



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

320 Post Road, Suite 200  
Darien, CT 06820  
[www.sprottusa.com](http://www.sprottusa.com) | (203) 656-2400

March 26, 2024

Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Sprott Asset Management USA, Inc. (“SAM USA” or the “Adviser”). 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**

This Brochure updates the previous SAM USA brochure dated July 31, 2023. Since the last annual update of the Brochure, material changes to this Brochure include: (i) changes and updates throughout this Brochure to reflect the launch and assignment of advisory agreements for a suite of exchange-traded fund (“ETFs”), a closed end fund and an open end mutual fund; and (ii) a change of SAM USA’s principal place of business from Carlsbad, California to Darien, Connecticut to reflect the addition of the Sprott U.S. public funds as advisory clients. In addition, the Adviser began marketing to retail clients and some retail-focused products under the marketing moniker Sprott Wealth Management in its marketing materials and on its website.

Other than the aforementioned changes, SAM USA has not made any material changes to this Brochure. However, this annual update includes certain clarifying changes as 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.

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.

### **Item 3. Table of Contents**

Item 2. Material Changes .....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation .....	8
Item 6. Performance Based Fees and Side-by-Side Management.....	12
Item 7. Types of Clients.....	13
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	13
Item 9. Disciplinary Information .....	32
Item 10. Other Financial Industry Activities and Affiliations.....	32
Item 11. Code of Ethics, Interest in Client Transactions and Personal Trading.....	33
Item 12. Brokerage Practices.....	37
Item 13. Review of Accounts .....	39
Item 14. Client Referrals and Other Compensation.....	39
Item 15. Custody .....	40
Item 16. Investment Discretion.....	40
Item 17. Voting Client Securities .....	41
Item 18. Financial Information .....	43

## **Item 4. Advisory Business**

SAM USA is an investment advisory firm with its principal place of business in Darien, Connecticut 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 SEC as an investment adviser on February 7, 2006. SAM USA also has offices in Carlsbad, California, 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 and institutions with separately managed accounts (collectively, “Managed Account Clients”) and registered 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 could be excused from a particular investment in certain circumstances 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:* The Sprott Global Gold Separately Managed Account strategy 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 strategy 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 are also expected to be made strategically. 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”). On May 20, 2021, Rule Advisors was engaged as the sub-adviser to the Sprott Rule Managed Account, and consequently, Mr. Rule resumed 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:* The Sprott Silver Strategy Separately Managed Account 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 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.

#### 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 could apply to either retail or institutional accounts and is specifically tailored to the needs of the Client on an individualized basis.

#### *SAM USA Family Office:*

SAM USA Family Office is a marketing name for SAM USA. The investment strategy is an asset allocation model which attempts to preserve capital, compound wealth and diversify Client portfolios using both Sprott products and general securities. Sprott products are expected to be roughly one-half of the assets but SAM USA does not charge a management fee on these products. Sprott Focus Trust is utilized as a diversified value portfolio. The Sprott Resource Lending And Opportunities Fund could be

used for a fixed income allocation, if appropriate for the individual client. Typically an allocation is made towards physical precious metals through a Sprott product. With regards to general securities, the portfolio manager will seek general securities with low financial leverage, high returns on investment capital and out of favor pricing. Real estate could be a part of a recommendation in the portfolios, as appropriate. Both a Top-Down asset allocation model and Bottom-Up analysis will be utilized in seeking out investments, with a heavy emphasis on hard assets, or inflation protected assets and seeking out inflation protected yield.

## **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 is the investment manager of two private funds that are part of a mini-master fund (collectively, the “Sprott Physical Commodities Fund or the SPC Fund”): (1) Sprott Physical Commodities Master Fund, LP, (the “SPC Master Fund”) a Delaware limited partnership established under the laws of Delaware for taxable U.S. investors; (2) Sprott Physical Commodities Offshore Fund (SPC Cayman) Ltd., a Cayman Islands exempted company for U.S. tax-exempt and non-U.S. investors (the “Cayman Feeder”). The SPC Cayman Feeder invests substantially all of their assets in the Master Fund.

SAM USA serves as the investment adviser to Resource Exploration and Development Private Placement LP (the “RED Fund”), a limited partnership established under the laws of Delaware, and Resource Exploration and Development Private Placement QP LP (the “RED QP Fund”), a limited partnership established under the laws of Delaware, available to investors who meet the SEC requirements for Qualified Clients. The Investment Committee collectively serves as the investment manager to the RED Fund and RED QP Fund. The investment objectives of the RED Fund and RED QP Fund are to achieve capital appreciation primarily through the successful origination and participation of private placement investments in companies engaged in exploring, developing, and producing natural resources and participating in publicly traded equity securities issued by such companies. Investments between the RED Fund and RED QP Fund are allocated pari passu. Investors in the RED Fund and the RED QP Fund participate in the overall investment program for each Fund but could be excused from a particular investment in certain circumstances due to legal, regulatory or other applicable constraints.

SAM USA serves as the investment adviser to Sprott Energy Transition Materials Fund LP (the “STEM Fund”), a limited partnership established under the laws of Delaware. The investment objective is to seek to achieve capital appreciation by primarily investing in equity securities of companies that are directly or indirectly involved in the exploration, production, distribution or recycling of metals and raw materials essential to the transition to a less carbon intensive economy. These materials are used in the products and processes enabling the energy transition from fossil fuels to cleaner energy sources and technologies and include (but not limited to) cobalt, copper, graphite, lithium, nickel, rare earth materials and uranium.

With respect to each of the Sprott Hathaway Fund, SPC Fund, RED Fund, RED QP Fund, and STEM Fund, the Adviser has not yet entered, but could in the future enter, into side letters or other similar agreements with certain investors that 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. As a result of such rights, certain limited partners in the same Fund could experience different returns or have access to information to which other limited partners do not have access. A limited partner’s co-investment rights under a side letter could result in fewer co-investment opportunities or limited allocations provided to other limited partners. 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. However, certain additional rights have the effect of increasing the expenses borne by a Fund or its limited partners not party to the particular side letter, including for example with respect to costs incurred in providing a limited partner additional information or reporting. Certain such additional rights but not all rights, terms or conditions will likely 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 could 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 could 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.*

### **Advisory Services to Registered Funds**

SAM USA previously served as the investment advisor to the Sprott ESG Gold ETF (“SESG”). SESG has closed, all its assets have been liquidated.

SAM USA serves as the 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.

SAM USA serves as the 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.

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 are generally not permitted to impose restrictions on investing in either certain securities or certain types of securities.

### **SAM USA's Assets Under Management (as of December 31, 2023):**

Discretionary - Retail	\$ 933,747,180
Non-Discretionary - Retail	\$ 227,304,441
Discretionary - Private Funds	\$ 144,508,986
Discretionary – Public Funds	\$ 3,294,990,699
<b>Total:</b>	<b>\$ 4,600,551,307</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 could 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 Sprott Rule Managed Account, SAM USA pays Rule Advisors as the sub-adviser to such Managed Account a sub-advisory fee from the Adviser's management fee.

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.

With respect to the SPC Fund, the Adviser's management fee is assessed monthly in advance, and is paid out quarterly within 30 business days after the start of each quarter. The Adviser is permitted to waive or reduce the management fee in respect of any limited partner in its discretion. Redemptions are available annually with 6 months' notice.

With respect to the RED Fund and RED QP Fund, the Adviser's management fee is assessed monthly in advance, and is paid to within 15 business days after the start of each month. The management fee is adjusted for any mid-month redemptions, and the Adviser is permitted to waive or reduce the management fee in respect of any limited partner in its discretion.

With respect to the STEM Fund, the Adviser's management fee is assessed monthly in advance, and is paid to within 15 business days after the start of each month. The management fee is adjusted for any mid-month redemptions, and the Adviser is permitted to waive or reduce the management fee in respect of any limited partner in its discretion. The Adviser is also permitted to assign any portion of the management fee to the subadvisor.

With respect to the Adviser's registered fund Clients, the Focus Trust pays an asset-based investment advisory fee of 1.0% per annum for providing investment advisory services. The Gold Miners ETF and the Junior Gold Miners ETF each pay an investment advisory fee at an annual rate of 0.35% of average daily net assets. The Nickel Miners ETF and the Junior Copper Miners ETF each pay an investment advisory fee at an annual rate of 0.75% of average daily net assets. The Energy Transition Materials ETF, Copper Miners ETF and the Lithium Miners ETF each pay an investment advisory fee at an annual rate of 0.65% of average daily net assets. The Junior Uranium Miners ETF pays an investment advisory fee at an annual rate of 0.80% of average daily net assets. The Uranium Miners ETF pays an investment advisory fee at an annual rate of 0.85% on the first \$500 million of average daily net assets, 0.80% of average daily net assets in excess of \$500 million but not exceeding \$1 billion, and 0.70% of average daily net assets in excess of \$1 billion. The Funds Trust Board recently approved a reduction in the fee to a 0.75% unitary fee to take effect on April 1, 2024. The Gold Equity Fund pays an investment advisory fee at an annual rate of 1.00% on the first \$500 million of average daily net assets, 0.75% of average daily net assets in excess of \$500 million but not exceeding \$1 billion, and 0.65% of average daily net assets in excess of \$1 billion. In addition, the Gold Equity Fund pays an administration fee at an annual rate of 0.15% on the first \$400 million of average daily net assets, 0.13% on the next \$600 million of average daily net assets, and 0.12% on the average daily net assets in excess of \$1 billion. The foregoing fees paid by the Adviser's registered fund Clients are payable monthly and are paid to the Adviser or its affiliate.

### **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, has the authority to waive or modify the management fee to be paid by limited partners that are members, employees or affiliates of such general partner or the Adviser, relatives of such persons and certain large or strategic investors.

### **RED Fund and RED QP Fund Fee Schedule**

Investors in the RED Fund pay SAM USA a management fee as follows: (i) for investors with aggregate commitments to the RED Fund of less than \$500,000, an annualized rate of one and one-half percent (1.5%); (ii) for investors with commitments to the RED Fund of at least \$500,000 but less than \$1,000,000, an annualized rate of one and one-quarter percent (1.25%); (iii) for investors with commitments to the RED Fund of at least \$1,000,000, an annualized rate of one percent (1.00%). An investor's management fee is based on such investor's pro rata share of the RED Fund's net asset value, and not upon such investor's capital commitment.

Investors in the RED 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 RED 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 RED Fund, in its sole discretion, has the authority to elect to reduce, waive, assign or otherwise share the performance fee with respect to any limited partner.

### **STEM Fund Fee Schedule**

Investors in the STEM 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 STEM Fund, in its sole discretion, has the authority to waive or modify the management fee to be paid by any limited partner. Investors in the STEM Fund also pay SAM USA a performance fee of 20% of the excess (if any) of such limited partner's net capital appreciation for such incentive allocation period in excess of the hurdle rate in certain circumstances as set forth in the STEM Fund's partnership agreement. Generally, the carried interest represents a share of distributions made after return of invested capital, allocable fees and expenses, capital contributions, distributions and/or redemptions and a preferred annualized "hurdle" rate of return of 8% on such limited partner's capital account, subject to such adjustments to reflect any capital contributions, distributions and/or redemptions. The general partner of the STEM Fund, in its sole discretion, has the authority to elect to reduce, waive, assign or otherwise share the performance fee with respect to any limited partner.

### **SPC Fund Fee Schedule**

Investors in the SPC 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 SPC Fund, in its sole discretion, has the authority to waive

or modify the management fee to be paid by limited partners that are members, employees or affiliates of such general partner or the Adviser, relatives of such persons and certain large or strategic investors.

### **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, as outlined in the respective Advisory Agreements and offering documents, 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 are necessary or incidental to such investments or accounts. The Adviser generally has the authority to invest Client assets 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 is permitted to purchase securities or investment products on behalf of Managed Account Clients that are managed by a related Sprott entity, which could 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 is permitted to 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 is permitted 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 Adviser. For example, certain law firms retained could 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 could be based on volume and so certain Managed Account Clients could receive a greater discount than others depending on the timing of their transactions (*e.g.*, if a transaction occurs early in a year it is possible that the transaction does not receive the same discount as a transaction that occurs later in the year).

The Adviser and its personnel could 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.

### **Services Provided by Affiliates of the Adviser**

In addition to services provided by the Adviser, certain affiliates or related persons of the Adviser (each an "Affiliate Service Provider") provide, and the Adviser itself in respect of certain of the Funds can, and intends in the future to, provide operations-related consulting and other support services, including, without limitation, accounting, tax, finance, ESG and information technology services, to portfolio companies of the Funds and from time to time to the Funds themselves that would otherwise be performed by third parties or internal portfolio company personnel. The expenses described above are

detailed, but do not include every possible expense a Managed Account Clients could 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, are in certain cases charged a performance-based fee where 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 could 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. Due to the different fee structures among the Managed Account Clients, a conflict of interest exists because the portfolio managers of the Managed Account Clients are incentivized to trade for the Managed Account Clients that are charged higher management fees than the fees charged to other Client accounts. Moreover, the timing and fill practices vary depending on the Client and the investment product offered. There is no assurance that the timing and/or methodology will be the best available for each Client. In addition, a Client will from time-to-time submit a trade request to SAM USA to purchase certain public equities at the same time another Client has requested to sell its position in the same public equities, with the potential effect that one Client will purchase the public equities previously held by the other Client. In such cases, SAM USA will submit such trades separately to the applicable broker-dealer for execution on behalf of one Client without regard to the trade request of the other Client. Although SAM USA does not consider such transactions to be cross-trades, a conflict of interest exists, in particular where such equities are thinly traded, to the extent that such trade requests affect the market liquidity of the public equities, which has the potential to affect the trade price of such public equities. Under these circumstances, one Client has the potential to benefit from the liquidity of the public equities or lack thereof to the detriment of the other Client.

While not under any obligation to do so, the Adviser in its sole discretion has compared, and expects in the future to compare, the performance of similarly managed accounts in an effort to determine whether there are any unexplained significant discrepancies. In addition, SAM USA’s procedures relating to the allocation of investment opportunities generally 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, Family Offices, 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 could vary depending on the selected investment platform.

The Sprott Hathaway Fund, RED Fund, RED QP Fund, and STEM 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, SPC Fund and STEM Fund is \$1,000,000, for the RED Fund and RED QP Fund is \$250,000, and all 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;
- Identified resource(s), geology, drill results; and
- Any other factors considered relevant.

### **Investment Strategies**

SAM USA employs the following investment strategies from time-to-time:

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

*Growth.* SAM USA engages 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 seeks 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 selects 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 seeks 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 engages 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 could engage in short selling strategies. In a short sale transaction, SAM USA is permitted to 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.

*Sprott Hathaway Fund Investment Strategy.* The Sprott Hathaway Fund is expected to concentrate its investments 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. The Sprott Hathaway Fund is permitted to utilize leverage in an effort to enhance returns and/or hedge risk, generally in accordance with the Federal Reserve Board's margin rules set forth in Regulation T. The Sprott Hathaway Fund assets can be expected to 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.

*RED Fund and RED QP Fund Investment Strategy.* The RED Fund and RED QP Fund will utilize what it believes is a rigorous, analytical and proven approach to investing in the highest quality drill plays. Junior mining companies regularly seek new funding to support their drilling and other project advancement activities, most commonly via private placements of restricted securities. This is a preferred entry route, especially when the purchase price is at a discount to market, has an accompanying warrant with a multi-year term that can greatly upsize the potential return on investment, and an appropriate sizing can be established with relative ease. Shares of target companies or existing holdings will be purchased on-market if an equity placement is unavailable, or if additional exposure is sought for valuation, sizing and/or increased upside potential reasons.

*STEM Fund Investment Strategy.* The STEM Fund will utilize what it believes is a rigorous, analytical and proven approach to investing in the highest quality drill plays. Junior mining companies regularly seek new funding to support their drilling and other project advancement activities, most commonly via private placements of restricted securities. This is a preferred entry route, especially when the purchase price is at a discount to market, has an accompanying warrant with a multi-year term that can greatly upsize the potential return on investment, and an appropriate sizing can be established with relative ease. Shares of target companies or existing holdings will be purchased on-market if an equity placement is unavailable, or if additional exposure is sought for valuation, sizing and/or increased upside potential

reasons. As part of the rigorous due diligence process, the Advisor could undertake property visits, interview management, determine the incentive structure of key insiders, analyze the company's financial and technical disclosure, solicit opinions from internal and external independent analysts, and conduct appropriate valuation exercises. External risks and opportunities assessed ahead of making a positive investment decision include jurisdictional, macroeconomic and other relevant thematic trends.

There will be a strong emphasis on overall geological quality and resource growth upside, managed by companies with high caliber executives and competent boards that are business savvy, aligned with shareholders, focused, hardworking and ethical. The investment approach will be proactive, based primarily on extensive in-house research, rather than reactive, i.e., there will be less focus on financing pitches from issuers and the sell-side.

*SPC Fund Investment Strategy.* The SPC Fund's primary investment objective is to deliver long-term appreciation of capital by buying and selling physical commodities. Investments will focus on physical commodities, but may also include equity, debt, and royalties, amongst other things, to gain exposure to the targeted commodities.

The targeted commodities include, without limitation, aluminum, bismuth, cobalt, coking coal, copper, gallium, germanium, gold, indium, iridium, iron ore, lead, lithium, molybdenum, natural gas, nickel, oil, palladium, phosphate, platinum, potash, rhenium, rhodium, ruthenium, selenium, silver, steel, tin, uranium, vanadium, and zinc.

### **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 Advisor are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Clients operate could undergo substantial changes, some of which have the potential to be adverse. It is possible that investment sourcing, selection, management and liquidation strategies and procedures exercised by the Advisor will 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 could be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, have the potential to significantly affect the results of Client portfolios and the value of their investments. In addition, the value of Client portfolios could 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 could be affected by actions and changes in governments. In addition, natural resource assets and natural resource asset securities could be cyclical in nature. During periods of economic or financial instability, securities of companies with natural resource assets could 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 are often 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 could 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 geopolitical risks have led, and could in the future lead, to increased short-term market volatility and have the potential to cause 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 could 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, there is no assurance that the valuation of a Client's investments 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 could differ from values that would have been determined had a ready market existed for such securities and could differ from the prices at which such securities are ultimately sold. Because the Adviser determines in its discretion the value of Clients' 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. There can be no assurance that the Clients will be able to realize their investments at prices that are commensurate with the value at which such investments have been carried on the Clients' books and the difference between carrying value and the ultimate sale price could be material. The fair value of all investments or of property received in exchange for any investments will be determined by the Adviser in accordance with the applicable Advisory Agreement of the Clients and the Adviser's valuation policies. The exercise of discretion in valuation by the Adviser presents a conflict of interest, including in connection with determining the amount and timing of distributions in respect of any carried interest and the calculation of any management fees after the end of an applicable Client's investment period. Notwithstanding the terms of the applicable Advisory Agreement, the Adviser could have an incentive to adjust valuation determinations upward (or to avoid reductions) in order to enhance performance reporting with the effect of receiving higher management fees where applicable. Further, in connection with the Adviser's discretion in valuing certain assets, the Adviser maintains discretion to determine whether certain assets have experienced a permanent and significant decline in value. A permanent and significant decline in the value of an investment would generally reduce the basis from which management fees are calculated where applicable. The Adviser therefore could have an incentive with respect to certain Clients to hold onto assets or other investments that have poor prospects for improvement or to avoid or otherwise delay determining that an investment has been subject to a permanent and significant decline in value. Private Fund limited partners will generally not have access to detailed valuation calculations and methodologies or to the underlying information utilized for a particular valuation or investment.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by employees of the Adviser, portfolio company officers or employees, service providers to the foregoing or their respective affiliates could cause significant losses to the Adviser or the Clients. Misconduct could 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 a Client, misappropriation of Client assets, or the improper use or disclosure of confidential or material non-public information, any of which could result in litigation or serious financial harm. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurance can be given that the Adviser will be able to identify or prevent all such misconduct. Where such misconduct occurs, the Clients could still have indemnification obligations to such employees and service providers and have limited remedies for such misconduct.

*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 could be less established and could 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 could 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) could have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally could reduce the availability of attractive investment opportunities for the Client accounts and could 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) could 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 could adversely affect the value of the Client accounts' investments and their overall performance. These developments, and the potential consequences of them, have had and could 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 could continue to be subject to increased market volatility.

*Uncertain Economic, Social and Geopolitical Environment.* SAM USA, the Client accounts and the issuers in which they invest could be adversely affected by economic, social and geopolitical developments in the countries in which they are invested and more broadly. The global economic and geopolitical climate is uncertain, as acts of war, acts of terrorism, the threat of future acts of war or terrorism, growing social and political discord in the United States and elsewhere, economic sanctions, tariffs and other trade disputes, evolving 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 could 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 could reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions. The Client accounts could be adversely affected by abrogation of international agreements and national laws which have created the market instruments in which the Client accounts could 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. Global developments related to international policy and trade have fueled doubts about the future of global free trade. The U.S. government, along with other governments, have indicated their intent to alter their approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. U.S. and global market and economic conditions could decrease the demand for consumer products and could materially and adversely affect (i) the ability of the Clients, their portfolio companies or their respective affiliates to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments, (ii) the ability or willingness of certain counterparties to do business with the Clients or their affiliates, (iii) the Clients' exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents), (iv) consumer spending and demand for the products and services offered by the Clients' portfolio companies, (v) growth opportunity for the Clients' investments, (vi) the Clients' ability to exit its investments at desired times, on favorable terms, or at all, (vii) availability of reliable insurance on favorable terms or at all, and (viii) the ability of the Clients' investors to meet their obligations to the Clients promptly or at all. There can be no assurance as to the future direction of national and global market and economic conditions. The market outlook, trends, opportunities and other matters presented in the Clients' Advisory Agreements are based on various estimates and assumptions, including about future events. There can be no assurance that such market outlook, trends, opportunities and other matters will materialize.

*Inflation.* Certain countries, including the U.S., have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Clients could invest. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Clients.

*Benchmark Risk.* The London Interbank Offered Rate ("LIBOR") and certain other "benchmarks" have been the subject of national, international and other regulatory guidance and reform. As of February 2024, only the synthetic 1-month, 3-month and 6-month US dollar LIBOR settings, and the synthetic 3-month sterling LIBOR setting remain with the USD expected to cease permanently at the end of March 2024. The current phasing out and discontinuation of the remaining LIBOR settings, or the replacement of the remaining LIBOR settings with an alternative reference rate such as the Security Overnight Financing Rate ("SOFR"), has the potential to adversely affect the Adviser's credit arrangements and negatively impact the expected return on a Client's portfolio and/or the availability of instruments designed to hedge a Client's exposure to the remaining LIBOR settings, and such impacts could be material.

Although it is expected that certain loan obligations that bear interest based on the remaining LIBOR settings will have migrated to a new benchmark, there is no guarantee that (i) such transition will occur, and if it occurs, when such transition has occurred or will occur, (ii) any particular alternative rate will replace the remaining LIBOR settings as the benchmark for such loan obligations and (iii) any spread adjustment adopted in connection with such transition will be representative of LIBOR as of the date of determination of such benchmark. The discontinuation of the remaining LIBOR settings could cause an increase in the volatility of the remaining LIBOR settings and SOFR or any other relevant alternative rate prior to the consummation of any such change. There is no certainty as to how the emerging market-accepted alternatives to the remaining LIBOR settings have the potential to investment returns. It is possible that no alternative benchmark will reflect the composition and characteristics of the remaining

LIBOR settings, and dramatic shifts in debt investments and the debt markets generally could occur, which has the potential to negatively impact the expected return on the Adviser's portfolios. As a result of the expected transition, interest rates on loans, deposits, derivatives, and other financial instruments tied to the remaining LIBOR settings, as well as the revenue and expenses associated with those financial instruments, could be adversely affected. There is no guarantee that a transition from the remaining LIBOR settings to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which has the potential to have a material adverse effect on the Adviser's business, result of operations, and financial condition.

*Withdrawal of the United Kingdom from the European Union.* The United Kingdom ("UK") withdrew from the European Union ("EU") on January 31, 2020 ("Brexit"). In connection with Brexit the UK and the EU agreed the Trade and Cooperation Agreement ("TCA") which took effect on January 1, 2021, that governs the future trading relationship between the UK and the EU in specified areas. On June 27, 2023, the UK signed a Memorandum of Understanding with the European Union to increase cooperation on financial services. The Memorandum of Understanding does not represent an agreement or roadmap towards reconstituting any of the mutual freedoms prior to Brexit; rather, it represents an arrangement to cooperate around shared objectives and establishes a "forum" mechanism to facilitate discussion. The Memorandum of Understanding sets out a shared objective of preserving financial stability, market integrity and the protection of investors and consumers. Brexit continues to lead to changes to the regulatory environment and regulatory divergence between the UK and EU. In particular, in the UK the Financial Services and Markets Act 2023, which received Royal Assent on June 29, 2023, made provision for all retained EU legislation (known as "assimilated law" from January 1, 2024) to be repealed and replaced with UK-specific legislation and regulatory rules. While this will not necessarily result in policy changes to all regimes inherited from the EU, it does afford policymakers with the opportunity to make such changes and will result in divergence in certain areas. Further, the EU is also working on legislative changes as part of scheduled reviews of various regulatory regimes; such changes will not be reflected in the UK equivalent regimes. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on the Adviser, the Funds and their investments, including the ability of the Funds to achieve their investment objectives. The ongoing effects of Brexit have the potential to 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 Funds and increased legal, regulatory or compliance burden for the Adviser or the Funds, each of which has the potential to negatively impact on the operations, financial condition, returns or prospects of the Funds.

*The AIFMD and the UK AIFMR.* The Directive on Alternative Investment Fund Managers, together with any supplementary regulation implemented in the UK following Brexit ("UK AIFMR"), or subordinate legislation or guidance thereto implemented in any relevant jurisdiction (the "AIFMD"), imposes requirements on AIFMs (as defined in the AIFMD) that market AIFs (as defined in the AIFMD) to professional investors who are domiciled or have a registered office within the European Economic Area (the "EEA") or the UK, as applicable. The UK AIFMR currently imposes compliance obligations that are broadly similar to those described below in connection with a non-EEA AIFM marketing a non-EEA AIF.

For these purposes certain of the Funds are non-EEA and non-UK AIFs and the Adviser is a non-EEA and non-UK AIFM. As a non-EEA entity, the Adviser, is required to comply with the national private placement regimes in those EEA member states that allow private placement and in which interests in a Fund are marketed and sold. Compliance with these requirements could result in significant additional

costs over the life of the Funds and could reduce returns to investors. In addition, the Adviser relies on third party AIFMs to manage certain of its AIFs from time to time. The Adviser and its affiliates and agents have endeavored to comply with these rules as interpreted but there is not absolute certainty as to their successful compliance. In the event that the Adviser or any of its affiliates or agents, including any third party AIFMs, is found to have breached the provisions of the AIFMD (inadvertently or otherwise), such parties (and/or a Fund indirectly) would potentially face regulatory sanctions and/or EEA investors could seek to rescind their interests, which would result in significant costs and ultimately materially and adversely affect such Fund.

*AIFMD II.* On November 25, 2021, the European Commission adopted a legislative proposal to amend the AIFMD and Directive 2009/65/EC (the “Amending Directive”). On November 16, 2013, the Council of the European Union and the European Parliament announced that they had reached political agreement on the text of the Amending Directive. The Amending Directive is expected to become effective in 2026, subject to certain transitional arrangements. The text provides a number of provisions that, when implemented have the potential to adversely affect the ability of certain of the Funds to achieve its investment objectives, as well as the ability of certain of the Funds to conduct its operations, including but not limited to: concentration limits, limits on lending to connected entities, cap on leverage and risk retention requirements for loan originating funds, and also mandated liquidity management mechanisms. As a result, certain of the Funds and their investments could be adversely affected. It is possible that the Amending Directive will entail certain of the Funds incurring additional costs, expenses or resources, and restrict or prohibit certain activities.

*Data Privacy and Cybersecurity Laws and Requirements.* The Adviser, each Client, their respective affiliates, portfolio companies, and, on their behalf, third-party vendors, collect, use, handle and otherwise process information related to individuals (“personal information”), including information concerning actual and prospective individual investors (and the beneficial owners of investors) and representatives of institutional investors, as well as employees, job applicants, representatives of companies the Adviser, a portfolio company or an affiliate thereof do business with, and others, which subjects the Adviser, its portfolio companies or their affiliates to certain foreign, federal and state laws, regulations, rules and other requirements related to the privacy, security and processing of personal information.

These requirements, and their application and interpretation, are constantly evolving and increase the potential exposure to regulatory enforcement or litigation. In particular, the SEC has proposed new cybersecurity risk management rules intended to enhance cybersecurity preparedness and resilience, which would impose further requirements on the Adviser if the new rules were to come into effect. Compliance with such emerging requirements will likely result in increased compliance costs and have the potential to lead to changes in the Adviser’s business practices.

The General Data Protection Regulation and equivalent legislation in the UK impose comprehensive data privacy compliance obligations in relation to the processing of personal information which are actively enforced (the “GDPR”). The GDPR also regulates the international transfer of personal information from the European Economic Area (“EEA”) and UK. Following development of regulatory guidance and enforcement action in this area, the Adviser expects legal complexity and uncertainty regarding data transfers to continue. To the extent that the Adviser actively offers investment opportunities to natural persons located in the EEA and the UK, the Adviser will be subject to the GDPR. In addition, the Adviser, the Clients, and their respective affiliates receive, store, handle, transmit, use and otherwise process information related to the Clients’ portfolio companies and prospective portfolio

companies, including from and about actual and prospective investors (and the beneficial owners of investors), as well as our employees, job applicants, contractors and representatives of companies we do business with (collectively, “confidential information”). As a result, each Adviser, each Client and each of their respective affiliates is, and could in the future become subject to further U.S. federal and state laws, rules and regulations related to data privacy, data protection and information security which could apply to personal information provided by, or on behalf of, any investor. For instance, in the United States, the federal Gramm-Leach-Bliley Act of 1999 (“GLBA”) and Regulation S-P adopted by the SEC pursuant to the GLBA, imposes certain privacy obligations on covered financial institutions that offer financial products or services, including to notify customers of their privacy policies and establish sufficient safeguards of its confidential information. Additionally, many states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information about individuals and there remains increased interest at the federal level.

The Adviser could be required to modify their data collection or processing practices and policies and incur substantial costs and expenses in an effort to comply with such laws, and increase their potential exposure to regulatory enforcement and/or litigation. Additionally, these requirements, and their application, interpretation and amendment are constantly evolving and developing. Compliance with existing and emerging data privacy and security laws, regulations and industry standards could result in increased compliance costs and/or lead to changes in business practices and policies. Any actual or perceived failure to protect the confidentiality of client or other personal information could adversely affect the Adviser’s reputation, result in legal claims or proceedings (including class actions), regulatory investigations or enforcement actions, fines or other financial loss, require the Adviser to incur significant costs or investment in resources, and impact strategies, any of which could materially and adversely affect the Adviser’s and the Clients’ business, results of operations and financial condition.

*Disease and Epidemics.* The impact of disease and epidemics could have a negative impact on the Adviser’s business, the Clients and their investments, each of their respective affiliates and the performance and financial position of each of the foregoing. Renewed outbreaks of existing pandemics or the outbreak of new epidemics or pandemics (or variants thereof) have or could result in health or other government authorities requiring the closure of offices or other businesses and have or could result in general economic decline. For example, such events could adversely impact economic activity through disruption in supply and delivery chains. Moreover, the operations of any of the foregoing persons 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 could have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence could negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on any of the foregoing persons.

The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated.

*Environmental, Social & Governance (“ESG”) Matters.* ESG matters have been the subject of increased stakeholder and regulatory focus. This can result in increased costs and risks associated with the Adviser’s activities. While the Adviser strives to implement appropriate ESG practices, expectations and standards regarding ESG matters continue to evolve rapidly, and there can be no assurance that the Adviser will be able to identify all ESG matters that impact investments or that any measures adopted will successfully manage the matters that are identified. ESG-related practices differ by region, industry,

and issue; as such and investment or potential investment's ESG profile and practices, or the Adviser's assessment of such profile and practices, change over time. Methodologies regarding ESG matters continue to evolve and, in many cases, the assessment of ESG matters entails a substantial degree of subjectivity, including on the appropriate metrics or other information to use. As such, there is no guarantee that the Adviser will be able to and measure the ESG risks and /or performance of investments or potential investments of a Client in a manner that is accurate or in keeping with the values and preferences of a particular investor. In evaluating an investment's ESG characteristics, the Adviser expects to also rely on information and data from various third parties, which could be incomplete, inaccurate, produced using different or divergent methodologies, or unavailable. As a result, there is a risk that the Adviser could incorrectly assess the ESG profile of an investment or potential investment, including the feasibility of improving such profile or the costs associated therewith. There is also a risk that the Adviser's application of ESG criteria is not done correctly or with a focus on particular risks, either in relation to individual criteria or in the aggregate. Even where ESG matters are assessed, a portfolio could have indirect exposure to companies that do not meet the relevant ESG criteria used by such a portfolio.

While the Adviser views ESG considerations as having the potential to contribute to a portfolio's long-term performance, there is no guarantee that any particular results will be achieved, either over a particular timeframe or at all. Relatedly, there is no guarantee that any investment or potential investment will achieve ESG targets or, whether or not such targets are met, have a particular impact, either on particular ESG matters or as a whole. Further, the application of ESG considerations in the discovering, developing, negotiating, evaluating, acquiring, structuring, holding, carrying, monitoring, managing and disposing of a Client's investment could result in higher ESG compliance expenses or costs. The use of ESG criteria could affect the Client's investment performance and, as such, any given Client is expected to perform differently compared to similar funds that either do not use such criteria or use such criteria in a different manner.

Additionally, it should not be assumed that any ESG practices or standards will apply, or will not apply, to every investment in which the Clients invest or that they have applied, or have not applied, to all of such Clients' prior investments. ESG is only one set of many considerations that the Adviser takes into account when making investment decisions and when seeking to maximize risk-adjusted investment returns, and other considerations can be expected in certain circumstances to outweigh ESG considerations. Accordingly, certain investments exhibit characteristics that are inconsistent with ESG standards.

The impact following the occurrence of an ESG event may vary depending on the nature of the event, asset class, the region and applicable regulatory regime(s). Where such an event occurs, there could be a negative impact on the value of an underlying asset or other adverse impacts for the underlying asset, the Adviser or the Clients, including as a result of reputational harm. Any ESG information provided is intended solely to provide an indication of ESG initiatives and standards that the firm applies when seeking to evaluate or improve the ESG characteristics of an investment as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments will, from time to time, exhibit characteristics that are inconsistent with the practices or standards described herein.

*ESG Regulation.* Various policymakers, including in the U.S., UK and EU, among other jurisdictions, have adopted, or are considering adopting, laws or regulations regarding the consideration of various ESG matters. Under certain such requirements, the Adviser could be required to classify itself, the Clients, or individual investments or potential investments against certain criteria, which are open to

subjective interpretation in certain circumstances. The Adviser's view on the appropriate classification is expected to develop over time, including in response to statutory or regulatory guidance or changes in industry practices or approaches to classification. A change to the relevant classification would require further actions to be taken, such as requiring further disclosures by impacted Clients or new processes to be set up to capture data about relevant investments, which can lead to additional costs. In addition, there is a risk that a classification of the Adviser, any of the Clients, or any of their individual investments or potential investments as considering or not considering certain ESG matters results in the Adviser, any such Clients or any such investments being targeted by certain policymakers or other stakeholders for activism or pushback. Policymakers have increased the level of scrutiny on ESG disclosures, and the Adviser could in the future be required to incur costs or expend substantial time and resources in responding to such policymakers' inquiries.

Additionally, there is increasing fragmentation in the ESG expectations of various jurisdictions. This could in the future require us to prepare disclosures under various different methodologies that do not align with the methodologies the Adviser use in its assessment of ESG criteria, and to incur additional costs. Moreover, several jurisdictions, including various U.S. states, have adopted or proposed legislation or other policies to require relevant state entities or the administrators of state investments to take certain prescriptive steps regarding their investment decisions. Certain of these jurisdictions require the consideration of certain ESG matters, whereas others require investment decisions to be made solely on financial factors or investment returns without consideration of certain ESG matters. In addition, other potential investors could voluntarily implement strategies regarding their investments in funds dependent on their use or eschewal of ESG factors. To the extent such state laws apply to prospective investors in the Clients or a significant number of such prospective investors adopt strategies regarding investment in funds based on ESG factors, the Adviser could in the future be required to modify, augment, or eliminate its ESG policies to the extent the Adviser targets particular investors for investment in the Clients, or limit the Clients' investor base to exclude investors with deviating ESG strategies, which could materially affect the amount of capital a Client has available for implementing its investment objectives. In addition, the evolving nature of ESG and sustainability-related regulations and practices means that there is likely to be a degree of divergence as to the regulatory and market meaning of such terms, as well as the divergent views on the degrees to which such matters contribute to long-term performance.

*Competition for ESG and Climate-Related Investments.* Due to increasing market interest in ESG and climate-related investing, the Clients are likely to encounter competition from other entities having a similar focus on these areas. The Adviser expects that competition for appropriate investment opportunities in these areas will increase, which could increase the difficulty of finding investments at attractive prices or at all, increase the pressure on the Clients to seek investments that are perhaps more vulnerable to greenwashing claims or allegations, increase the likelihood the Clients will pay higher prices for investments, conduct less due diligence or provide certain seller favorable terms in transactions, or decrease the likelihood of the Clients obtaining buyer favorable terms in transactions.

*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 could be entirely different and, accordingly, the risk management techniques employed on behalf of the Adviser or the Clients could 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 could have on its operation or the ability of the plan to succeed in a time of crisis; as a result, its business continuity plan could 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 could 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 could have an adverse effect on the Client accounts or one or more of their investments.

*Regulatory Changes.* Currently, both the asset management industry and the natural resources industry are subject to enhanced governmental scrutiny and increased regulatory activity. There can be no assurance that any such scrutiny or regulatory activity 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 could 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 could 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 could divert the Adviser's time, attention and resources from investment advisory activities.

*SEC Regulation; Impact of Private Fund Adviser Rule Reforms.* Changes in law or regulations could adversely affect the value of investments held (directly or indirectly) by the Funds, affect the ability of the Funds to pursue their respective investment strategies, restrict the Adviser's ability to operate as it has in the past, and increase the amount of fees or expenses borne by the Funds and the investors of the Funds indirectly. For example, in August 2023, the SEC adopted significant rules under the Advisers Act concerning certain private fund advisers. These rules include new (i) restrictions and prohibitions on certain conflicted activities (including the charging or allocation of certain fees and expenses to private fund clients); (ii) prohibitions and restrictions on preferential treatment relating to redemption rights and investment information, as well as requirements concerning increased transparency of

preferential treatment; (iii) requirements to issue detailed quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation; (iv) enhanced annual audit requirements; and (v) requirements relating to adviser-led secondary transactions. The dates by which advisers will be required to comply with these rules vary depending on the specific provision and by the amount of a private fund adviser's assets under management.

The time and attention as well as the financial costs associated with compliance with these rules, or other rules adopted in the future, could divert the Adviser's resources away from managing the investment programs of the Funds, which could adversely affect both the Funds and their portfolio companies. Similarly, the cost of new compliance obligations attributable to the Funds – such as the costs associated with quarterly reporting or audit requirements – will increase the financial burden on the Funds to the extent those costs are treated as Fund expenses and could reduce investors distributions. Further, the impact of these rules is uncertain and could become subject to increased uncertainty in the event the rules are challenged in court by industry groups or other market participants. Any legal or regulatory uncertainty with respect to these or other rules is likely to result in a diversion of the Adviser's time and resources as well as expose the Adviser to regulatory risk, all of which in turn could negatively impact the Funds and their investments.

*Cybersecurity Incidents and Risk.* The Adviser, each Client, portfolio companies and service providers to the Adviser, rely on the Internet, computer networks, and various software and hardware (collectively, "IT Systems") for current and planned and internal and external-facing operations. IT Systems and the confidential information, personal information, financial information, and other proprietary or nonpublic information the Adviser, the Clients, each Client's portfolio companies or third-party vendors store, transmit, and otherwise process (collectively, the "Information") are subject to cybersecurity threats, risks and vulnerabilities, including through social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and vulnerabilities in software (including malicious code) that is integrated into IT Systems, products or services. While the Adviser has taken steps to protect its IT Systems and Information, threat actors are increasingly sophisticated and using advanced tools and techniques (including artificial intelligence) to circumvent security controls, evade detection and delete forensic evidence, which impacts the Adviser's ability to timely and effectively detect, investigate, mitigate and recover from attacks and incidents. The Adviser also engages third parties to perform various functions, and the Adviser cannot control their actions entirely.

While the Adviser has not suffered any cybersecurity incidents that have resulted in, or are expected to result in, a material impact to the Adviser's operations or financial results, the Adviser, the Clients or a Client's portfolio company could experience cybersecurity incidents in the future that have a material adverse impact on its business or operations. A security incident has the potential to result in significant costs and liability, including legal claims or proceedings, regulatory investigations and enforcement actions, fines and penalties, increased preventative and protective costs, significant incident response, system restoration or remediation and compliance costs, reputational or brand damage, loss of investors, and the loss of liquidity. Any of the foregoing has the potential to materially impact the Adviser's business prospects or financial position, as well as each Client's ability to achieve its investment objectives or conduct its operations. Finally, there is no guarantee that any costs and liabilities will be covered by the Adviser's existing insurance policies or that applicable insurance will be available to the Adviser in the future on economically reasonable terms or at all.

*Banking System Volatility.* The U.S. banking system has experienced, and could continue to experience, significant volatility. In the event of failure of any of the financial institutions where the Adviser, any

general partners, the Clients, a portfolio company or service providers maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing these funds could adversely affect the business and financial position of the Adviser, any general partners, the Clients, a portfolio company or service provider. Any additional closures that could occur within the banking system, could significantly increase the Adviser's, the general partners' and the Clients' costs, negatively impact the Clients' ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert the Adviser's time, attention and resources away from the pursuit of a Client's investment strategy. Furthermore, these closures, and any additional closures that could occur within the banking system, have the potential to also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. Depending on developments, regulatory guidance and timing, such events could significantly exacerbate the normal risks associated with a Client and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. Furthermore, such events could lead to financial system and participant regulatory reform, and such increased regulatory oversight could impose additional administrative burden on the Adviser, the general partners and the Clients. The foregoing could materially adversely impact a Client's operations and its ability to realize its investment objectives in a timely manner.

*Access to Deposits.* The Adviser maintains the majority of its and the Clients' cash and cash equivalents in accounts with major U.S. and Canadian financial institutions, and the Adviser's and the Clients' deposits at these institutions often will exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where the Adviser maintains its and the Clients' cash and cash equivalents, there can be no assurance that the Adviser would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect Adviser's or the Clients' business and financial position.

*Russia-Ukraine Conflict.* The Russian Federation invaded Ukraine on February 24, 2022. Geopolitical tensions have mounted in response and the U.S., the United Kingdom, European Union ("EU") member states, and other countries have imposed economic sanctions on the Russian Federation, parts of Ukraine, as well as various designated parties. These sanctions have impacted the Russian economy. As further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the effect of these events or how long they will last. Depending on direction and timing, the Russian Federation-Ukraine conflict could significantly exacerbate the normal risks associated with the Clients and lead to adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping, energy and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, could affect markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. It is also expected that the Russian Federation-Ukraine conflict could spark further sanctions or military conflicts which will impact other regions. The foregoing could seriously impact each Client's operations and its ability to realize its investment objectives timely.

*Israel Conflict.* Following the invasion of Israel on October 7, 2023 by certain organizations residing in territories and countries adjacent to Israel, military activities conducted immediately thereafter by many of the parties involved or indirectly involved have significantly increased the risks related to the conduct of international policy and trade in the area. The foregoing could seriously impact the operations of the Clients and their ability to realize investment objectives in a timely manner.

*Volatility of Commodity Prices.* The performance of certain of a Client's investments could 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 could 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. It is possible that such securities could 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 could 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 could result in volatile earnings of precious metal-related companies, which could, 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 could engage in derivative or similar transactions. These transactions could 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 could be difficult to value, could be illiquid and could be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Derivative instruments could trade on markets organized outside the United States, markets for such instruments could be illiquid, highly-volatile and subject to interruption and there is no assurance that suitable hedging instruments will continue to be available at reasonable cost.

The investment techniques related to derivative instruments are highly specialized and could 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 could turn on small changes in exogenous factors not within the control of SAM USA. Moreover, derivative agreements and contracts entered into by companies could 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.

*Cyclical Nature 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 could 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 could result in price distortions. Such distortions could 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 could 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 could 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 could 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 invests, 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 could also affect investment in non-U.S. securities. Higher expenses could 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 could be higher than the United States. Non-U.S. securities markets also could 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 could 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 could 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 could 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 could 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 could 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 could 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, could 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. There is no assurance that returns generated from a Client's investments will 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 could 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 could finance such purchase with borrowed funds and thus will have to pay interest on such funds during such waiting period.

*Distressed Securities.* The Clients could 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 could 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 could result in significant returns to a Client, but also involve a substantial degree of risk. A Client could lose a substantial portion or all of its investment in a distressed environment or could 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 could be difficult to obtain information as to the true condition of such issuers. Such investments also could 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 could 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 could 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 could have a highly concentrated portfolio and, as a result, could not be diversified among a wide range of issuers, geographic areas, capitalizations or types of securities and could 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. Rule Advisors LLC, an investment adviser wholly owned by Mr. Rule was subsequently engaged as the sub-adviser to the Sprott Rule Managed Account in May 2021. Mr. Rule provides discretionary investment management activities and certain solicitation activities on behalf of such Managed Account. Mr. Rule, through Rule Advisors, receives cash compensation for the sub-advisory services performed on behalf of the Sprott Rule Managed Account and solicitation services performed on behalf of all SAM USA products in addition to the Sprott Rule Managed Account.

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 is permitted to open an account for each Managed Account Client with SGRIL and 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"), Merrill Lynch, JP Morgan Chase, Charles Schwab & Co and U.S. Bank NA ("US Bank") whereby they each serve as broker and custodian on behalf of select institutional and high net worth Managed Account Clients.

SAM USA also has opened demand deposit accounts 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 could be aggregated with trades for SAM USA Client accounts. This practice has the potential to limit the amount of stock allotted to SAM USA Clients if there is insufficient liquidity in the security.

Clients could 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 creates 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, 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 has registered with the National Futures Association (NFA) as a Commodity Trading Adviser and a Commodity Pool Operation in order to manage assets under jurisdiction with the Commodity Futures Trading Commission (CFTC). There could be investment products developed by Sprott which would need such a registration for the trading of futures and commodities and the NFA membership gives SAM USA the flexibility to serve the overall firm in that capacity. SAM USA could recommend that its Clients invest in one or more funds managed by SAM USA or an affiliate, such as the Sprott Focus Trust, Sprott Gold Equity Fund, or a physical trust managed by an affiliate Sprott Asset Management LP. As a result, SAM USA could have an incentive to recommend an investment in a SAM USA affiliated fund over another investment opportunity. SAM USA's affiliate could receive a separate management fee and, depending on the fund, a performance-based fee. These fees are in addition to any fees a Client pays to SAM USA.

In addition, certain affiliated funds could 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 could share revenues and expenses, its employees and owners could own a significant amount of an affiliate fund, and could be subject to preferential terms such as not paying management or performance fees or they receiving (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 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 could potentially be faced by the Adviser or a Client.

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

As set forth above in Item 10, Clients could 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 could 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.

Additionally, the immediate family members of certain SAM USA employees serve as officers and/or directors of companies within the investment mandate of certain Clients, and SAM USA is permitted to trade in such companies in accordance with each Client's investment strategy and objective. To the extent such trades have the potential to benefit a SAM USA employee's family member and the company for which they work, a conflict of interest could arise because SAM USA could have an incentive to trade in such company based in part on the financial interest of the SAM USA employee's family member rather than solely the interests of the applicable Client.

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

All SAM USA employee trades will be reviewed by the CCO or an employee designated by the CCO. SAM USA employees could 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 employee personal accounts could 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 could, 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 could be applicable as a result of SAM USA personnel serving as directors of public companies and could restrict trading on behalf of Clients. Due to these restrictions, there is no assurance that Client accounts will be able to initiate a transaction that they otherwise might have initiated or 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 could 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 could 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 could also spend time assisting other Clients with their investment activities. Conflicts therefore could arise among SAM USA Clients with respect to the allocation of investment professional time and resources.

### **Possible Future Activities**

The Adviser and its affiliates could 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.

### **Secondary Transactions**

SAM USA could propose to a Fund's limited partners one or more transactions that would enable such limited partners to monetize or restructure all or a portion of their interests in a Fund, including through the use of a continuation vehicle (each such transaction, a "Secondary Transaction"). The sale of an investment to a continuation vehicle could result in certain limited partners, the general partner and/or members of the firm (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all limited partners of such Fund and otherwise taking actions with respect to such investments that are different than the actions taken by other limited partners. SAM USA could be subject to other conflicts of interests in connection with a Secondary Transaction, including with respect to investment valuations, allocation of fees and expenses and the offering of investment opportunities to the Funds and co-investors.

### **Use of Subscription Lines**

The Funds could fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities, the collateral for which can be, for example, the undrawn capital commitments of investors (*i.e.*, subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the Adviser, but certain related costs could be borne by the Fund, subject to the operating and offering documents of the relevant Fund. As a result, the Adviser could have an incentive to cause a Fund to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund. In addition, limited partners could be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or defaults thereunder.

### **Provisions of Financing to Clients**

The Adviser and/or one or more of its affiliates, has provided, and could from time to time in the future provide loans or other financing to certain Clients. The Adviser intends such loans to be on terms that are no less favorable than terms that could have been obtained from a third party on an arm's length basis.

### **Certain Risks and Costs of Leverage Below a Fund**

Even though it presents many of the same risks as Fund-level borrowing, indebtedness of entities other than a Fund will not be treated as Fund-level borrowing for purposes of the governing documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Fund's value are at risk. As a result, these borrowings will not be subject to any limitations on Fund-level borrowing in the governing documents. Since the Adviser has more flexibility to engage in these structures, the Adviser is incentivized to incur significant leverage at the level of holding companies beneath a Fund. The negative performance of one asset could materially and adversely impact the performance of other investments or a Fund as a whole.

### **Portfolio Company Representation**

It is expected that employees, officers, directors, agents, managers, members, representatives, partners, investors and shareholders of the Adviser and their affiliates could serve as directors of certain of the portfolio companies and, as such, could have duties to persons other than a Fund. Although such positions in certain circumstances could be important to a Fund's investment strategy and could enhance the Adviser's ability to manage investments, they could also have the effect of impairing a Fund's ability to sell the related securities when, and upon the terms, it otherwise desires, and could subject the Adviser and the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify employees, officers, directors, agents, managers, members, representatives, partners, investors and shareholders of the Adviser and their respective affiliates from such claims.

### **Generation of Trade Ideas by Portfolio Managers and Allocation of Investment Opportunities**

SAM USA portfolio managers are permitted to generate their own trade ideas in accordance with each Client's specific mandate according to the investment parameters set out by each Client and are

permitted to share such trade ideas with other portfolio managers before or after a trade is executed. Moreover, a portfolio manager that submits a trade idea to the Investment Committee for approval is permitted to trade ahead of the Investment Committee's decision on that specific trade idea. SAM USA portfolio managers are prohibited from trading on an investment idea that is generated during an Investment Committee meeting until a vote is held, unless the portfolio manager already has an existing order for such trade entered and, if the vote is in the affirmative, then the trade will be allocated based on the priority of the Investment Committee's mandates and, if the Investment Committee does not vote in the affirmative, the portfolio managers are permitted to trade the investment idea in their own discretion. Given that SAM USA does not generally impose restrictions on when portfolio managers are permitted to share their trade ideas or trade on ideas they generate, a conflict of interest could arise where other portfolio managers act on a trade idea and execute trades for their respective Clients to the detriment of the Clients of the portfolio manager who originally generated the idea. Although SAM USA has implemented policies and procedures to address conflicts that could arise from this arrangement, there is no assurance that such procedures will be effective or otherwise resolve such a conflict.

## **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 could 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 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 typically trades securities on behalf of its Clients on an aggregated basis and allocates any costs and soft dollar benefits generated to its clients on a *pro rata* basis. SAM USA does currently engage in soft dollar practices for certain Funds. As a result of this practice, soft dollar benefits are not allocated to each client in proportion to the soft dollar credits each client generates. Instead, all of the Adviser's Clients generally benefit equally from the soft dollars generated by its aggregate trading method. In certain instances, such as when the Adviser enters into a relationship with a new Client, it could trade securities for a single Client. In these instances, any soft dollar benefits generated are allocated among all of its Clients on a *pro rata* basis. 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) could

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) could 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 could 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 could 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 could 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 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 could aggregate certain Managed Account Client account trades in an effort to treat those Managed Account Client accounts equitably. These Managed Account Client accounts could participate in a bunched order and could receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees could 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, Sprott 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 could 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 could 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 at least annually 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 could 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 expects to 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 provides certain investors with additional information or more frequent reports that other investors will not receive.

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

The Adviser could 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 could result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and could 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.

Notwithstanding the foregoing, the Adviser or its affiliates are permitted to, from time to time, enter into arrangements in which persons who are not supervised persons (such as placement agents, introducers or financial advisors) assist in the capital-raising efforts of a Client in exchange for a fee. The fee paid, if any, to such persons could be calculated as a fee equivalent to a percentage of the referred investor's commitments or total commitments with respect to an applicable Client, with threshold requirements as applicable. These relationships could affect the independence of such person in connection with their

recommendations of a particular Client. In the event any placement agent, introducer or other advisor is engaged in respect of a Client, prospective investors should also note that at various times such placement agent, introducer or other advisor will likely act as placement agent, introducer or advisor for other fund sponsors and funds, including fund sponsors and funds that are not affiliated with the Adviser or its affiliates, including those which offer interests that are similar to the Clients' interests. Such unaffiliated fund sponsors could pay placement or introducer fees on terms different from the fees placement agents or introducers could receive in respect of a Client, and such differences in fees can influence a placement agent's and/or introducers decision to introduce prospective investors to a Client. Furthermore, a placement agent, introducer or other advisor can seek to do business with and earn fees or commissions from portfolio companies of the Clients and affiliates of the Adviser (e.g., in connection with financing or investment banking services, or lending or arranging credit). Accordingly, prospective investors should recognize that each placement agent's participation as a placement agent or an introducer's participation as an introducer for the interests and each other advisor's participation as an advisor to the general partner or the Adviser can be influenced by its interest in such current or future fees and commissions. Prospective investors should also be aware that affiliates or employees of a placement agent, introducer or other advisor could invest in the Clients on their own behalf and/or on behalf of their clients. Neither the Adviser nor its affiliates engage any placement agent, introducer or finder that is not registered as a broker-dealer with the SEC and a member of FINRA (or, if applicable, corresponding non-U.S. authorities). These types of arrangements are disclosed in the relevant Client's Advisory Agreement.

### **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 will also have the authority to directly debit Client accounts for quarterly fees.

The RED Fund, STEM Fund, SPC Fund and Sprott Hathaway Fund receive account statements on at least a quarterly basis. Although SAM USA is deemed to have custody of the underlying assets of certain of the RED Fund, SPC Fund, STEM 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, RED Fund, STEM Fund, SPC 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 Sprott Hathaway Fund, RED Fund and SPC Fund will also receive GAAP audited financial statements annually and unaudited financial statements semi-annually.

### **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 could 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 could 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 could 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. SAM USA Family Office Clients have the ability to vote their own securities, ask for direction or elect to have the Adviser vote on their behalf. SAM USA has adopted proxy voting policies and procedures (the “Proxy Policy”) to address how it votes proxies for Client accounts. There are two similar Proxy Policies used by SAM USA. The Proxy Policy for non-registered funds and managed accounts seeks to ensure that the Adviser votes proxies in the best interest of Clients, including where there could be material conflicts of interest. Pursuant to the Proxy Policy, SAM USA generally makes proxy decisions using the following guidelines for managed accounts:

- 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 of 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 will 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 (203) 656-2400 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. A copy of the Adviser's voting policy will be provided to any Client, prospective Client or any investor in a Client upon request 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 on occasion will, in its discretion, provide advice to Clients regarding the voting of proxies for securities held in Client accounts on the IB platform.

Pursuant to the Proxy Policy with regards to 1940 Act Registered Funds (Mutual Funds and Exchange Trade Funds), SAM USA generally will follow the following guidelines:

SAM USA (the "Adviser"), in our capacity as a portfolio manager, is wholly responsible for establishing, monitoring and amending the policies and procedures relating to the voting of proxies received in connection with portfolio securities held for any fund or managed account for which we are the Adviser or sub-adviser.

We will generally vote in favor of the following proxy proposals:

- Electing and fixing number of directors
- Appointing auditors
- Ratifying director actions
- Changing registered address
- Authorizing directors to fix remuneration of auditors
- Approving special resolutions to change the authorized capital of the company to an unlimited number of common shares without par value

We retain the discretion to depart from these policies on any particular proxy vote depending upon the facts and circumstances. We also reserve the right to abstain from voting for any reason we deem appropriate. The voting of proxies are made to uphold our responsibility, as stewards of our clients' investments, and to engage with company management and/or board members on material business issues, including environmental, social and governance ("ESG") matters. We believe that doing this will further the long-term economic value of the underlying securities and is in the best interest of our clients. Where there is a conflict of interest between us as Adviser or as sub-adviser and a fund (or

account), the conflict will be resolved in the best interests of the fund (or account).

We utilize the services of Glass Lewis & Co. (“Glass Lewis”) to assist in voting proxies. Glass Lewis, a global governance solutions provider with expertise in proxy voting and corporate governance issues, provides research and voting recommendations, which augments our internal processes.

If applicable, we will maintain and prepare an annual proxy voting record for any fund for which we act as Adviser. The proxy voting record for the annual period ending June 30 each year for each fund, where applicable, will be available free of charge to any investor upon request at any time after August 31 of that year.

**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.