

Sprott

Contrarian. Innovative. Aligned.™

Sprott Real Asset Value+ Strategy

April 2024

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Generally, natural resources investments are more volatile on a daily basis and have higher headline risk than other sectors as they tend to be more sensitive to economic data, political and regulatory events as well as underlying commodity prices. Natural resource investments are influenced by the price of underlying commodities like oil, gas, metals, coal, etc.; several of which trade on various exchanges and have price fluctuations based on short-term dynamics partly driven by demand/supply and nowadays also by investment flows. Natural resource investments tend to react more sensitively to global events and economic data than other sectors, whether it is a natural disaster like an earthquake, political upheaval in the Middle East or release of employment data in the U.S. Low priced securities can be very risky and may result in the loss of part or all of your investment. Because of significant volatility, large dealer spreads and very limited market liquidity, typically you will not be able to sell a low priced security immediately back to the dealer at the same price it sold the stock to you. In some cases, the stock may fall quickly in value. Investing in foreign markets may entail greater risks than those normally associated with domestic markets, such as political, currency, economic and market risks. You should carefully consider whether trading in low priced and international securities is suitable for you in light of your circumstances and financial resources. Past performance is no guarantee of future returns. Sprott Asset Management USA, entities under common control, family, friends, employees, associates, and others may hold positions in the securities it recommends to clients, and may sell the same at any time.



“Value investing is at its core the marriage of a contrarian streak and a calculator.”

-Seth Klarman, CEO and Portfolio Manager of Baupost Group

Performance

As of 3/29/2024	Q1 2024	1 year	3 year*	5 year*	Since Inception* (3/30/2015)
Sprott Real Asset Value+ Strategy – Net of fees	2.29%	-2.59%	3.17%	7.65%	4.08%
S&P Real Assets Equity Index – Net Total Return	-0.07%	5.76%	3.46%	3.48%	3.62%
S&P BMI North American Natural Resources Index – Net Total Return	6.61%	4.35%	15.08%	13.46%	7.49%
S&P Global Natural Resources Index – Net Total Return	2.00%	5.02%	8.81%	8.31%	6.71%

*Represents the actual annual total return for the period. Returns longer than one year are annualized.

† Benchmarks are S&P Indexes. You can't invest directly into an index.

†† Past performance is no guarantee of future returns. The performance results shown do not reflect trading in any client's account but reflect solely a model portfolio. Your investment advisor puts your assets to work by following the model portfolio. The Sprott Asset Management USA, Inc, performance team ran actual composites of each underlying account in the portfolio. As your advisor, we are responsible for the trading of the separately managed account program. After our analysis, we do not believe there are any material differences between the model portfolio and the actual composite, which is less than 6.00% and net of advisory fees.

All dividends in the SRAV+ Strategy are included in the performance figures but are not immediately reinvested within the separately managed accounts. Dividends are initially credited to each client's cash/money market holdings.

Value+ Highlights

The **Sprott Real Asset Value+ Strategy** is a value and quality-oriented Strategy consistent with Sprott's contrarian philosophy.

- Objective: Above-average total returns over a five year+ investment horizon.
- Actively managed to provide investors diversification and value-add to their overall portfolio.
- A highly differentiated, concentrated portfolio positioned in natural resource sub-sectors from the top-down with portfolio companies selected from the bottom-up.

Top-Down Positioning, Bottom-Up Selection

Dual approach that simultaneously emphasizes **risk management** and **opportunity exploitation**.

- **Top-down** strategic weightings:
 - Agribusiness
 - Energy
 - Metals/Mining
 - **Real Asset Industries** like global real estate, infrastructure and shipping.
- **Bottom-up** selection of businesses that offer attractive long-term returns on shareholder capital.

Combined to offer long-term alternative investment exposure.

Portfolio Construction

Focused, All-Cap, Real Asset Portfolio*

- Focused portfolio: Currently 27 positions
- Bias towards mid-capitalization companies (\$5-15 billion)
- Strategic weighting ranges:
 - Agribusiness: 20-40%
 - Energy: 20-35%
 - Metals/Mining: 15-35%
 - Other Real Asset Investments: 0-25%
- Core positions: Demonstrated history of normalized revenue growth, strong operating margins and profitable reinvestment.
- Investment Weightings and Limitations
 - Position sizes generally 2-7% of portfolio
 - No additional shares will be added to a position that accounts for 8% or more of the total assets
 - No more than 35 investments
- Estimated Forward Dividend Yield: 2.12%

*All figures as of March 29, 2024

Target Exposures



Agribusiness

Target Range: 20-40%

- Specialty Foods/Ingredients
- Crop Nutrients
- Precision Agriculture/AgTech
- Agricultural Chemicals
- Aquaculture



Energy

Target Range: 20-35%

- Mineral & Royalty Interests
- Conventional Oil & Gas
- Energy Infrastructure
- Midstream - Oil, Gas, LNG
- Energy Equipment & Services
- Uranium



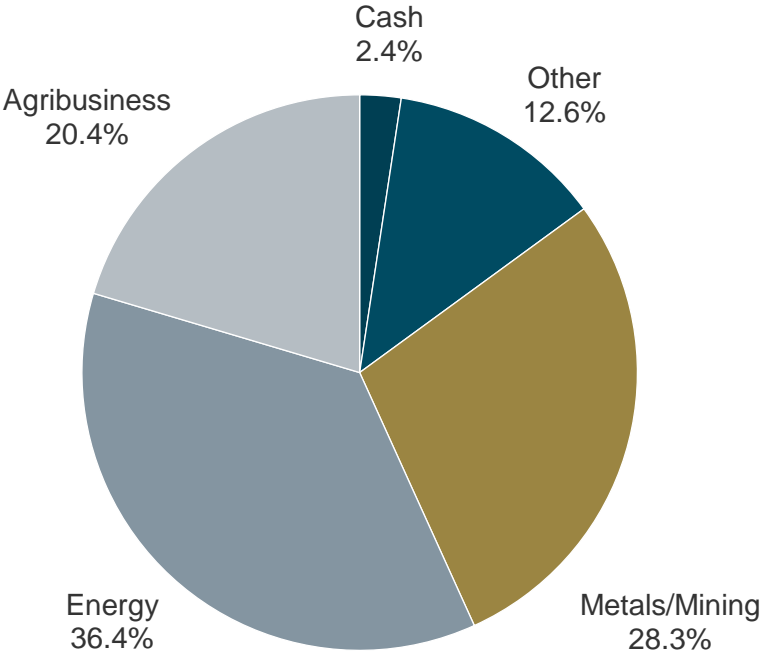
Metals/Mining

Target Range: 15-35%

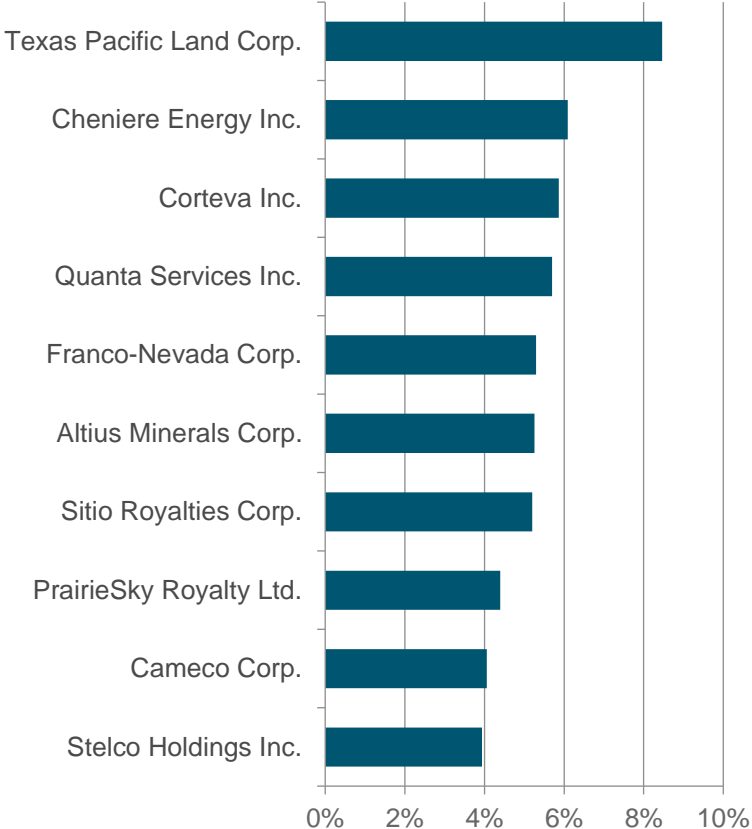
- Royalty & Streaming
- Diversified Mining
- Precious Metals Mining
- Steel/Iron/Aluminum
- Specialty Metals

Current Exposures

Sector Weightings*



Top Ten Holdings*



*As of March 29, 2024. Strategy holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Selection Process

Approach

- Real asset businesses rarely maintain any pricing power and must rely on their business structure or unique assets to generate above-average returns on capital.
- Identifying the value drivers of a company helps us identify their potential for persistent excess returns.

Assessment

- Reviewing historic and present financial and operating data helps ground future expectations of growth and returns in realistic probabilities.
- Understanding potential long-term outcomes of a business allows us to look beyond market noise and the current periods' earnings report.

Analysis

- In order to avoid costly pitfalls of traditional discounted cash flow models, our method starts with the market price and attempts to solve for the stock's implied expectations for the company's growth, operating margins and returns on new investments.
- When combined with an assessment of management, growth prospects and the business' resiliency, we have a clearer view of the investment risks and opportunities.

Investment Assessment

Successful Business Model

- Simple, easy-to-understand, transparent.
- Growth & margins sufficient for consistent reinvestment.
- Strong balance sheets, appropriately-financed.
- Distinct competitive advantages over peers.

Effective Management

- Long-term focus.
- Capable operators.
- Proficient allocators of capital.
- Shareholder-oriented; treats shareholders as partners.
- History of creating shareholder value.

Attractive Valuation

- Expected returns on capital are heavily-weighted to assume long-term average margins and returns on capital employed (RoCE).
- Manager expectations, scenario probabilities and a margin of safety are applied to valuation.
- The determined valuation and expected return is compared with other options and current market prices.

Selection Focus and Risk Management

Selection Focus

- Operating Cash Flows
- Strong operating margins
- Returns on capital employed (RoCE)

Risk Management



Portfolio Manager



Jason J. Stevens, CFA, Portfolio Manager

Jason J. Stevens, CFA, acts as Portfolio Manager of the Sprott Real Asset Value+ Strategy and is a member of the Sprott Asset Management USA Investment Committee. Jason has been with the firm since 2002. Originally recruited onto Sprott's trading desk, he has a robust understanding of the domestic and foreign equity, commodity, and currency markets. Alongside his investing and trading experience in the public markets, Mr. Stevens has spent over 15 years advising clients on private equity and debt investments in natural resources-related businesses and partnerships.

Mr. Stevens is a CFA® charterholder and a member of both the CFA Society of San Diego and the CFA Institute. The CFA® designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis. Additionally, Mr. Stevens holds the Series 7, Series 63, and Series 65 securities licenses. Mr. Stevens has been featured on industry sites such as Reuters, ProActive Investors, and Financial Poise.

Global Leader in Precious Metals and Critical Materials Investments



US\$28.7B in AUM¹

Spratt (SII) is publicly listed on the NYSE and TSX

Exchange Listed Products	Managed Equities	Private Strategies
\$23.2B AUM	\$2.9B AUM	\$2.6B AUM
<ul style="list-style-type: none">Physical Bullion Trusts (NYSE Arca & TSX Listed)Physical Uranium Trust (TSX Listed)Spratt Energy Transition ETFs (Nasdaq & NYSE Arca Listed)Gold Mining Equity ETFs (NYSE Arca Listed)	<ul style="list-style-type: none">Flagship U.S. Gold Equity Mutual FundClosed-End Value Fund (NASDAQ)Energy Transition Critical Minerals StrategySpratt Hathaway Special Situations Strategy	<ul style="list-style-type: none">Bespoke credit investments to mining and resource companies

¹Spratt AUM as of December 31, 2023.

Contact Details

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