



**Sprott Asset Management USA, Inc.**  
**PART 2A OF FORM ADV**

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Sprott Asset Management USA Inc. (“SAM USA”). If you have any questions about the contents of this brochure, please contact SAM USA at 1-866-531-8746. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

SAM USA is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

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

## **Item 2. Material Changes**

SAM USA routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since its last annual update of its Brochure, dated October 9, 2020, SAM USA has amended this Brochure to reflect the addition and removal of retail investment platforms managed by SAM USA, the departure of SAM USA portfolio managers Arthur Richards Rule IV and Tekoa Da Silva, and certain enhanced disclosures, and updated regulatory assets under management.

Except as otherwise specified, all information set forth or referenced in this brochure is as of the date hereof. Subject to the requirements of the Advisers Act, and other applicable laws, SAM USA is under no obligation to update any such information.

We encourage all recipients to read this Brochure carefully and in its entirety.

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

Sprott Asset Management USA Inc. (hereinafter “SAM USA” or the “Adviser”) is an investment advisory firm with its principal place of business in Carlsbad, California and was founded in 2005. SAM USA is owned by Sprott U.S. Holdings, Inc., a subsidiary of Sprott Inc., a Canadian public company. SAM USA was registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser on February 7, 2006. SAM USA also has offices in Darien, Connecticut and New York, New York.

#### **Advisory Services**

SAM USA provides investment advisory services on both a discretionary and non-discretionary basis to its clients, which include individuals, institutions with separately managed accounts (collectively, “Managed Account Clients”) and private funds (the “Funds”, and together with the Managed Account Clients, the “Clients”). The Adviser’s investment advisory services include sourcing, evaluating, negotiating, overseeing, managing and disposing of investments in the natural resources industry. The Adviser tailors its advisory services in accordance with each Client’s investment strategy as disclosed in the relevant investment documents. Further specific details of the Adviser’s advisory services are set forth in each Managed Account Client’s respective advisory agreement and each Fund’s respective governing and operating agreements (each, an “Advisory Agreement”). Investors participate in the overall investment program for the applicable platform, but may be excused from a particular investment due to legal, regulatory or other applicable constraints.

#### **Advisory Services to Managed Account Clients**

For retail Managed Account Clients, SAM USA offers a number of retail platforms as well as a program tailored to Managed Account Clients’ individual needs, each as explained in further detail below.

#### **SAM USA’s Retail Platforms**

*Sprott Global Gold Separately Managed Account:* This portfolio seeks to outperform the overall gold market in all market conditions by employing a value-oriented approach across the investment cycle. Investment decisions are based on: relative valuation of the company; management strength and credibility; knowledge of jurisdiction; thorough understanding of risk-factors; how the diversification compliments existing holdings; liquidity; and the company’s industry viability.

*Sprott Rule Managed Account Separately Managed Account:* The Sprott Rule Managed Account aims to provide investors and speculators with capital gains, in a focused natural resource cycle, across the investment cycle. The investment manager invests in the publicly traded debt and equity securities of companies listed in Australia, Canada, Great Britain, and the United States, focused on natural resources using a “bottoms up” investment selection process, focused on financial, geological, and engineering factors, using a contrarian approach. The manager anticipates that most of the portfolio will be invested in micro and small cap companies, but market opportunities in mid-cap and large cap investments may also be made strategically. As of March 15, 2021, following the departure of portfolio manager Arthur Richards Rule IV, the Sprott Rule Managed Account is managed by the investment committee of SAM USA (“Investment Committee”). The

Investment Committee is headed by Eric Angeli and also comprises Jeff Howard, Justin Tolman, Jason Stevens and Sam Broom. The Investment Committee expects that once Mr. Rule's application for registration as an investment adviser under the Advisers Act is approved by the SEC, Mr. Rule's newly formed investment advisory entity will be named the sub-adviser to the Sprott Rule Managed Account and Mr. Rule will resume discretionary investment management activities and certain solicitation activities on behalf of the Sprott Rule Managed Account. The Adviser notes that registration with the SEC as an investment adviser does not imply a certain level of skill or training

*Sprott Silver Strategy Separately Managed Account:* This portfolio seeks to achieve long-term capital growth by investing primarily in equity securities of companies directly or indirectly involved in the exploration, mining, production and/or distribution of silver bullion. The Strategy can also invest in silver bullion ETFs (exchange traded funds). To achieve the Strategy's investment objective, the investment management team will employ fundamental analysis to seek to identify securities with superior investment opportunities that have the potential for capital appreciation over the long-term. This involves seeking out undervalued companies backed by strong management teams and solid business models that can benefit from macro-economic trends.

*Sprott Real Asset Value+ Strategy:* The Sprott Real Asset Value+ Strategy is an actively managed strategy that seeks to achieve long-term capital appreciation by investing in securities of businesses that generate high return on shareholders' capital and are involved in the production, operations, financing, or otherwise in the supply chain of, tangible real assets. The Sprott Real Asset Value+ Strategy will focus on strategic allocations to the agribusiness, energy, and mining sectors.

*Sprott Resource Alpha Separately Managed Account:* The Sprott Resource Alpha Separately Managed Account Strategy aims to deliver a risk adjusted return through long-term capital appreciation for investors by establishing equity holdings in companies exploring, developing or producing commodities, with a focus on companies that have consistently delivered, or are expected to deliver, the highest quartile operating margins in their respective industries.

*Diversified Resource:* The Diversified Resource platform offers broad exposure to exploration, development, and production companies operating in a variety of resource-based sectors utilizing a value-oriented approach.

*Resource Income:* The Resource Income platform invests primarily in mid-to-large capitalization resource companies and utilizes put and covered call option writing strategies to seek to enhance income.

*Precious Metals:* The Precious Metals platform invests in securities of companies with producing or development stage gold, silver, or platinum group metals deposits. The program can also invest in physical bullion.

*Energy:* The Energy platform invests primarily in companies engaged in the production and development of oil, natural gas, uranium, coal, alternative energy and the companies that service those sectors.

*Technically-Driven Opportunities:* The Technically-Driven Opportunities platform utilizes certain

risk/reward parameters and emphasizes real asset classes with the goal of outperforming the market, defined as a 60 to 40 stock to bond allocation. The strategy is further driven by technical analysis and sentiment indicators such as classical charting patterns, moving average convergence divergence (MACD) indicators, relative strength index (RSI) indicators and Ichimoku cloud patterns.

*Uranium and Low Carbon Emission:* The investment strategy will invest in the publicly traded debt and equity securities of companies listed on any exchange focused on uranium and low carbon emission energy & infrastructure favoring a “bottoms up” investment selection process; focused on geological factors the investment strategy will be responsive to market opportunities in a contrarian and value approach, seeking opportunities as they present themselves.

*Contrarian Portfolio:* The investment strategy aims to deliver capital gains from speculations and investments that the Adviser believes should benefit from the default of public and private debt, and will aim to hold a balance of low, medium, and high risk speculations and investments. A contrarian approach will be used with the aim to buy and sell in contrast to the prevailing market sentiment at the time.

#### SAM USA’s Individualized Program

The respective portfolio manager(s) will construct a portfolio of resource and precious-metal related investments including but not limited to companies in the exploration, development and production stages. The portfolio investments will be individualized in accordance with the Managed Account Client’s risk diversification preference, as determined by the selected investment objective(s) and the desired percentage of the portfolio to be allocated to such investment objective(s). Such investment objectives and expectations will be included in an Advisory Agreement between the Managed Account Client and the respective portfolio manager. This program may apply to either retail or institutional accounts and is specifically tailored to the needs of the Client on an individualized basis.

### **Advisory Services to Private Funds**

#### SAM USA Private Funds

SAM USA is the investment manager of three private funds that are part of a master-feeder fund (collectively, the “Sprott Hathaway Fund”): (1) Sprott Hathaway Special Situations Master Fund, LP, (the “Master Fund”) a Cayman Island exempted limited partnership; (2) Sprott Hathaway Special Situations Fund (US), LP (the “US Feeder”), a limited partnership established under the laws of Delaware for taxable U.S. investors; and (3) Sprott Hathaway Special Situations Fund (Cayman) Ltd., a Cayman Islands exempted company for U.S. tax-exempt and non-U.S. investors (the “Cayman Feeder”). Each of the US Feeder and Cayman Feeder invests substantially all of their assets in the Master Fund.

The investment objective of the Sprott Hathaway Fund is to seek long-term capital appreciation. SAM USA seeks to achieve its investment objective primarily by investing in securities of mining companies located throughout the world, in both developed and emerging markets, that explore for metals, develop precious metal resources, build mines, and operate mines with special emphasis on likely takeover candidates. Such companies are most likely to be small to mid-cap

companies that could be accretive to major mining companies because of the wide gap in valuation between larger and mid to small cap securities.

SAM USA serves as the investment adviser to Drill Driven Alpha Fund, LP (the “DDA Fund”), a limited partnership established under the laws of Delaware. Neil Adshead, PhD., is the portfolio manager to the DDA Fund. The investment objective of the DDA Fund is to seek to achieve capital appreciation by investing primarily in equity securities of companies throughout the world that own, explore or develop natural resources. To pursue this investment objective, the DDA Fund invests the majority of its assets in equity securities of such companies listed on major stock exchanges, such as Toronto, New York, Sydney, and London. Equity securities include common stock, preferred stock, securities convertible into common stock, and rights to subscribe for common stock. Natural resource assets include materials with economic value that are derived from natural sources, either directly or indirectly, such as precious metals (*e.g.*, gold, silver and platinum group metals), ferrous and base metals (*e.g.*, iron ore, copper, nickel, and zinc), strategic metals (*e.g.*, uranium, lithium, and titanium), and hydrocarbons (*e.g.*, coal). The DDA Fund intends to focus on companies operating in the mining and minerals sector. The DDA Fund is currently closed to new investors as of February 1, 2021.

Investors in the Sprott Hathaway Fund and the DDA Fund participate in the overall investment program for the Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints.

With respect to both the Sprott Hathaway Fund and the DDA Fund, the Adviser may enter into side letters or other similar agreements with certain investors that may have the effect of establishing rights under, supplementing or altering a Fund’s Advisory Agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, co-investment rights (including the provision of priority allocation rights to limited partners who have capital commitments in excess of certain thresholds to one or more Funds), or transfer rights. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of a Fund as a whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with “most favored nations” rights pursuant to a Fund’s Advisory Agreement. In addition, the Adviser will generally make such side letters relating to a particular Fund available to all limited partners of such Fund.

In certain situations an institutional caliber investor may establish a separately managed account which could, in most aspects, mirror one of the Fund’s investment strategies with a higher minimum investment, typically \$10 million dollars though such amount may be reduced with the prior agreement of the Adviser, subject to applicable legal requirements.

***The information provided above about the investment advisory services provided by the Adviser is qualified in its entirety by reference to each Client’s Advisory Agreement.***

#### Sub-Advised Clients

SAM USA serves as the sub-adviser to Sprott Focus Trust, Inc. (“Sprott Focus Trust”), a closed-end diversified management investment company whose shares of common stock are

listed and traded on the Nasdaq National Market. Sprott Focus Trust's investment goal is long-term capital growth, which it seeks by normally investing at least 65% of its assets in equity securities. W. Whitney George and Matthew T. Haynes are the portfolio managers to Sprott Focus Trust. Sprott Focus Trust's investment adviser, Sprott Asset Management, L.P., is a Toronto-based alternative asset manager and an affiliated entity of SAM USA.

SAM USA serves as the sub-adviser to Sprott Gold Equity Fund, an open-end mutual fund whose Investor Class A and Institutional Class I shares are listed and traded on the Nasdaq National Market. Sprott Gold Equity Fund's investment goal is long-term capital appreciation, which it seeks by investing at least 80% of its net assets, plus borrowings for investment purposes, in gold and other precious metals and securities of companies located throughout the world that are engaged in mining or processing gold. John Hathaway, Douglas B. Groh, Maria Smirnova and Shree Kargutkar are the portfolio managers to Sprott Gold Equity Fund. Sprott Gold Equity Fund's investment adviser is Sprott Asset Management, L.P., a Toronto-based alternative asset manager and an affiliated entity of SAM USA. Ms. Smirnova and Mr. Kargutkar are employed by the Adviser.

SAM USA serves as the sub-adviser to the Sprott Total Gold Portfolio, a separately managed account platform administered by Evans & Pty, an Australian licensed adviser offering precious metals exposure to their client base. SAM USA manages a model portfolio while Evans & Pty has full discretion over the accounts on behalf of its clients. John Hathaway and Douglas B. Groh are the portfolio managers to Sprott Total Gold Portfolio. SAM USA has been granted an exemption by the Australian Securities and Investment Commission and is in the process of applying for a full license to advise high net worth Australian residents.

SAM USA also is employed as a sub-adviser to three EU funds and an associated Cayman fund, advised by Sprott Asset Management LP. They employ an investment strategy similar to the Sprott Gold Equity Fund, with specific mandates according to the investment parameters set out by each fund.

### **Investment Restrictions**

Clients may not impose restrictions on investing in either certain securities or certain types of securities.

### **SAM USA's Assets Under Management (as of December 31, 2020):**

Discretionary - Retail	\$ 520,171,860
Non-Discretionary - Retail	\$ 82,885,249
Discretionary - DDA Fund	\$ 74,985,891
Discretionary - Sprott Hathaway Fund	\$ 76,509,880
<b>Total:</b>	<b>\$ 754,552,879</b>

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

The Adviser's annual management fee is based upon a percentage of the market value of the assets



under management and in accordance with the fee schedule agreed upon between the Client and Adviser, as stated in the Advisory Agreement between the Client and Adviser. Additionally, a performance fee may be assessed where applicable (discussed in further detail below).

With respect to the Managed Account Clients, the Adviser's management fee is assessed quarterly in advance or in arrears, as applicable, and the assessed fee is then deducted from the Managed Account Client's account(s) within thirty (30) days from the applicable quarter end. If a Managed Account Client's account is not open for the full quarter in which the fee is being assessed, the fee shall be prorated accordingly. The fee for the initial quarterly period is prorated for the duration of the remaining quarter, or month, based upon the account's funding date and the net value of assets deposited in the account on such date. If billed in arrears, the fee for the initial quarterly period is prorated to reflect the number of days since initial funding. In the event of termination, a Managed Account Client is entitled to a prorated refund of any pre-paid management fee based upon the number of days remaining in the quarter after the termination date; however, to the extent that there are private or illiquid securities remaining in such a Managed Account Client's account after the termination date, the management fees and performance fees continue to be due and payable thereon. If fees are assessed in arrears, all earned, unpaid fees will be due and payable immediately upon termination of the Managed Account Client's account.

With respect to the DDA Fund, the Adviser's management fee is assessed monthly in arrears, as applicable, and the assessed fee is then deducted from the DDA Fund client's account(s) within fifteen (15) days from the applicable start of the month. If a DDA Fund client's account is not open for the full month in which the fee is being assessed, the fee shall be prorated accordingly. The fee for the initial month is prorated to reflect the number of days since initial funding. In the event of termination, all earned, unpaid fees will be due and payable immediately upon termination of the account.

With respect to the Sprott Hathaway Fund, the Adviser's management fee is paid as of the beginning of each calendar quarter. If a Sprott Hathaway Fund client's account is not open for the full month in which the fee is being assessed, the fee shall be prorated accordingly. The fee for the initial month is prorated to reflect the number of days since initial funding. In the event of termination, all earned, unpaid fees will be due and payable immediately upon termination of the account.

### **Retail Account Standard Fee Schedule**

All Managed Account Clients enter into an Advisory Agreement with SAM USA. This agreement sets forth the services to be provided and the commensurate management fees for such services. Fees are subject to negotiation at the sole discretion of SAM USA and will typically vary according to several factors, such as: the type of client; the discretionary authority granted to the Adviser; the total assets under management; and other business considerations. Fees are subject to change with thirty (30) days written notice. As of the date of this Brochure, SAM USA's standard fee schedule is 2.0% of net assets under management. Fees are billed quarterly in advance or arrears.

### **Sprott Hathaway Fund Fee Schedule**

Investors in the Sprott Hathaway Fund pay SAM USA a management fee equal to 1.5% per annum

of the value of each limited partner's capital account and a performance fee of 20% subject to an 8% preferred return and a high water mark. The general partner of the Sprott Hathaway Fund, in its sole discretion, may waive or modify the management fee to be paid by limited partners that are members, principals, employees or affiliates of such general partner or the Adviser, relatives of such persons and certain large or strategic investors.

### **DDA Fund Fee Schedule**

Investors in the DDA Fund pay SAM USA a management fee equal to 1.5% per annum of the value of each limited partner's capital account. The general partner of the DDA Fund, in its sole discretion, may waive or modify the management fee to be paid by any limited partner. Investors in the DDA Fund also pay SAM USA a performance fee of 20% of all current income distributed to the limited partners in excess of the hurdle rate in certain circumstances as set forth in the DDA Fund's partnership agreement. Generally, the carried interest represents a share of distributions made after return of invested capital, allocable fees and expenses and a preferred annualized "hurdle" rate of return of 8%. Carried interest allocations do not exceed 20% of profits and are generally subject to general partner catch-ups. The general partner of the DDA Fund, in its sole discretion, may elect to reduce, waive, assign or otherwise share the performance fee with respect to any limited partner.

### **Additional Fees**

In addition to paying management fees and, if applicable, performance fees or allocations, Managed Account Clients are also responsible for other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the Client will bear its *pro rata* share of the investment management fee and other fees associated with an investment in such Client, which are in addition to the investment management fee paid to the Adviser.

In addition, the Adviser may purchase securities or investment products on behalf of Managed Account Clients that are managed by a related Sprott entity, which may result in the Managed Account Client paying fees to such Sprott entity in addition to the investment management fee paid to the Adviser. The Adviser may purchase such securities if, in the Adviser's discretion, it deems the securities to be in the best interest of the client given the fees, tax implications, liquidity, asset exposure, etc., and consistent with its fiduciary obligation. Please refer to Item 12 of this Brochure for a discussion of brokerage practices.

The Adviser may from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to the Managed Account Clients and the Advisers. For example, certain law firms retained may discount their legal fees for advice in connection with certain matters. To the extent such law firms provide services to the Managed Account Clients, such Managed Account Clients also enjoy the benefit of fee discount arrangements. In some cases discounts may be based on volume and so certain Managed Account Clients may receive a greater

discount than others depending on the timing of their transactions (*e.g.*, if a transaction occurs early in a year it may not receive the same discount as a transaction that occurs later in the year).

The Adviser and its personnel may receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Managed Account Clients. For example, airline travel or hotel stays incurred as Client expenses may result in “miles” or “points” or credit in loyalty or status programs, and such benefits will accrue exclusively to the Adviser and its personnel even though the cost of the underlying service is borne directly by the Managed Account Clients and its investors.

The expenses described above are detailed, but do not include every possible expense a Managed Account Clients may incur. Investors should review the applicable Advisory Agreement for further details.

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

“Qualified clients,” as defined under Rule 205-3 of the Advisers Act, may be charged a performance-based fee; such an arrangement is disclosed and agreed upon between the respective client and SAM USA in the applicable Advisory Agreement. SAM USA and its investment personnel, including investment personnel that share in performance-based compensation, manage client accounts that are charged performance-based compensation in addition to the asset-based fee, which is a non-performance-based fee assessed on all accounts. In addition, certain client accounts may have higher or lower asset-based fees or more favorable performance-based compensation arrangements than other accounts. When SAM USA and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. SAM USA and its investment personnel have a greater incentive to favor client accounts that pay SAM USA (and indirectly the portfolio manager) performance-based compensation or higher fees.

SAM USA 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. SAM USA 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 may be compared to determine whether there are any unexplained significant discrepancies. In addition, SAM USA’s procedures relating to the allocation of investment opportunities require that similarly managed accounts in the same investment strategy participate in investment opportunities generally based on available cash as a percentage of total assets under management in the account, subject to tax considerations, odd lots, and other applicable investment guidelines and restrictions and require that, to the extent orders are aggregated, the orders are generally price-averaged. SAM USA’s procedures relating to investment allocation are monitored by SAM USA’s Chief Compliance Officer (“CCO”) or his designee.

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

SAM USA primarily provides customized investment management services to high-net-worth individuals and their associated trusts, estates, pension and profit sharing plans, as well as certain

other business entities and institutional clients. The Adviser's minimum account size is generally \$50,000, but this amount is negotiable and may vary depending on the selected investment platform.

The Sprott Hathaway Fund and DDA Fund are intended for investors who meet the qualifications of "qualified clients," as defined under Rule 205-3 of the Advisers Act. The minimum investment for the Sprott Hathaway Fund is \$1,000,000 and the DDA Fund is \$200,000, and both are subject to reduction or waiver at the discretion of each Fund's General Partner.

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

SAM USA utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental analysis and cyclical analysis, as well as use of quantitative tools and investment approaches. The analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses of the issuer;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

### **Investment Strategies**

SAM USA employs the following investment strategies:

*Equity.* SAM USA's equity strategies focus on a broad range of equity investment styles, including growth, core, and value, as well as blended portfolios. Most Client accounts focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser manages Client accounts that are multi-national.

*Buy and Hold.* SAM USA may engage in buy and hold investment strategies wherein it 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.* SAM USA may engage in fundamental value investment strategies wherein it attempts to invest in asset-oriented securities it believes are undervalued by the market.

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

*Aggressive Growth.* SAM USA may seek investment opportunities in securities with no defined source of revenue or income, but with potentially extraordinary growth compared to the company's specific industry or the overall market.

*Moderate Growth.* SAM USA may select securities believed to provide historically consistent

returns in order to attain a moderate growth rate compared to the company's specific industry or the overall market.

*Speculation.* SAM USA may seek investments that generate a significant increase of principal while assuming a corresponding greater degree of risk. Investments are generally more volatile, thereby exposing investor to potential loss of principal.

*Option Trading.* SAM USA may engage in option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the following types of option trading strategies: put writing and covered call writing.

*Short Selling.* SAM USA may engage in short selling strategies. In a short sale transaction, SAM USA may sell a security not owned 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 and (ii) for potential profit.

*Tactical Asset Allocation.* SAM USA may utilize an active management tool to establish asset allocation in a manner intended to capitalize on valuation discrepancies of specific asset classes. The strategy is further driven by technical analysis and sentiment indicators such as classical charting patterns, moving average convergence divergence (MACD) indicators, relative strength index (RSI) indicators and Ichimoku cloud patterns.

*DDA Fund Investment Strategy.* Equity Security selection will be bottom-up, focusing on the identification of mineral deposits with drill results the portfolio manager believe are inadequately appreciated by the market.

The DDA Fund may manage cash flows by holding cash or investing in "Short-Term Investments," which include (a) commercial paper, (b) obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities ("U.S. Government Securities"), (c) short-term U.S. dollar bank deposits and bank obligations, including certificates of deposit, time deposits and bankers' acceptances, (d) securities issued by investment companies registered under the Investment Company Act, or exempt from such registration, (e) repurchase agreements (overnight to 90-day agreements collateralized by U.S. Government Securities), (f) municipal obligations of a state or local government or its agencies or instrumentalities, (g) asset-backed and mortgage-backed securities, (h) other U.S. dollar corporate obligations, and (i) variable and floating rate securities where the interest may be adjusted at periodic intervals or be based on a benchmark such as (U.S. dollar) LIBOR.

*Sprott Hathaway Fund Investment Strategy.* The Sprott Hathaway Fund will be concentrated in those issuers that meet strict criteria based on a bottom up research process. Those criteria include in depth due diligence on asset quality, management capability, political jurisdiction, business strategy, and financial factors and may utilize leverage to enhance returns and/or hedge risk, generally in accordance with the Federal Reserve Board's margin rules set forth in Regulation T. Assets may at any time include long or short positions in U.S. or non-U.S. publicly-traded or privately-issued common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, loans, notes or other debentures, convertible securities, distressed securities, options, and

other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies.

## **Investments Risks**

These investment methods, strategies and processes involve risk of loss to Clients and Clients must be prepared to bear the loss of their entire investment. The investment programs utilized by the Adviser are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Clients operate may undergo substantial changes, some of which may be adverse. Investment sourcing, selection, management and liquidation strategies and procedures exercised by the Adviser may not be successful, or even practicable, throughout a Client's term. The following are certain risks of investment, as applicable to a given Client:

*Natural Resources and Related Industries.* Investments in natural resources and related industries are affected by business, financial market, political risk or legal uncertainties. The task of identifying investment opportunities in companies in the natural resource sector and managing investments is difficult. There can be no assurance that SAM USA will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on underlying natural resource investments. Prices of natural resource investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of Client portfolios and the value of their investments. In addition, the value of Client portfolios may fluctuate as the general level of interest rates fluctuates.

*Lack of Diversification.* Client accounts will 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 SAM USA was required to maintain a wider diversification among types of securities and other instruments.

*Natural Resource Assets.* 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, securities of companies with natural resource assets may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various natural resource assets. In addition, these 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. These securities may also experience greater price fluctuations than the relevant natural resource asset.

*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 geo-political 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.

*Options Risk.* The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

*Short Selling Risk.* Short selling transactions involve 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 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 a portfolio 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.

*Valuation.* The valuation of a Client's investments, which will affect the Client's performance results, involves uncertainties and subjective determinations. As a result, valuation of a Client's investments may not reflect the price at which a Client could dispose of its interests in a particular investment at any given time. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had a ready market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Because the investment manager determines in its discretion the value of Client assets, potential conflict of interest exists in making valuation determinations given the potential impact of such valuations on a Client's performance, particularly with respect to an account that pays performance fees.

*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.

*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.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Client accounts and may affect the ability of SAM USA to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Client accounts' investments and could have a negative impact on the performance of the Client accounts' investments. Movements in foreign exchange rates may adversely affect the value of the Client accounts' investments and their overall performance. These developments, and the potential consequences of them, have had and may continue to have a material adverse effect upon global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility.

*Uncertain Economic, Social and Political Environment.* SAM USA, the Client accounts and the issuers in which they invest may be adversely affected by economic, social and political developments in the laws and regulations of the countries in which they are invested. The global economic and political climate can be uncertain. Prior acts of terrorism, the threat of additional terrorist strikes, growing social and political discord in the United States and elsewhere, economic sanctions, tariffs and other trade disputes, international political developments, changes in government policies and taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken. This may have an adverse effect on the economy generally and on the ability of the Client accounts to execute their respective strategies. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions. The Client accounts may be adversely affected by abrogation of international agreements and national



laws which have created the market instruments in which the Client accounts may invest, failure of the designated national and international authorities to enforce compliance with the same laws and agreements, failure of local, national and international organization to carry out the duties prescribed to them under the relevant agreements, revisions of these laws and agreements which dilute their effectiveness or conflicting interpretation of provisions of the same laws and agreements.

*Benchmark Risk.* The London Interbank Offered Rate (“LIBOR”) and certain other “benchmarks” have been the subject of national, international, and other regulatory guidance and proposals for reform. The phasing out and eventual discontinuation of LIBOR, or the replacement of LIBOR with an alternative reference rate such as the Secured Overnight Financing Rate (“SOFR”), may adversely affect the Funds’ credit arrangements and may negatively impact the expected return on a Client’s portfolio and/or the availability of instruments designed to hedge a Client’s exposure to LIBOR, and such impacts may be material. As a result of the expected transition, interest rates on loans, deposits, derivatives, and other financial instruments tied to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have a material adverse effect on the business, result of operations, and financial condition of the Adviser, the Clients or the companies in which they invest. As the markets for debt obligations and their underlying investments have not yet universally adopted any replacement rate, with respect to investments made or to be made by the Clients, there is a risk of interest rate mismatch where the benchmark rates on the underlying portfolio of assets may differ from the benchmark rates applicable to the debt obligations issued by such underlying investments. In addition, some of the debt instruments in which a Client may invest may have a limited ability to change from LIBOR to a new rate, or may only be able to change to a rate that may not match the rate adopted by their underlying investments. Even if such vehicles are permitted to modify their rates, there is no assurance that such vehicles will make any such changes. Any such rate changes or resulting mismatches could result in negative implications for a Client’s investments.

*The United Kingdom and Brexit.* The United Kingdom (“UK”) withdrew from the European Union (the “EU”) on January 31, 2020 (“Brexit”). In connection with Brexit, the UK and the EU agreed on a Trade and Cooperation Agreement (“TCA”) that governs the future trading relationship between the UK and the EU in specified areas. The uncertainty surrounding the implementation of the TCA and the outcome of ongoing negotiations may have economic, tax, fiscal, legal, regulatory and other implications for the asset management industry, the broader European and global financial markets generally and for funds, such as the Funds, and their investments. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the UK or the EU, including companies or assets held or considered for prospective investment by the Clients. The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities), an adverse effect on the ability of the Adviser to manage, operate and invest the Clients and an increased legal, regulatory or compliance burden for the Adviser and/or the

Funds. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on the Funds and their investments, including the ability of the Clients to achieve their investment objectives.

*Disease and Epidemics.* The impact of disease and epidemics may have a negative impact on SAM USA's business, the Clients and their performance and financial position. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, and could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, SAM USA's operations and those of the Clients or portfolio companies could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on SAM USA's business, the Clients and underlying portfolio investments. The extent to which the coronavirus (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, including the success of vaccine roll out to various segments of the population, among others, which remain uncertain and cannot be predicted.

*Environmental, Social & Governance ("ESG") Matters.* ESG matters have been the subject of increased focus by regulators in the US, UK and EU, among other jurisdictions. While the Advisers strive to implement ESG practices, there can be no assurance that the Advisers will be able to identify all ESG issues or will be able to successfully implement its ESG policies. The use of ESG metrics in the investment process may be subjective and are not subject to uniform standards, and, as such, there is no guarantee that the Advisers will be able to accurately assess and measure the ESG risks and ESG compliance of a Client's investments and/or potential investments. ESG-based exclusionary criteria may result in a Client foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and/or selling certain investments due to their ESG characteristics when it might be disadvantageous to do so. The use of ESG criteria may affect a Client's investment performance and, as such, a Client may perform differently compared to similar portfolios that do not use such criteria.

*Risk Management.* 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 the Adviser or the Clients may be incomplete or ineffective.

*Business Continuity Plans.* In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, the Adviser will initiate the business continuity plan to safeguard employee access to the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. The business continuity plan is tested to ensure that appropriate measures are put in place to manage any such catastrophic events. However, the Adviser is not able to predict the level of disruption that such catastrophic events may have on its

operation or the ability of the plan to succeed in a time of crisis; as a result, its business continuity plan may be insufficient to continue operating the Adviser's business as usual. The failure of the business continuity plan for any reason could cause significant interruptions in the operations of the Adviser or its Clients. Similar types of operational risks are also present for the companies in which the Clients invest, which could have material adverse consequences for such companies and may cause the Client's investments to lose value.

The Adviser initiated the business continuity plan in response to the spread of the coronavirus. While the implementation of the business continuity plan has not impaired operations to date, the ongoing implementation of the business continuity plan could affect the future ability of the Adviser to operate effectively, including the ability of personnel to function, communicate and carry out the Clients' investment strategies and objectives.

*Reliance on the Adviser.* Control over the Client accounts will be vested with SAM USA and the accounts' future profitability will depend largely upon the business and investment acumen of SAM USA as investors generally have no right or power to take part in the management of the Client accounts. Changes in circumstances relating to SAM USA may have an adverse effect on the Client accounts or one or more of their investments.

*Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of both the asset management industry and the natural resources industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on SAM USA's or the Client accounts' activities, including the ability of SAM USA to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategies or achieve their investment objectives. For example, environmental laws regulating infrastructure projects could become more restrictive, as governments aim to limit the impact of infrastructure on the environment, wildlife and natural resources and reduce the emissions of greenhouse gases. Changes in laws and regulations could result in increased compliance costs, additional capital expenditures or unanticipated liabilities. In particular, a company may be required to incur additional costs and expenses in implementing structural changes in the conduct of its business, including to establish greater substance in certain jurisdictions in which SAM USA invests or proposes to invest, and may also become directly or indirectly subject to additional tax liabilities (for example through restrictions on or denial of the deductibility of interest expenses against taxable profits). Additionally, such additional scrutiny may divert the Adviser's time, attention and resources from investment advisory activities.

*Possibility of Misconduct by Employees and Service Providers.* Misconduct by employees of the Adviser or service providers to the Adviser or the Client accounts could cause significant losses. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Client accounts, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to SAM USA or Client accounts. SAM USA has controls and procedures through which they seek to minimize the risk of such misconduct occurring, but no assurances can

be given that it will be able to identify or prevent such misconduct.

*Cyber Security Breaches and Identity Theft.* The Adviser, the Client accounts and the companies in which they invest generally rely on information technology systems for current and planned operations. Information and technology systems may be vulnerable to 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. If any such systems are compromised, become inoperable for extended periods of time or cease to function properly, SAM USA, the Client accounts, or a company in which they invest may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, cause significant interruptions in a company's and/or project's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), which could in turn adversely affect the investment results, harm the reputation of SAM USA, Client accounts, or a company in which they invest, subject them to legal claims and otherwise affect their business and financial performance.

*Volatility of Commodity Prices.* The performance of certain of a Client's investments may be substantially dependent upon prevailing prices of gold, silver, copper, oil, uranium and other commodities. Commodity prices have been, and are likely to continue to be, volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for each commodity; (ii) market uncertainty; (iii) political conditions in international commodity producing regions; (iv) the extent of domestic production and importation of oil, gas, coal or metals in certain relevant markets; (v) the foreign supply of precious, base and industrial metals; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) weather conditions; (x) the effect of regulation on the production, transportation and sale of commodities; (xi) overall economic conditions; and (xii) a variety of additional factors that are beyond the control of SAM USA.

*Precious Metal-Related Securities.* The Clients may invest in the equity securities of companies that explore for, extract, process or deal in precious metals (e.g., gold, silver and platinum), and in asset-based securities indexed to the value of such metals. Such securities may be purchased when they are believed to be attractively priced in relation to the value of a company's precious metal-related assets or when the values of precious metals are expected to benefit from inflationary pressure or other economic, political or financial uncertainty or instability. Based on historical experience, during periods of economic or financial instability the securities of companies involved in precious metals may be subject to extreme price fluctuations, reflecting the high volatility of precious metal prices during such periods. In addition, the instability of precious metal prices may result in volatile earnings of precious metal-related companies, which may, in turn, adversely affect the financial condition of such companies.

*Use of Derivatives and Other Specialized Techniques.* Companies in the natural resources sector often engage in derivatives transactions to insulate against changes in commodities prices, and the Clients or the companies in which they invest may engage in derivative or similar transactions. These transactions may involve the purchase and sale of commodities or commodity futures, the

use of forward contracts, swap agreements, put and call options, floors, collars, bilateral agreements or other arrangements. Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Derivative instruments may trade on markets organized outside the United States, markets for such instruments may be illiquid, highly-volatile and subject to interruption and suitable hedging instruments may not continue to be available at reasonable cost.

The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgments regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of SAM USA. Moreover, derivative agreements and contracts entered into by companies may be subject to the risk that one or more counterparties thereto would default on their payment obligations to the companies, due to such counterparty's insolvency, bankruptcy or other factors that are outside of the control of the Adviser, the Clients, or the companies in which they invest. For all the foregoing reasons, the use of derivatives and related techniques can expose a Client and its investments to significant risk of loss.

*Uncertainty of Estimates.* Estimates of natural resources reserves (e.g., hydrocarbon reserves or mineral reserves) by qualified engineers are often key factors in valuing certain natural resource companies. The process of making these estimates is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir or reserve. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves.

*Cyclicalities of Natural Resource Markets.* The markets for natural resources and entities whose businesses are dependent on natural resources and related activities are cyclical and, in many circumstances, dependent upon a variety of macroeconomic and political factors, some or all of which will be beyond the control of the managers of the companies in which the Clients may invest, especially recessionary or inflationary economies and inflationary expectations in the United States and other countries. The values of mining and mining-related businesses are affected by changes in the supply and demand of the markets, both domestic and international. Supply and demand can fluctuate significantly over a short period of time due to changes in, for example, weather, international politics (including developments in Russia and surrounding areas and the Middle East), the rate of economic growth in the Pacific Rim (particularly in China and India), conservation, the regulatory environment, governmental tax policies and the economic growth and stability of countries that consume or produce large amounts of energy resources. Interest rates, currency fluctuations, real or perceived market shortages, global conflicts, acts of terrorism, overproduction or overcapacity are additional factors that may result in price distortions. Such distortions may last for extended periods, thereby limiting investment opportunities as well as opportunities to exit previously consummated Investments at reasonable valuations.

*Short Sales.* Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover

the short position and a theoretically unlimited loss. There is a risk that a Fund engaging in a short sale would have to return the securities it borrows in connection with a short sale to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

*Special Situations.* Certain of the Clients may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of material loss to the Client.

*Non-U.S. Securities.* Investing in securities issued outside of the United States involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in non-U.S. countries could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

*Currency Risks.* Investments in securities or other instruments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

*Metals and Minerals.* The Clients may invest in securities that have exposure to precious metals and minerals. Prices of metals and minerals are affected by factors such as cyclical economic conditions, political events and monetary policies of various countries. Therefore, prices of gold and other precious or base metals and minerals may fluctuate sharply over short periods of time

due to changes in inflation or expectations regarding inflation in various countries, the availability of supplies of metals and minerals, changes in industrial and commercial demand, metal and mineral sales by governments, central banks or international agencies, investment speculation, monetary and other economic policies of various governments and government restrictions on private ownership of certain metals and minerals. The volatility in the price of metals and minerals has a direct effect on the companies that mine and process metals and minerals, including companies that provide services to such companies, as the prices of their securities will be affected by the volatility of the prices of metals and minerals.

*High-Yield Securities.* The Clients may invest in bonds, loans, or other fixed income securities, including without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities, when the Adviser believes that such securities offer opportunities for profit. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. It is likely that a major economic recession or an environment characterized by a shortage of liquidity could disrupt severely the market for such securities and may have an adverse impact on their value or liquidity. Moreover, it is likely that any such economic downturn or liquidity squeeze could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities. The market for lower-rated securities is often less liquid than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold.

*Investments in Undervalued Securities.* The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed. Further, there are no assurances that the securities purchased will in fact be undervalued or that undervalued securities will ever cease to be undervalued. A Client may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Client's capital would be committed to the securities purchased, thus possibly preventing the Client from investing in other opportunities. In addition, the Client may finance such purchase with borrowed funds and thus will have to pay interest on such funds during such waiting period.

*Distressed Securities.* The Clients may invest in "distressed securities"—securities, private claims and obligations of entities that are experiencing significant financial or business difficulties or have filed for chapter 11 protection under the U.S. Bankruptcy Code. Investments may include bonds, loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded.

Distressed securities may result in significant returns to a Client, but also involve a substantial degree of risk. A Client may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Client's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the "bid" and "ask" prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Moreover, to the extent that a Client invests in "distressed" sovereign debt obligations, they will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which might be affected by world events, changes in U.S. foreign policy, and other factors outside the control of the Adviser. The market for distressed securities and instruments often has limited liquidity, which can adversely affect the prices at which distressed securities can be sold.

*Interest Rate Risk.* Generally, the value of fixed income securities will change 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 will be greater for long-term securities than for short-term securities. The value of equity securities is also affected by changes in interest rates. The Adviser may or may not attempt to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. Even if the Adviser does attempt to do so, there can be no guarantee that it will be successful in mitigating the impact of interest rate changes.

*Concentrated Portfolio.* At times, a Client may have a highly concentrated portfolio and, as a result, may not be diversified among a wide range of issuers, geographic areas, capitalizations or types of securities and may have significant, concentrated positions. As a result, a Client's investments may be subject to more rapid change in value than might be the case if the Client maintained a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities.

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

The Adviser and its management persons have not been subject to any material legal or disciplinary events.

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

SAM USA is owned by Sprott U.S. Holdings, Inc., a subsidiary of Sprott Inc., a Canadian public company, of which former SAM USA portfolio manager Arthur Richards Rule IV is the largest



shareholder and a member of the board of directors. The Investment Committee expects that once Mr. Rule's application for registration as an investment adviser under the Advisers Act is approved by the SEC, Mr. Rule will be named sub-adviser to and resume discretionary investment management activities and certain solicitation activities on behalf of the Clients.

SAM USA is affiliated with Sprott Global Resource Investments, Ltd. ("SGRIL"), a registered broker-dealer with the SEC and member firm of the Financial Industry Regulatory Authority, Inc. ("FINRA"). SGRIL is under common ownership and control with SAM USA. Certain of SAM USA's management persons are principals or registered representatives of SGRIL.

SAM USA may open an account for each Managed Account Client with SGRIL and may engage SGRIL to effect securities transactions on behalf of the retail Managed Account Clients. For these accounts, SGRIL serves as an introducing broker on behalf of the Managed Account Clients and routes securities transactions to various third-party executing brokers. SGRIL does not receive any compensation for effecting any such transactions. This relationship is disclosed to Managed Account Clients in each Client's Advisory Agreement. Certain SGRIL employees are authorized signatories on Managed Account Client accounts for administrative purposes.

SAM USA utilizes SGRIL, Interactive Brokers ("IB") and RBC Capital Markets LLC Advisor Services ("RBC") as introducing brokers for retail accounts. SAM USA has also entered into a relationship with IB whereby IB serves as broker on behalf of select retail advisory accounts, should Clients desire a different broker-dealer than RBC. Currently, the Sprott Global Gold Separately Managed Account, Sprott Silver Strategy Separately Managed Account and the Sprott Rule Managed Account Separately Managed Account are only offered on the IB platform.

SAM USA has also entered into a relationship with National Financial Services ("Fidelity") whereby Fidelity serves as broker and custodian on behalf of select institutional Managed Account Clients.

SAM USA also may open a demand deposit account for the Funds with U.S. Bank, NA in order to assist with cash management and administration of the Funds.

Trades for SGRIL client accounts may be aggregated with trades for SAM USA client accounts. This practice may limit the amount of stock allotted to SAM USA clients if there is insufficient liquidity in the security.

Clients may subscribe to certain privately placed securities where SGRIL is compensated as a placement agent by the issuing company. This creates a potential conflict of interest, in that this compensation may create an incentive for SAM USA to recommend such privately placed securities to the Client, additionally based on its own financial interests rather than solely the interests of a client.

SAM USA is also affiliated with Resource Capital Investment Corporation ("RCIC"), a Nevada corporation and an SEC registered investment adviser, which serves as the general partner of various investment partnerships intended for sophisticated investors that invest in companies engaged in natural resources and related industries.

SAM USA serves as sub-adviser to the Sprott Focus Trust, Inc., a closed-end diversified

management investment company, by Sprott Asset Management, L.P., a Toronto-based alternative asset manager and an affiliated entity to SAM USA.

SAM USA serves as sub-adviser to Sprott Gold Equity Fund, an open-end mutual fund, by Sprott Asset Management, L.P., a Toronto-based alternative asset manager and an affiliated entity to SAM USA.

SAM USA serves as sub-adviser to the Total Gold Portfolio, a model portfolio for clients of Evans & Pty, part of the Evans Dixon Group, which is an Australian licensed asset manager and an unaffiliated entity to Sprott.

SAM USA may recommend that its Clients invest in one or more funds managed by a SAM USA affiliate, such as the Sprott Focus Trust or Sprott Gold Equity Fund, for which SAM USA acts as the sub-manager. As a result, SAM USA may have an incentive to recommend an investment in a SAM USA affiliated fund over another investment opportunity. SAM USA's affiliate may receive a separate management fee and, depending on the fund, a performance-based fee. These fees are in addition to any fees a client may pay to SAM USA.

In addition, certain affiliated funds may be fund-of-funds and invest with underlying managers or in underlying funds. In those instances, the SAM USA client would be paying multiple layers of fees.

Finally, SAM USA's affiliates may share revenues and expenses, its employees and owners may own a significant amount of an affiliate fund, and may be subject to preferential terms such as not paying management or performance fees or they may receive (directly or indirectly) a share of any management and performance fees charged to a SAM USA client by an affiliate fund, thus creating an extra incentive to recommend investments in that fund.

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

### **Code of Ethics**

SAM USA has adopted a Code of Ethics which sets forth standards of conduct that are expected of SAM USA's principals, employees and individuals living in the same household and addresses conflicts that may arise from personal trading to ensure that securities transactions by SAM USA employees are consistent with its fiduciary duties to its clients and to ensure compliance with legal requirements and SAM USA's standards of business conduct. The Code of Ethics requires quarterly reporting of all personal securities transactions and requires that certain employees obtain prior approval for personal securities transactions. Written copies of the Code of Ethics are available upon request.

### **Potential Conflicts of Interest**

The following discussion includes certain potential conflicts of interest, although the discussion below does not describe all of the conflicts that may potentially be faced by the Adviser or a Client.

### **Material Financial Interest in Client Securities Transactions**

As set forth above in Item 10, Clients may subscribe to certain privately placed securities where SGRIL is compensated as a placement agent by the issuing company. This creates a potential conflict of interest, in that this compensation may create an incentive for SAM USA to recommend such privately placed securities to the Client, based in part on its own financial interests rather than solely the interests of a client. In order to address such potential conflict of interest, SAM USA's CCO or an employee designated by the CCO must independently approve of such transaction before it is recommended to Clients.

### **Investing in Securities Recommended to Clients**

All SAM USA principal and employee trades will be reviewed by the CCO or an employee designated by the CCO. SAM USA principals and employees may purchase or sell securities for their personal accounts and the accounts of their families on the same day that those securities are being purchased or sold by Client accounts that they manage. Trades for principals and employee personal accounts may be aggregated with trades for other clients. If an order is only partially filled, Client orders are fully filled prior to any allocation to any SAM USA employee accounts.

To prevent conflicts of interest, all employees of SAM USA must comply with the firm'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; such restrictions are maintained on a restricted list, which all employees are required to adhere to so as to further mitigate potential conflicts of interest. Specifically, the Code of Ethics requires pre-clearance from the Adviser's CCO or his designee before employees involved in the SAM USA investment recommendation process or their related persons make any personal securities transactions, except for transactions in registered open-end investment company securities and certain other exempt transactions. Additionally, SAM USA maintains and reviews quarterly reports on all personal securities transactions, except exempt transactions, made by Adviser personnel and individuals living in the same household.

Personnel of the Adviser may, from time to time, come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, SAM USA and its personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser. Similar restrictions may be applicable as a result of SAM USA personnel serving as directors of public companies and may restrict trading on behalf of clients. Due to these restrictions, Client accounts may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold. SAM USA's Code of Ethics imposes certain policies and procedures to prohibit unlawful use of material non-public information and is designed to prevent insider trading by any officer, partner, or associated person of SAM USA.

### **Conflict of Interest Created By Contemporaneous Trading**

SAM USA or a related person may from time to time recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that such person buys or sells such securities for his or her own account. All such purchases or sales are subject to the procedures

described above designed to seek to minimize potential conflicts of interest stemming from situations where the contemporaneous trading may result in an economic benefit to such related person to the detriment of the Client. In addition, the Adviser has adopted the aggregation policies and procedures discussed in Item 12 below.

### **Allocation of Adviser Personnel Time and Attention**

The success of each Client strategy depends substantially on the ability of SAM USA's investment professionals to, among other things, source and complete investments and exit investments at the appropriate time and, in his or her opinion, at attractive valuations. To achieve those ends, SAM USA's investment professionals will devote the appropriate time and resources to each Client. Such investment professionals may also spend time assisting other Clients with their investment activities. Conflicts therefore may arise among SAM USA Clients with respect to the allocation of investment professional time and resources.

### **Possible Future Activities**

The Adviser and its affiliates may expand the range of services they provide over time. Except as provided herein and in a Client's Advisory Agreement, the Adviser and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether such conflicts are described herein.

## **Item 12. Brokerage Practices**

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

As set forth above, SAM USA utilizes SGRIL, IB and RBC as introducing brokers for retail accounts; however, SAM USA selects the executing brokers to which these brokers routes trade orders. SAM USA considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, and offering of online access to computerized data regarding a client's accounts to SAM USA. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not 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 a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. SAM USA's Best Execution Oversight Committee meets periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

### **Research and Other Soft Dollar Benefits**

Investment advisers may from time to time receive research or other products or services (often referred to as "soft dollar benefits") other than execution from a broker-dealer in connection with securities transactions in client accounts. SAM USA does not currently engage in soft dollar practices in Managed Client Accounts, but may utilize soft dollars for the Funds. Further, should

SAM USA engage in soft dollar practices, such practices are limited solely to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”). Research services within Section 28(e) may include, but are not limited to: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

SAM USA’s Best Execution Oversight Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or SAM USA’s overall responsibilities to the accounts or portfolios over which SAM USA exercises investment discretion.

Potential conflicts of interest are inherent in soft dollar use. For example, because soft dollar use means SAM USA will not have to directly pay for such products and services, SAM USA may be incentivized to select a broker-dealer based on its interest in receiving such products and services as opposed to making such a selection based solely on receiving most favorable execution for any particular client.

Soft dollars are generated from commission payments (or markups or markdowns) that may be higher or lower than those charged by other broker-dealers in return for similar soft dollar benefits (known as paying-up); accordingly, soft dollar practices could result in higher transaction costs.

Research and brokerage services obtained using soft dollars generated through trades in a Client’s advisory account may be used by SAM USA in its other investment activities, including and for the benefit of other Client accounts. SAM USA does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

During SAM USA’s last fiscal year, SAM USA and/or its related persons acquired broker-dealer generated research reports and access to enhanced connectivity between SAM USA and a broker-dealer to assist with routing orders to the broker-dealer.

## **Order Aggregation**

For the Retail Platform, SAM USA may aggregate certain Managed Account Client account trades in an effort to treat those Managed Account Client accounts equitably. These Managed Account Client accounts may participate in a bunched order and may receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades. If an order is only partially filled, Managed Account Client accounts will have their orders fully filled based on cash available (*i.e.*, the Managed Account Client account with the highest percentage of cash will be filled on buys first and the Managed Account Client account with the lowest percentage of cash will be filled on sells first). Managed Account Client account orders are fully filled prior to any allocation to SAM USA employee accounts. Trades for the Sprott Focus Trust, Gold Equity Fund and certain institutional Managed Account Clients will not be aggregated with retail Managed Account Client trades in order maintain a separation between the trading for the Fund investors, institutional, and retail Clients.

When trading accounts through one or more broker-dealers, a SAM USA trader may choose to place smaller trades ahead of larger trades when the smaller trades are not expected to materially affect the price or liquidity of the security in question. This practice may result in certain accounts trading after other accounts with disproportionate frequency. It is possible that, over time, this practice could result in certain Managed Account Clients experiencing a benefit at the expense of other Managed Account Clients.

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

Each Managed Account Client account is reviewed regularly to determine if the security holdings in such account should be adjusted. Criteria considered in connection with such review include performance of the account, operational developments, management changes, financial condition, and the price outlook for various commodities that might affect the future cash flow of those companies, among others. The reviews are conducted by the relevant SAM USA portfolio manager or investment adviser representative responsible for such Managed Account Client account.

Managed Account Clients receive brokerage transaction confirmations and statements on at least a quarterly basis from the appropriate custodian. Such reports may be delivered electronically in accordance with the Client's Advisory Agreement with SAM USA.

Managed Account Clients receive reports from SAM USA pursuant to the terms of the applicable Advisory Agreement. Generally, SAM USA may provide the following information to Managed Account Clients: (i) quarterly financial statements, (ii) annual tax information necessary for tax returns and (iii) oral quarterly reports providing a narrative summary of the status of each investment. In addition to the information provided to all investors, SAM USA may provide certain investors with additional information or more frequent reports that other investors will not receive.

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

The Adviser may receive certain research or other products or services from broker-dealers through soft dollar arrangements. These soft dollar benefits create an incentive for SAM USA 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 SAM USA on behalf of its clients. Please see Item 12 for further information on the Adviser's soft dollar practices.

### **Item 15. Custody**

SAM USA uses qualified, unaffiliated, third-party custodians to hold Client funds and, to the extent required pursuant to the Advisers Act and SEC guidance, securities.

Managed Account Clients will receive account statements from their custodian on at least a quarterly basis. Managed Account Clients should carefully review those statements. SAM USA has a limited power of attorney to place trades on behalf of Clients. If authorized by the Client, SAM USA may also have the authority to directly debit client accounts for quarterly fees.

The DDA Fund and Sprott Hathaway Fund receive account statements on at least a quarterly basis. Limited partners of the DDA Fund and Sprott Hathaway Fund receive reports from their respective Fund pursuant to the terms of each Fund's Advisory Agreement. Although SAM USA is deemed to have custody of the underlying assets of certain of the DDA Fund and Sprott Hathaway Fund, SAM USA relies on the "pooled investment vehicles" exemption from the reporting and surprise audit obligations imposed by the SEC's custody rule. Accordingly, the DDA Fund and Sprott Hathaway Fund are generally subject to a year-end audit by an accounting firm that is a member of, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financials are made available on the secured website of the Adviser or outsource provider and/or sent to the Funds annually, and unaudited financials quarterly, as well as each limited partner of such Funds.

Investors in the DDA Fund and Sprott Hathaway Fund will also receive GAAP audited financial statements annually and unaudited financial statements quarterly.

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

SAM USA generally provides investment advisory services on a discretionary basis to Clients. Prior to assuming full discretion in managing a client's assets, SAM USA enters into an Advisory Agreement that sets forth the scope of its discretion. There may be situations where a specific investor requests a non-discretionary account, in which case the portfolio manager would have to receive permission from the investor prior to entering any trades for the Managed Account Client.

For most Clients, SAM USA has the authority to determine (i) the securities to be purchased and sold for the relevant Managed Account Client (subject to restrictions on its activities set forth in the applicable Advisory Agreement) and (ii) the amount of securities to be purchased or sold for the Managed Account Client. Because of the differences in investment objectives and strategies and other criteria among the accounts advised by SAM USA, there may be differences among the accounts in invested positions and securities held. SAM USA submits an allocation statement to SGRIL for trades to be entered in the accounts. SAM USA may consider the following factors, among others, in allocating securities among accounts: (i) investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a portfolio; (iv) size of the 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.

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

With the exception of client accounts on the IB platform, SAM USA exercises voting authority over securities held by Client accounts.<sup>1</sup> SAM USA has adopted proxy voting policies and procedures (the “Proxy Policy”) to address how it votes proxies for client accounts. The Proxy Policy seeks to ensure that the Adviser votes proxies in the best interest of clients, including where there may be material conflicts of interest. Pursuant to the Proxy Policy, SAM USA generally makes proxy decisions using the following guidelines:

- SAM USA will generally vote in favor of routine corporate housekeeping proposals including, but not limited to the following:
  - election of directors (where there are no related corporate governance issues);
  - selection or reappointment of auditors; or
  - an increase in or reclassification of common stock.
- SAM USA generally will vote in favor of proposals by management or shareholders concerning compensation and stock option plans that will make management and employee compensation more dependent on long-term stock price performance.
- SAM USA will generally vote against proposals that make it more difficult to replace members of the issuer’s board of directors or board of managers, introduce unequal voting and make it more difficult for an issuer to be taken over by outsiders (and in favor or proposals to do the opposite).

SAM USA will generally vote against any proposal relating to stock option plans that: (i) exceed 10% of the common shares issued and outstanding at the time of grant over a three-year period (on a non-diluted basis); (ii) provide that the maximum number of common shares issuable pursuant to such plan be a “rolling” maximum equal to 10% of the outstanding common shares at the date of the grant of applicable options; or (iii) re-prices the stock option. SAM USA will also vote against any proposal giving directors discretion to exceed 25% or more dilution annually without shareholder approval.

In certain cases, proxy votes may not be cast when SAM USA determines that it is not in the best interests of the Client to vote such proxies. In the event a proxy raises a potential material conflict of interest between the interests of a Client and SAM USA, the conflict will be resolved by SAM USA in favor of that Client.

SAM USA retains the discretion to depart from the guidelines in the Proxy Policy on any particular proxy vote depending upon the facts and circumstances.

SAM USA’s Proxy Policy is available on request, free of charge, by contacting SAM USA at 1-866-531-8746 and is available on the Adviser’s website at [www.sprottusa.com](http://www.sprottusa.com). SAM USA will maintain and prepare an annual proxy voting record for each Client. The proxy voting record for

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<sup>1</sup> NTD: What about RBC accounts?



each annual period ending December 31 for each Client will be available free of charge to investors in such Client upon request at any time after January 31 of the following year, or at any time by contacting SAM USA at the above telephone numbers.

SAM USA will not vote and will not accept authority to vote proxies for client accounts on the IB platform. SAM USA may, in its discretion, provide advice to clients regarding the voting of proxies for securities held in client accounts on the IB platform.

**Item 18. Financial Information**

SAM USA does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.



Updated March 31, 2021

**FORM ADV PART 2B – FIRM BROCHURE SUPPLEMENT**

**Home Office:**

1910 Palomar Point Way  
Suite 200  
Carlsbad, CA 92008

**Connecticut Office:**

320 Post Road  
Suite 230  
Darien, CT 06820

**New York Office:**

500 Fifth Avenue  
Suite 3020  
New York, NY 10110

**This brochure supplement provides information about the below-stated personnel; it supplements the Sprott Asset Management USA Inc. (SAM USA) brochure. You should have received a copy of that brochure. Please contact SAM USA's Chief Compliance Officer, Thomas W. Ulrich, at (203) 656-2401 if you did not receive SAM USA's brochure or if you have any questions about the contents of this supplement. The below personnel work out of the Home Office unless otherwise stated:**

Neil Adshead  
Eric Angeli  
John Barker  
Anthony J. Bevilaqua (Connecticut)  
Samuel Broom  
W. Whitney George (Connecticut)  
Mary Goddard  
Douglas Groh (New York)  
John Hathaway (New York)  
Matthew Haynes (New York)  
Jeffrey Howard

Shree Kargutkar (Toronto)  
Albert Lu  
Colin Morrison  
Aditya Pattanaik  
Maria Smirnova (Toronto)  
Jason J. Stevens  
Timothy J. Taschler  
Steve Todoruk  
Justin Tolman  
Kenton Ralph Toews  
C. Mishka Vom Dorp

**Additional information about the above listed personnel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Supervised Person: Neil Adshead, Ph.D.**

### **Item 2. Educational Background and Business Experience**

Neil Adshead was born in 1967; he earned a First Class Honors degree in Earth Sciences from Birmingham University and a Ph.D. degree in Economic Geology from James Cook University in North Queensland, Australia; his business background for the preceding five years is as follows:

02/2019 to present:	Sprott Asset Management USA Inc.	Portfolio Manager
04/2017 to 02/2019:	Self Employed	Self Employed
01/2012 to 04/2017:	Sprott Inc.	Investment Strategist

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

None.

### **Item 6. Supervision**

Dr. Adshead is supervised by Mr. W. Whitney George, President of Sprott Inc. and CEO of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Eric Angeli**

### **Item 2. Educational Background and Business Experience**

Eric Angeli was born in 1984; he earned concurrent degrees in each finance and international business at New York University; his business background for the preceding five years is as follows:

03/2016 to present:	Sprott Asset Management USA Inc.	Investment Advisor Representative
08/2006 to present:	Sprott Global Resource Investments Ltd.	Investment Executive

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Angeli is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Angeli acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Angeli is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: John Barker**

### **Item 2. Educational Background and Business Experience**

John Barker was born in 1979; he received a Master of Arts degree in finance from George Mason University; his business background for the preceding five years is as follows:

05/2016 to present:	Sprott Asset Management USA Inc.	Investment Advisor Representative
04/2016 to present:	Sprott Global Resource Investments Ltd.	Investment Executive
04/2013 to 04/2016:	Euro Pacific Capital, Inc.	Operations Associate

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Barker is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. He also acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Barker is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Anthony J. Bevilaqua**

### **Item 2. Educational Background and Business Experience**

Anthony Bevilaqua was born in 1981; he received a Bachelor of Business Administration in Economics from Temple University; his business background for the preceding five years is as follows:

03/2016 to present:	Sprott Asset Management USA Inc.	Investment Advisor Representative
02/2013 to present:	Sprott Global Resource Investments Ltd.	Investment Executive

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Bevilaqua is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Bevilaqua acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Bevilaqua is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Samuel Broom**

### **Item 2. Educational Background and Business Experience**

Samuel Broom was born in 1987; he received a Bachelor of Science in Geology from the University of Canterbury in New Zealand where he graduated with honors; his business background for the preceding five years is as follows:

03/2017 to present:	Sprott Asset Management USA Inc.	Investment Advisor Representative
02/2016 to present:	Sprott Global Resource Investments Ltd.	Investment Executive

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Broom is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Broom acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Broom is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: W. Whitney George**

### **Item 2. Educational Background and Business Experience**

W. Whitney George was born in 1958; he received a Bachelor of Arts from Trinity College; his business background for the preceding five years is as follows:

01/2019 to present:	Sprott Inc.	President
01/2016 to present:	Sprott U.S. Holdings, Inc.	Chairman of the Board
01/2016 to present:	Sprott Asset Management LP	Chief Investment Officer
02/2015 to present:	Sprott Asset Management USA Inc.	Senior Portfolio Manager
09/1991 to 02/2015:	Royce & Associates	Managing Director, Portfolio Manager

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. George is the Chairman of the Board of Sprott U.S. Holdings, Inc., Chief Investment Officer of Sprott Asset Management LP, and the President of Sprott Inc., the parent company of Sprott Asset Management USA Inc.

### **Item 6. Supervision**

Mr. George has authority over portfolio positions and personnel. The investment advice Mr. George provides to clients is not subject to supervision. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.



## **Supervised Person: Mary W. Goddard**

### **Item 2. Educational Background and Business Experience**

Mary Goddard was born in 1964; she received a Bachelor of Science in Finance and a minor in Economics from San Diego State University; her business background for the preceding five years is as follows:

06/2006 to present:	Sprott Global Resource Investments Ltd	Investment Executive
01/2006 to present:	Sprott Asset Management USA Inc.	Investment Adviser Representative

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Ms. Goddard is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA.

### **Item 6. Supervision**

Ms. Goddard is supervised by Mr. Robert Villafior, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Douglas Groh**

### **Item 2. Educational Background and Business Experience**

Doug Groh was born in 1955; he earned a B.S. in Geology/Geophysics from the University of Wisconsin – Madison and an M.A. from the University of Texas at Austin, where he focused on mineral economics; his business background for the preceding five years is as follows:

01/2020 to present:	Sprott Asset Management USA Inc.	Senior Portfolio Manager
04/2003 to 01/2020:	Tocqueville Asset Management LP	Portfolio Manager

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

None.

### **Item 6. Supervision**

Mr. Groh is supervised by Mr. W. Whitney George, President of Sprott Inc. and CEO of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: John Hathaway**

### **Item 2. Educational Background and Business Experience**

John Hathaway was born in 1941; he earned a B.A. from Harvard College and an MBA from the University of Virginia; his business background for the preceding five years is as follows:

01/2020 to present:	Sprott Asset Management USA Inc.	Senior Portfolio Manager
04/1997 to 01/2020:	Tocqueville Asset Management LP	Portfolio Manager

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

None.

### **Item 6. Supervision**

Mr. Hathaway is supervised by Mr. W. Whitney George, President of Sprott Inc. and CEO of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Matthew Haynes, CFA**

### **Item 2. Educational Background and Business Experience**

Matthew Haynes was born in 1965; he earned a B.A. in Business Administration – Finance from William Patterson University and is a CFA Charterholder.; his business background for the preceding five years is as follows:

01/2020 to present:	Sprott Asset Management USA Inc.	Portfolio Manager
04/2014 to 01/2020:	1949 Value Advisors LLC	Chief Investment Officer; Portfolio Manager

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Haynes is the Managing Member of 1949 Value Advisors LLC, a single member LLC research consultancy. He also is employed by the Meredith and Whitney George Family Foundation as its Chief Investment Officer.

### **Item 6. Supervision**

Mr. Haynes is supervised by Mr. W. Whitney George, President of Sprott Inc. and CEO of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## Supervised Person: Jeffrey Howard

### Item 2. Educational Background and Business Experience

Jeffrey Howard was born in 1953; he received a Bachelor of Science in Accounting from the University of Arizona; his business background for the preceding five years is as follows:

02/2011 to present:	Sprott U.S. Holdings Inc.	Director
01/2006 to present:	Sprott Asset Management USA Inc.	Portfolio Manager
01/2006 to 03/2016:		CEO
12/1994 to present:	Sprott Global Resource Investments, Ltd.	Investment Executive, Principal

### Item 3. Disciplinary Information

None.

### Items 4 & 5. Other Business Activities and Additional Compensation

Mr. Howard is a principal and Investment Executive of Sprott Global Resource Investments, Ltd. (“SGRIL”), a broker/dealer under common control with SAM USA.

### Item 6. Supervision

Mr. Howard is supervised by Mr. Robert Villafior, President of the Adviser. The activities of all supervised persons are subject to the Adviser’s compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Shree Kargutkar**

### **Item 2. Educational Background and Business Experience**

Shree Kargutkar was born in 1981; he earned a B.A. Hons in Psychology from York University and a MBA from University of Toronto; his business background for the preceding five years is as follows:

04/2010 to present:	Sprott Asset Management LP.	Portfolio Manager
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### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

None

### **Item 6. Supervision**

Mr. Kargutkar is supervised by Mr. W. Whitney George, Chief Investment Officer of Sprott Asset Management LP, a SEC registered investment advisor under common control with SAM USA, and CEO of the Adviser. The activities of all supervised persons are subject to the Sprott Asset Management LP's compliance policies and procedures, which are administered by Lara Misner, Chief Compliance Officer of Sprott Asset Management LP. Ms. Misner can be reached by telephone at (416) 943-6388.

## **Supervised Person: Albert Lu**

### **Item 2. Educational Background and Business Experience**

Albert Lu was born in 1969; he received a Bachelor of Engineering and a Master of Engineering from McGill University; his business background for the preceding five years is as follows:

02/2017 to present:	Sprott Global Resource Investments Ltd	Marketing Director
01/2017 to present:	Sprott Asset Management USA Inc.	Investment Adviser Representative
01/2017 to present:	Sprott U.S. Media, Inc.	President, CEO
12/2010 to 12/2016:	WB Advisors, LLC	President, CCO
08/2005 to 12/2016:	KC Hirai, LLC	Principal Member

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Lu is the Marketing Director for Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Additionally, Mr. Lu is the President and CEO of Sprott U.S. Media, Inc., a media company under common control with SAM USA.

### **Item 6. Supervision**

Mr. Lu has authority over all the assets under his management. The investment advice Mr. Lu provides is subject to supervision by Mr. Rob Villaflor. The activities of all supervised persons are subject to the Advisor's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Advisor. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Colin Morrison**

### **Item 2. Educational Background and Business Experience**

Colin Morrison was born in 1996; he received a Bachelor of Science in Finance and Accounting from Elmira College; his business background for the preceding five years is as follows:

08/2019 to present:	Sprott Global Resource Investments Ltd	Investment Executive
06/2019 to 07/2019:	Stone Beacon Capital	Investment Associate
08/2015 to 06/2019	Elmira College	Student
06/2018 to 08/2018	Stone Beacon Capital	Intern

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Morrison is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA.

### **Item 6. Supervision**

Mr. Morrison is supervised by Mr. Robert Villaflor, President of the Adviser, and Mr. Eric Angeli, Investment Executive of the Advisor. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.



## **Supervised Person: Aditya Pattanaik**

### **Item 2. Educational Background and Business Experience**

Aditya Pattanaik was born in 1982; he received a Masters of Science in Petroleum Geosciences from Royal Holloway, University of London and a Bachelor of Science in Geophysics from Memorial University of Newfoundland; his business background for the preceding five years is as follows:

11/2018 to present:	Sprott Global Resource Investments Ltd	Investment Executive
04/2017 to 08/2018:	Brunei Shell.	Exploration Geoscientist
01/2013 to 12/2016	Shell UK	Exploration Geoscientist

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Pattanaik is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA.

### **Item 6. Supervision**

Mr. Pattanaik is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Maria Smirnova**

### **Item 2. Educational Background and Business Experience**

Maria Smirnova was born in 1977; she earned a B.Comm from University of Toronto and a MBA from University of Toronto; her business background for the preceding five years is as follows:

05/2005 to present:	Sprott Asset Management LP.	Senior Portfolio Manager
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### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

None

### **Item 6. Supervision**

Ms. Smirnova is supervised by Mr. W. Whitney George, Chief Investment Officer of Sprott Asset Management LP, a SEC registered investment advisor under common control with SAM USA, and CEO of the Adviser. The activities of all supervised persons are subject to the Sprott Asset Management LP's compliance policies and procedures, which are administered by Lara Misner, Chief Compliance Officer of Sprott Asset Management LP. Ms. Misner can be reached by telephone at (416) 943-6388.

## **Supervised Person: Jason J. Stevens**

### **Item 2. Educational Background and Business Experience**

Jason J. Stevens was born in 1981; he received an Associate of Arts in Economics from Mira Costa College; his business background for the preceding five years is as follows:

03/2015 to present:	Sprott Asset Management USA Inc.	Investment Adviser Representative
04/2002 to present:	Sprott Global Resource Investments Ltd.	Investment Executive

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Stevens is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Stevens acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Stevens is supervised by Mr. Robert Villaflor, President of the Adviser, in respect of investment advice given to clients. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Timothy J. Taschler**

### **Item 2. Educational Background and Business Experience**

Timothy Taschler was born in 1957; he received a Bachelor of Arts in English from the University of Dayton; his business background for the preceding five years is as follows:

07/2016 to present:	Sprott Asset Management USA Inc.	Portfolio Manager & Investment Advisor Representative
07/2016 to present:	Sprott Global Resource Investments Ltd	Investment Executive
01/2012 to 07/2016:	Stifel, Nicolaus & Co., Inc.	Senior Vice President

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Taschler is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA.

### **Item 6. Supervision**

Mr. Taschler is supervised by Mr. Robert Villaflor, President of the Adviser, in respect of investment advice given to clients. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Steve Todoruk**

### **Item 2. Educational Background and Business Experience**

Steve Todoruk was born in 1959; he received a Bachelor of Science degree in Geology from the University of British Columbia; his business background for the preceding five years is as follows:

02/2003 to present:	Sprott Global Resource Investments Ltd.	Investment Executive
07/2019 to present:	Sprott Asset Management USA Inc.	Investment Adviser Representative

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Todoruk is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Todoruk acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Todoruk is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Justin Tolman**

### **Item 2. Educational Background and Business Experience**

Justin Tolman was born in 1977; he received honors degree in Science (Economic Geology) from James Cook University and an MBA (Project Management) from La Trobe; his business background for the preceding five years is as follows:

03/2018 to present:	Sprott Global Resource Investments Ltd.	Senior Buy Side Analyst / Economic Geologist
01/2016 to 12/2017:	New Gold	Manager, Generative Exploration

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Tolman is a buy side analyst of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA.

### **Item 6. Supervision**

Mr. Tolman is supervised by Mr. Robert Villaflor, President of Sprott Asset Management USA, Inc. and CEO of Sprott Global Resource Investments Ltd., in respect of investment advice given to clients. The activities of all supervised persons are subject to the Adviser's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Kenton Ralph Toews**

### **Item 2. Educational Background and Business Experience**

Kenton Ralph Toews was born in 1979; he received a Bachelor of Science in Mechanical Engineering from the University of Calgary; his business background for the preceding five years is as follows:

11/2011 to present:	Sprott Global Resource Investments Ltd.	Investment Executive
07/2012 to present:	Sprott Asset Management USA Inc.	Investment Adviser Representative

### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Toews is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Toews acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Toews is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Advisor's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Adviser. Mr. Ulrich can be reached by telephone at (203) 656-2401.

## **Supervised Person: Christian Mishka Vom Dorp**

### **Item 2. Educational Background and Business Experience**

C. Mishka Vom Dorp was born in 1984; he received a Master of Business Administration and a Bachelor of Science in International Business from Umea School of Business and Economics; his business background for the preceding five years is as follows:

03/2009 to present	Sprott Global Resource Investments Ltd	Investment Executive
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### **Item 3. Disciplinary Information**

None.

### **Items 4 & 5. Other Business Activities and Additional Compensation**

Mr. Vom Dorp is an Investment Executive of Sprott Global Resource Investments, Ltd., a broker/dealer under common control with SAM USA. Mr. Vom Dorp acts as an Independent Sales Agent of Miles Franklin Ltd., a full service precious metals dealer.

### **Item 6. Supervision**

Mr. Vom Dorp is supervised by Mr. Robert Villaflor, President of the Adviser. The activities of all supervised persons are subject to the Advisor's compliance policies and procedures, which are administered by Thomas W. Ulrich, General Counsel & Chief Compliance Officer of the Advisor. Mr. Ulrich can be reached by telephone at (203) 656-2401.



## PRIVACY PLEDGE AND NOTIFICATION

Sprott Asset Management USA Inc. respects your right to privacy. We have always been committed to secure the confidentiality and integrity of your personal information. We are proud of our privacy practices and want our current and prospective customers to understand what information we collect and how we use it.

### Why We Collect Your Information

We gather information about you and your accounts so that we can (i) know who you are and thereby prevent unauthorized access to your information, (ii) design and improve the products and services we offer and (iii) comply with the laws and regulations that govern us.

### What Information We Collect

We may collect the following types of ‘nonpublic personal information’ about you:

- Information about your identity, such as your name, address and social security number;
- Information about your transactions with us;
- Information we receive from you on applications, such as your beneficiaries or income.

### What Sources We Obtain Your Information From

We collect nonpublic personal information about Sprott USA clients such as you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others, and
- If you visit our web site, information we collect via a web server, often referred to as a “cookie.” Cookies indicate where a site visitor has been online and what has been viewed.

### What Information We Disclose

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. Moreover, we will not release information about our customers or former customers unless one of the following conditions is met:

- We receive your prior written consent.
- We believe the recipient to be you or your authorized representative.
- We are required by law to release information to the recipient.

We only use information about you and your account to help us better serve your investment needs or to suggest services or educational materials that may be of interest to you.

### Confidentiality And Security

We maintain physical, electronic and procedural safeguards to guard your personal account information. To further protect your privacy, we restrict access to your personal and financial data to authorized Sprott USA associates who have a need for these records. We require all nonaffiliated organizations to conform to our privacy standards and are contractually obligated to keep the information provided confidential and used as requested. Furthermore, we will continue to adhere to the privacy policies and practices described in this notice even after your account is closed or becomes inactive.

Should you wish to receive an updated copy of our Form ADV, please contact us.

July 2020



Sprott Asset Management USA, Inc.  
Client Relationship Summary  
June 1, 2020

## 1. Introduction

Our name is Sprott Asset Management USA, Inc. We are registered with the Securities and Exchange Commission as an investment adviser. The services offered and fees charged by an investment adviser differ from those of broker-dealers and it is important that you understand the differences. Free and simple tools are available to research investment adviser firms, broker-dealers, and their financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## 2. Relationships and Services

**What investment services and advice can you provide me?** We offer investment advisory services to retail and institutional investors. The principal investment advisory services that we offer to retail investors are through separately managed accounts ("accounts"), private funds ("funds"), registered investment companies, mutual funds, and pooled investment vehicles. A separately managed account may be based on a model account, or individualized for you personally. There are no material limitations on our services. We monitor your investments on, at least, a quarterly basis but typically on a much more frequent basis. Monitoring of your investments is offered as part of our standard services. Our investment management agreement with you gives us the authority to buy and sell investments on your behalf. You may elect for us not to have discretion in some accounts. In these situations, while we may recommend investments to you, we do not have the authority to buy or sell investments on your behalf. You make the ultimate decision to buy or sell investments. Our advice is limited to certain types of products or investments in the resource sector. We require a minimum account size of \$50,000 to open and maintain an account with us. Certain types of identification and anti-money laundering checks are also required to complete the account opening process. **Please see the more detailed disclosure on the investment services and advice that we can provide to you in Items 4 and 7 of our Form ADV Part 2A or, which is available here <https://www.sprottusa.com/media/2934/sam-usa-form-adv-part-2a-2b.pdf>.**

**Conversation Starters.** *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

## 3. Fees, Costs, Conflicts, and Standard of Conduct

**What fees will I pay?** You will pay us an asset-based fee ranging from 0.5% to 2% of the net assets in your account each year. Some accounts will charge you a performance-based fee ranging from 10% to 25% of the capital gains of your account each year. Most of our performance fee accounts have either a high water mark or a set amount of performance that needs to be achieved before we can charge a performance fee. Because we charge an asset-based fee, the more assets there are in your account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account. You may also pay other fees and costs, including custodian fees, brokerage fees, interest fees, taxes, duties and other governmental charges, transfer and registration fees, foreign exchange transaction costs, fees and costs charged by other investment advisers or funds, account maintenance fees, mutual fund fees, foreign custodial fees, and other transactional fees and product-level fees as applicable to your account. If the security you purchase is a private placement, alternative investment fees may be charged. If your account is an Individual Retirement Account there is an annual fee associated with that account type. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. **Please make sure you understand what fees and costs you are paying. Please see the more detailed disclosure on our fees and costs in Items 5.A., B., C., and D of our Form ADV Part 2A, which is available here <https://www.sprottusa.com/media/2934/sam-usa-form-adv-part-2a-2b.pdf>.**

**Conversation Starters.** Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?** When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. The following arrangements and activities give us an incentive to make investments for you based on our own interests rather than on your needs.

- **Proprietary Products.** We invest your assets in investments, including pooled investment vehicles, that are issued, sponsored, or managed by us or our affiliates. We receive additional compensation from those investments.
- **Third-Party Payments.** We receive payments from third parties when we recommend or select other investment advisers / sell certain securities or investment products, including service fees from the sale of mutual funds.
- **Revenue Sharing.** We make investments where the manager or sponsor of those investments or another third party shares revenue it earns on those investments with us.
- **Performance-Based Compensation.** We receive compensation based on the performance of your account, which gives us an incentive to make riskier investments.
- **Broker Selection.** When we choose broker-dealers to execute your transactions, we consider the research, products and services that we receive from broker-dealers and whether we receive client referrals from broker-dealers. This affects our duty to obtain best execution on your transactions.
- **Personal Trading.** We invest personally in the same (or related) securities that we recommend to you. We also buy or sell securities for you at or about the same time that we buy or sell the same securities for our own accounts. This gives us an incentive to favor our own accounts over your account.

**Conversation Starters.** How might your conflicts of interest affect me, and how will you address them?

**Please see the more detailed disclosure on our conflicts of interest in Items 5, 6, 10, 11, 12, 14, and 17 of our Form ADV Part 2A, which is available here** <https://www.sprottusa.com/media/2934/sam-usa-form-adv-part-2a-2b.pdf>.

**How do your financial professionals make money?** Our financial professionals are compensated based on factors such as: the amount of client assets they service; the product sold (i.e., differential compensation); product sales commissions; or revenue that we earn from their advisory services or recommendations. Our financial professionals are compensated based on the following factors: assets under management, amount of proprietary products directed towards client accounts, finders fees resulting from putting private placements in an advisory account. These compensation factors give our financial professionals an incentive to make riskier investments.

#### **4. Disciplinary History**

**Do you or your financial professionals have legal or disciplinary history?** Yes, a few of our employees have disciplinary histories. This information is available for you to review. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starters.** As a financial professional, do you have any disciplinary history? For what type of conduct?

#### **5. Additional Information**

You can find additional information about our investment advisory services on the [SEC's website](http://www.sec.gov) and on our website <https://www.sprottusa.com/managed-accounts/>. You can request up to date information and a copy of our relationship summary by contacting us at (800) 477-7853.

**Conversation Starters.** Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?