any expenses associated with the implementation and on-going operation of the independent review committee of the Trust; costs and expenses arising as a result of complying with all applicable laws; and any expenditures incurred upon the termination of the Trust. Please refer to Item 12 of this brochure for a discussion of the Adviser's brokerage practices.

### Registered Investment Company

In addition to paying investment advisory fees, Focus Trust is also responsible for paying all administrative and other costs and expenses attributable to its operations and transactions, including, without limitation, registrar, transfer agent and custodian fees; legal, administrative and clerical services; rent for its office space and facilities; auditing; preparation, printing and distribution of its proxy statements, stockholders' reports and notices; supplies and postage; Federal and state registration fees; FINRA and securities

exchange listing fees and expenses; Federal, state, local and foreign taxes; nonaffiliated directors' fees; interest on its borrowings; brokerage commissions; and the cost of issue, sale and repurchase of its shares.

#### Sub-Advised Accounts

The client to which the Adviser serves as a sub-adviser pays the expenses as set forth in the Sub-Advisory Agreement between the client and the Adviser

#### Allocations

The allocation of expenses by the Adviser between it and any client and among clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to each client in accordance with the client's arrangements with the Adviser (including applicable client disclosures). The Adviser seeks to allocate shared expenses for products and services benefitting the Adviser and the client and not covered in the client's arrangements in a fair and reasonable manner. The Adviser allocates common client expenses among multiple clients pro rata based on gross assets under management as of the beginning of each semi-annual period in which the expenses are paid. The Adviser may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. As discussed in Item 5 above, the Adviser or an affiliate is entitled to receive performance-based compensation from the Funds. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are not charged performance-based compensation. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser performance-based compensation.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size, subject to cash inflows and outflows due to subscriptions and withdrawals or redemptions, as applicable, and other applicable investment restrictions and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

The Funds may invest in related issuers. To the extent the Funds invest in related issuers from which the Adviser receives a management fee, the Adviser will reduce the management Fee paid by the Funds to avoid taking duplicative fees.

### **Item 7. Types of Clients**

As described in Item 4, the Adviser's clients consist of the Funds, the Trusts, the Focus Trust and a sub-advised account.

With respect to the Funds, any initial and additional subscription minimums are disclosed in the offering memorandum of the applicable Fund.

There is no minimum subscription amount for the Trusts.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### The Funds, the Focus Trust and Sub-Advised Clients

The Adviser utilizes a variety of methods and strategies to make investment decisions and/or recommendations to the Funds and the Focus Trust. The methods of analysis include fundamental research.

The Adviser employs the following investment strategies:

*Equity.* The Adviser's equity strategies focus on a broad range of equity investment styles, including growth, core, and value, as well as blended portfolios. Most Funds and the Focus Trust focus on specific ranges on the capitalization scale, from micro-capitalization, through small-capitalization and large-capitalization. Other Funds will focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser manages Funds that are global, multi-national, or focused on particular geographic regions or specific countries.

*Fixed Income.* The Adviser engages in fixed income strategies wherein the Adviser invests in debt securities issued by governments and corporations. The debt securities may have varying maturity terms, credit worthiness, interest coupon, currency denomination, and other attributes which may affect the value of the debt securities.

*Buy and Hold.* The Adviser engages in buy and hold investment strategies wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

*Fundamental Value.* The Adviser engages in fundamental value investment strategies wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

*Global Macro.* The Adviser engages in a global macro investing strategies wherein the Adviser attempts to anticipate global macroeconomic events using discretionary selection.

*Growth.* The Adviser engages in capital growth investment strategies wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

*Derivatives.* The Adviser engages in derivatives strategies. Derivatives are financial instruments whose value or payment obligation is derived from, referenced to or based on the value of the underlying interest of the derivative. The Adviser enters into derivatives transactions (i) as a form of hedging to offset potential changes in securities which are similar to the underlying interest of the derivative, and (ii) for profit.

*Short Selling.* The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following are certain risks of investment:

*Natural Resources and Related Industries.* Investments in natural resources and related industries are affected by business, financial market or legal uncertainties. The production and marketing of natural resource assets may be affected by actions and changes in governments. In addition, natural resource assets and natural resource asset securities may be cyclical in nature. During periods of economic or financial instability, natural resource asset securities may be subject to broad price fluctuations, reflecting volatility of energy, basic materials and precious metals prices and possible instability of supply of various natural resource assets. In addition, natural resource asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Natural resource asset securities may also experience greater price fluctuations than the relevant natural resource asset. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on underlying natural resource investments.

*Lack of Diversification.* Funds may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, the portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Fixed-Income and Debt Securities.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. Similarly, portfolios that hold such securities are subject to the risk that the portfolio’s income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer’s ability to make such payments will cause the price of that debt to decline. Investments in low-rated or unrated debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Short Selling Risk.* The Adviser's investment program includes short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Derivatives Risk.* Derivatives, including those entered into for hedging purposes, may reduce returns or increase volatility for the Funds. Derivatives that are traded bilaterally with another party, i.e. over-the-counter derivative transactions, are subject to the risk of default by the counterparty, in addition to risks of changes in the value of the underlying interest. Additionally, derivatives are subject to the risk that changes in the value of a derivative may not correlate with the underlying interest. Some derivatives also can be illiquid and highly sensitive to changes in the underlying interest. As such, a small investment in certain derivatives could have a potentially large impact on performance.

### Trusts

The Trusts hold substantially all of their assets in physical bullion.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following are certain risks of investment:

*Physical Bullion Assets.* The value of physical bullion may be affected at any time by many international, economic, monetary and political factors, many of which are unpredictable. These factors include, without limitation: global supply and demand; investors' expectations for future inflation rates; exchange rate volatility of the U.S. dollar, the principal currency in which the price of physical bullion are generally quoted; interest rate volatility; and unexpected global, or regional, political or economic incidents. Changing tax, royalty, land and mineral rights ownership and leasing regulations in countries in which physical bullion are produced may have an impact on market functions and expectations for future physical bullion supply. This can affect both share prices of physical bullion mining companies and the relative prices of other commodities, which are both factors that may affect investor decisions in respect of investing in physical bullion.

### Adviser

Additional risks related to the Adviser include:

*Cybersecurity Risk.* The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

*Risk Management Failures.* Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will



be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

*Systems and Operational Risk.* The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

#### **Item 9. Disciplinary Information**

This Item is not applicable.

#### **Item 10. Other Financial Industry Activities and Affiliations**

The sole limited partner of the Adviser is Sprott Inc. (Ticker: SII), a Canadian public company and independent asset manager. The general partner of the Adviser is a wholly-owned subsidiary of Sprott Inc.

Sprott U.S. Holdings, Inc. is a subsidiary of Sprott Inc. Sprott U.S. Holdings, Inc. owns (i) Sprott USA, an investment advisory firm which provides investment supervisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts as well as the Focus Trust; and (ii) Resource Capital Investment Corporation ("RCIC"), an investment advisory firm which serves as general partner to various investment partnerships intended for sophisticated and accredited investors. In addition, Sprott U.S. Holdings, Inc. owns Rule Investments Inc., which in turn owns Sprott Global Resource Investments, Ltd. ("GRIL"), a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, Inc.

Each of the limited partnerships or private funds for which the Adviser or its related person serves as general partner or investment manager may enter into agreements, or "side letters," with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the partnership or fund. For example, such terms and conditions may provide for special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, including those relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partners or shareholder's investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its supervised persons to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with the Adviser’s policies and procedures, all of the Adviser’s personnel are required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Ahsan Ahmed, Chief Compliance Officer, by email at AAhmed@sprott.com, or by telephone at (416) 943-6388. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

### Confidential and Material Nonpublic Information

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

### Participation or Interest in Client Transactions

The Adviser’s principal and employee trades are reviewed by the Chief Compliance Officer or an employee designated by the Chief Compliance Officer. The Adviser’s principals and employees may not purchase or sell the same securities for their personal accounts and accounts of their families on the same day that those securities are being purchased or sold by a client. Trades for portfolio manager(s) and employee personal accounts may not be aggregated with trades for other clients.

All employees are required to comply with the Adviser’s Code of Ethics, which imposes certain restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Under the Code, all employees are required to pre-clear their personal securities transactions (except for transactions in registered open-end investment company securities and/or other exempt transactions). The Adviser also maintains monthly reports on all personal securities transactions, except transactions in shares of open-end investment company (mutual funds) and/or other exempt transactions. Further, the Adviser’s Code of Ethics contains certain policies and procedures that are designed to prevent insider trading by any officer, partner, or associated person of the Adviser.

The Adviser and/or its respective officers, directors or employees may purchase or sell for themselves the same or different securities from those that are recommended to clients. In addition, the Adviser’s recommendations to clients may differ according to the clients’ cash availability, investment guidelines, investment objectives, current asset allocations, and/or restrictions. Employees are prohibited from trading securities on the same day that clients trade such securities.

### Independent Review Committee

The Adviser has established an Independent Review Committee responsible for reviewing and approving all conflicts of interest that may arise in connection with managing certain investment funds. The Independent Review Committee conducts regular assessments and provides reports to clients.

## **Item 12. Brokerage Practices**

The Adviser is authorized to determine the broker(s) or dealer(s) that its advisory clients will use for each securities transaction for the advisory clients. In selecting brokers or dealers to execute transactions, the Adviser is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the advisory clients may be deemed to be paying for research and other services provided by the broker that are included in the commission rate. Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services along with hardware, software, databases and other technical, technological and telecommunication services, lines and equipment utilized in the investment management process (including updates, improvements, modifications, maintenance, repairs and replacements). The Adviser may use research services obtained by the use of commissions arising from an advisory client's portfolio transactions in its other investment activities.

In selecting brokers and negotiating commission rates, the Adviser takes into account the financial stability and reputation of brokerage firms, the brokerage and research and related execution services provided by such brokers (consistent with best execution), although the advisory clients for which the transaction was effected, may not, in any particular instance, be the direct or indirect beneficiary of the research or related services provided.

The Adviser may aggregate orders of advisory accounts for trade execution and thereafter allocate the securities on an average price basis to such accounts. Brokerage commission rates are not reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client. The Adviser typically aggregates client trades in an effort to treat all clients fairly. Funds participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually.

## **Item 13. Review of Accounts**

Each client account is reviewed by a portfolio manager of the Adviser, on a daily basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account.

Investors in the Funds receive reports from the Funds pursuant to the terms of each Fund's offering memoranda or as otherwise described in the offering document of each Fund. Investors in the Trusts receive reports from the Trusts pursuant to the terms of each Trust's prospectus. Investors in the Focus Trust will receive reports from the Focus Trust pursuant to the terms of the Focus Trust's prospectus. Sub-advised clients receive reports pursuant to the terms of the sub-advisory agreement.

## **Item 14. Client Referrals and Other Compensation**

The Adviser receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser's

“soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

### **Item 15. Custody**

An affiliate of the Adviser is deemed to have custody of client assets due to serving as the general partner to a limited partnership. The Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis.

Prior to assuming full discretion in managing the assets of a client account, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser’s investment discretion, as applicable.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser’s portfolio managers submit an allocation statement to the Adviser’s trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client’s portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser’s policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to the value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to affect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA. Cross transactions involving a registered investment company for which the Adviser serves as adviser are permitted only in accordance with the company’s Rule 17a-7 procedures.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser’s error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had

not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser seeks to comply with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In voting proxies, the Adviser generally votes in favor of the following proposals: election of directors (where no corporate governance issues are implicated), selection of auditors, ratifying director actions, approving private placements exceeding a 25% threshold, changing a registered address, authorizing directors to fix remuneration of auditors, approving private placements to insiders exceeding a 10% threshold, and approving special resolutions to change the authorized share capital of the company to an unlimited number of common shares without par value. The Adviser will generally vote against proposals relating to stock options plans that (i) exceed 5% of the common shares issued and outstanding at the time of grant (on a non-diluted basis), (ii) provide that the maximum number of common shares issuable pursuant to such plan be a "rolling" maximum that exceeds 5% of the outstanding common shares at the date of the grant of applicable options, and (iii) reprices the stock option. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and will make a determination based on the procedures set forth in its Proxy Voting Policies and Procedures (the "Procedures").

If a material conflict of interest exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the Procedures would be in the best interests of the client. In certain cases, proxy votes may not be cast when the portfolio manager determines that it is not in the best interests of investors of the client to vote such proxies. In the event a proxy raises a material conflict of interest between the interests of a client and the portfolio manager, the conflict will be resolved by the portfolio manager in favor of the particular client. The portfolio manager retains the discretion to depart from these policies on any particular proxy vote.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Ahsan Ahmed, Chief Compliance Officer, by email at [AAhmed@sprott.com](mailto:AAhmed@sprott.com) or by telephone at (416) 943-6388.

#### **Item 18. Financial Information**

This Item is not applicable.

## **Appendix: Item 2. Material Changes**

There have been no material changes made to the brochure since the Adviser's last annual update, which was filed on March 30, 2018, however the Adviser has made some routine updates and clarifying changes to the brochure.