

INVESTMENT TEAM

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STRATEGY OBJECTIVE

The primary objective is to provide long-term capital growth. In order to achieve its investment objective, the investment team aims to invest primarily in equities that are directly or indirectly involved in the exploration, mining, production or distribution of precious metals and minerals. Additionally, some assets may be allocated into bullion, cash, ETFs, debt securities and derivatives.

PORTFOLIO COMPOSITION

As of September 30, 2018

Equities	85.6%
Cash and Cash Equivalents	11.4%
Silver Bullion	3.1%
Total	100.0%

EQUITIES GEOGRAPHIC ALLOCATION

As of September 30, 2018

Australia	38.8%
Canada	31.4%
United States	10.2%
United Kingdom	3.9%
South America	1.7%
South Africa	1.5%
Russia	1.0%
Total	88.6%

In our Q2 commentary, we made two important market observations: 1) The U.S. equity trade had become overcrowded; and 2) Futures positioning in gold was at a trough. As the third quarter unfolded, investor exuberance for U.S. equities grew stronger as did investor disdain towards gold and silver. However, in early October as we began preparing this commentary, U.S. equity markets had begun to sell off and gold was catching a bid.

Performance Summary

In Q3 2018, the Sprott Global Gold Strategy ("Strategy") had its single worst quarter since its inception in May 2017, although it outperformed its gold equities benchmark by two basis points. The Strategy's reference account lost 16.97% while GDX lost 16.99%. Gold bullion declined for the sixth straight month in September. For YTD 2018, the Strategy has declined 22.69% compared to declines of 20.31% for GDX and 8.81% for GLD.

The Strategy continues to outperform its bogey, the GDX as well as GDJ since its inception. Since May 1, 2017, the Strategy has returned -9.56% after fees. Over the same period, GDX has declined 11.58% including dividends reinvested and GLD has declined by 4.72%.

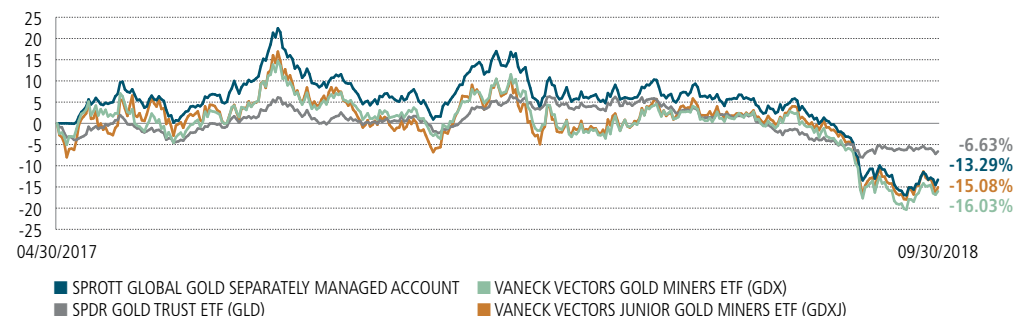
Total Returns (cumulative, net of fees)

As of September 30, 2018

	YTD 2018	Q3 2018	Q2 2018	Q1 2018	Since Inception (May 1, 2017)
Sprott Global Gold Strategy	-22.69%	-16.97%	-1.34%	-5.62%	-9.56%
GDX ²	-20.31%	-16.99%	1.50%	-5.42%	-11.58%
GDXJ ³	-19.84%	-16.33%	1.71%	-5.80%	-10.88%
GLD ¹	-8.81%	-4.96%	-5.68%	1.73%	-4.72%

Cumulative Daily Performance

(5/1/2017 – 9/30/2018)



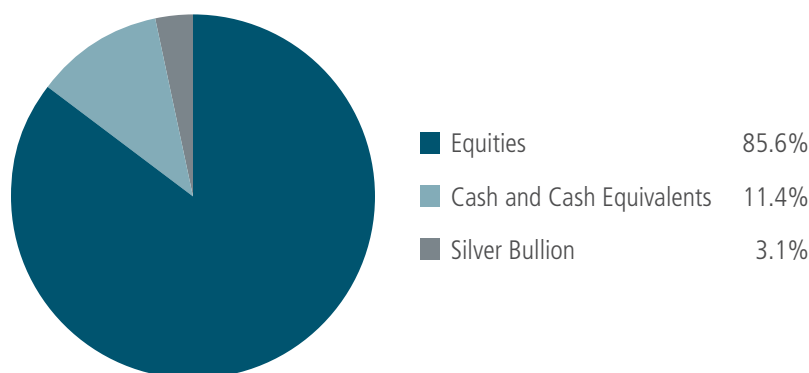
Sprott Global Gold Separately Managed Account

Q3 2018 Quarterly Commentary

Portfolio Composition

At the end of Q3, the Strategy's reference account held 85.6% in equities, 3.1% in silver bullion and 11.4% in cash and cash equivalents. The Strategy continues to overweight Australian equities. At the end of Q3 38.8% of our portfolio was invested in Australian stocks, up from 35.2% at the end of Q2 2018. Canadian equities increased slightly during the quarter, accounting for 31.4% of the Strategy at the end of Q3 versus 30.3% at the end of Q2.

As of 9/30/2018



Q3 2018 Performance Contributors

Company Name	Contribution %	Average Weight %
Northern Star Resources	0.46%	4.02%
OceanaGold	0.27%	2.77%
Bellevue Gold	0.25%	1.00%
Osisko Mining	0.23%	0.76%
Galena Mining	0.06%	1.29%

Q3 2018 continued to deliver impressive outperformance from Australian equities compared to their North American peers.

Northern Star Resources was a top contributor, adding 0.46% to the portfolio. Despite overwhelming negativity towards the precious metals space, Northern Star managed to gain 15.33% (including dividends reinvested) in the third quarter. The primary driver to Northern Star's outperformance was its well-received acquisition of the high-grade Pogo Gold Mine from Sumitomo Metal Mining. The acquisition of Pogo, which is located in Alaska, was Northern Star's first foray out of Australia. The transaction adds a 250,000-260,000 oz producing asset to Northern Star's portfolio and puts the company on course to become a million ounce producer in the coming quarters. Northern Star continues to remain a top holding in our portfolio as we see attractive value in this dividend paying, low cost operator.

OceanaGold is a multinational, mid-tier global producer with Australian roots, and headquartered in the U.S. In Q3 2018, OceanaGold gained 7.56% (including dividends reinvested). OceanaGold hosted a site visit at its Haile Gold Mine in South Carolina, U.S., which was well-received by investors and demonstrated operational improvements. OceanaGold also demonstrated continued exploration success at its New Zealand operations, further boosting its shares. The company is currently demonstrating positive inflection at its operations and adding cash on its balance sheet. OceanaGold has now moved into a top holding for the portfolio and we expect continued success from its operations.

Sprott Global Gold Separately Managed Account

Q3 2018 Quarterly Commentary

Bellevue Gold (formerly Draig Resources) has been one of the most exciting exploration stories out of Australia in recent years. This West Australian gold exploration company had set out to find the extension of the Bellevue Gold Mine which had historically produced 800,000 ounces at 15 gold-per-ton (gpt). Not only has Bellevue been successful at finding a high-grade mine extension, it has also delineated several new high-quality veins. Bellevue's location makes it highly attractive to well-heeled suitors including Northern Star to its north and Saracen Minerals to its south. Bellevue appreciated 35.3% in Q3 and we see the potential for significant gains to follow.

Q3 2018 Performance Detractors

Company Name	Contribution %	Average Weight %
Tahoe Resources	-1.41%	2.86%
Goldcorp Inc.	-1.20%	4.71%
Echo Resources	-0.98%	1.89%
Gascoyne Resources	-0.98%	1.72%
IAMGOLD Corp.	-0.93%	1.95%

Tahoe Resources was the Strategy's top detractor in Q3. Tahoe shares dropped more than 20% in early September after the Guatemalan Constitutional Court confirmed the continued suspension of Tahoe's Escobal silver mine. Tahoe's operations in Canada and Peru have also struggled to attain good levels of profitability, which also negatively affected the company's share price. Although there is tremendous pessimism towards Tahoe, in particular its management team, we believe that there is a tremendous unlocked value in the stock.

Goldcorp Inc. was the second largest detractor for the Strategy in Q3, dropping 25.5%. As one of the largest gold miners in the world, Goldcorp's share price is very exposed to market movements. In a quarter where GDX dropped almost 17%, Goldcorp was impacted partially by negative investor flows and partially by its challenging failure to show promised improvements at its operations. While Éléonore, Goldcorp's newest Canadian gold mine, has continued to show marked improvements, Peñasquito, located in Mexico, has struggled. Given Goldcorp's operational struggles, we have continued to trim our position over the past few months and completely exited the position in early October.

Echo Resources was the third largest detractor for the Strategy in Q3 as it dropped 48% in the three-month period. Echo published the Yandal Gold Project Bankable Feasibility Study in August which was not well received by investors. Although the Study demonstrated that Echo has very low start-up costs at its fully permitted and built operations with triple digit IRR (Implied Rate of Return), the Study failed to demonstrate a long mine life, which investors chose to focus on. Following the drop in Echo's share price, we believe the company now represents one of the best value propositions in the space. Echo boasts almost two million ounces in gold resources, a fully permitted and built plant, and strong exploration potential. We will be watching the company closely in Q4, looking to add to our position.

Sprott Global Gold Separately Managed Account

Q3 2018 Quarterly Commentary

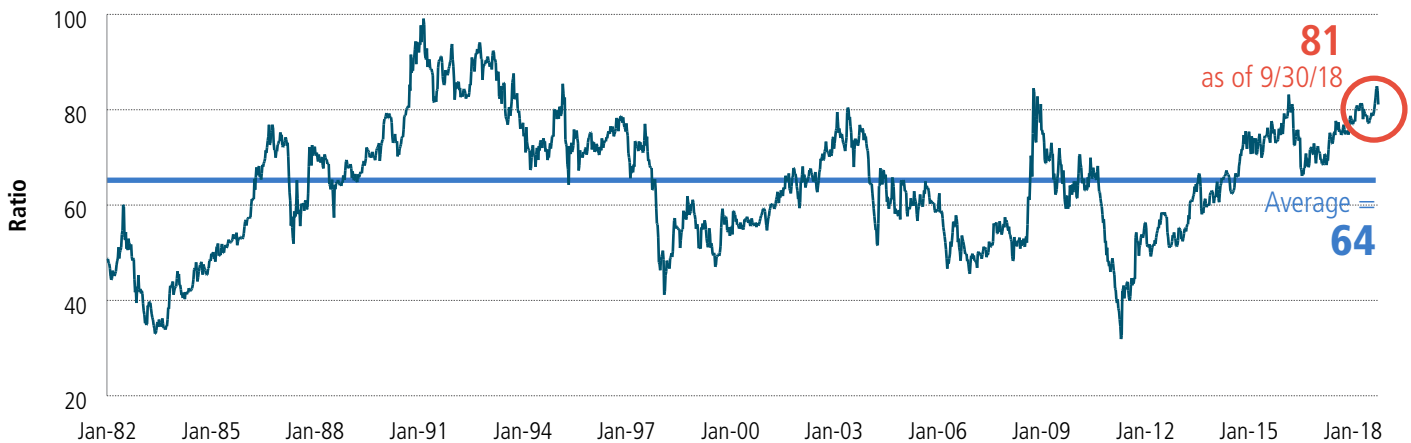
Portfolio Commentary

We headed into Q3 with expectations of a strong showing for precious metals but were disappointed. However, we took advantage of the large market dislocations of the third quarter to tweak our portfolio. We saw better valuations in mid-cap producers in Q3 as some large precious metals funds experienced redemptions and high-quality names came up for sale. Our preferred approach over the past year has been to use drawdowns to overweight high-margin producers that can internally fund growth while paying a dividend to shareholders.

During the quarter, we moved out of positions in large-cap Goldcorp, Barrick and Newmont Mining and increased our holdings in Saracen Mineral, Northern Star, OceanaGold and Centamin during the quarter. All four of these companies are expected to generate healthy levels of free cash flows over the coming quarters. We also expect Saracen to declare a maiden dividend to shareholders in the coming months. OceanaGold, Northern Star and Centamin already pay healthy dividends.

During the quarter, our exposure to Australian equities continued to edge higher as we used pullbacks to add to our preferred names. We continued to maintain an allocation to silver bullion and silver equities based on our belief that silver offers good value relative to gold. At the time of this writing, the gold/silver ratio was near its all-time high of 85:1. Historically, this ratio has averaged 64:1 since the early 1980s.

Figure 1: The Gold/Silver Ratio (1982-2018)



Source: Thomson Reuters Eikon.

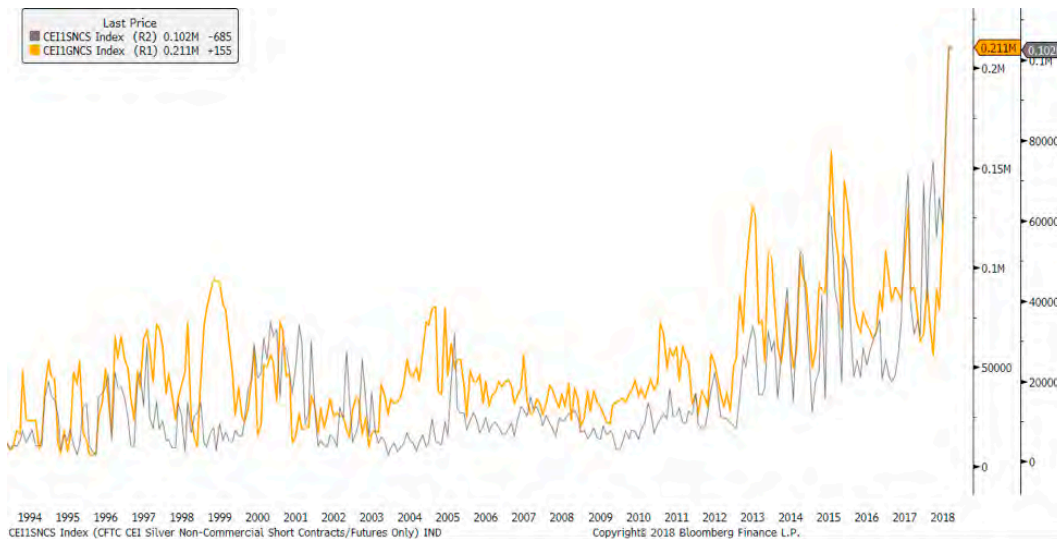
Q4 2018 Outlook

During Q3, the S&P 500 Index and Nasdaq Composite had both approached all-time highs as investors had come to believe that U.S. equities were immune to trade tensions. Trend following algorithms had bought into the U.S. equity momentum on one side and bet that the extended bearish trends in gold and silver would continue forever. As we entered Q4, speculative short interest in gold and silver futures stood at an all-time high.

Sprott Global Gold Separately Managed Account

Q3 2018 Quarterly Commentary

Figure 2: Speculative Gold and Silver Shorts are at a High (1994-2018)



Source: Bloomberg. CFTC CEI Gold and Silver Non-Commercial Short Contracts/Futures Only.

October served as a wake-up call. The traditional stock and bond portfolio, long espoused as a bulletproof portfolio proved vulnerable as the S&P 500 Index dropped 7.84% in October while the iShares 20+ Year Treasury Bond ETF (TLT), which holds long duration government bonds, declined 2.43%. Gold has not always performed well in recent equity drawdowns as investors sought safety in the U.S. Dollar, driving up the U.S. dollar and gold down. However, gold, as measured by GLD, was up 2.12% for the month of October.

The market's shifting direction has us excited about the prospects for precious metals in the coming months, as it indicates that investors may be waking up to some very important realizations. First, rising rates lead to a higher discount rate for equities, which in turn drives equity valuations lower, all things being equal. Second, as rates have risen, the 30-year bull market in bonds appears to have ended. This is bad news for the traditional stock and bond portfolio and necessitates the need for exposure to uncorrelated assets such as precious metals.

Figure 3: 30-Year Bull Market in Bonds May Have Ended (1989-2018)



Source: Bloomberg.

Sprott Global Gold Separately Managed Account

Q3 2018 Quarterly Commentary

The fourth quarter has been seasonally weak for precious metals since 2011 when the bear market in gold began. We have been encouraged by positive returns for gold in Q4 2017 and thus far in 2018, which has coincided with positive capital flows into bullion ETFs. During Q4, our approach for the Strategy will be to continue overweighting high-margin, growth-focused mid-caps producers. December has often presented excellent buying opportunities. We will maintain some cash in the portfolio to take advantage of drawdowns and to protect investor capital.

Authored by Shree Kargutkar, Portfolio Manager, Sprott Asset Management LP

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¹ SPDR Gold Shares (GLD) is an exchange-traded fund and is used as a benchmark to measure gold bullion prices.

² VanEck Vectors Gold Miners ETF (GDX) tracks the overall performance of companies involved in the gold mining industry.

³ VanEck Vectors Junior Gold Miners ETF (GDXJ[®]) tracks the overall performance of small-capitalization companies that are involved primarily in the mining for gold and/or silver.

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