

Royal Bank Plaza,  
South Tower  
200 Bay Street  
Suite 2700, P.O Box 27  
Toronto, Ontario  
M5J 2J1

T: 416 943 6707  
F: 416 362 4928  
Toll Free: 866 299 9906

[www.sprott.com](http://www.sprott.com)

### Performance

In accordance with NI 81-102, we will not publish returns for this fund until it is one-year old.

### Comment

The Sprott Global Equity Fund (the "Fund") was launched on April 25th, 2007 at a NAVPU (Series A) of \$10.00. The Fund's NAVPU's were \$9.45 as of December 31st, 2007, \$8.77 as of February 29th, 2008, and \$8.94 as of March 31st, 2008. Since the Fund's inception, the MSCI World Index (CAD) has returned -15.14%, while it generated returns of 3.28% in March and -6.06% in the first quarter of this year.

The return of the Fund relative to the MSCI World Index (CAD) has been positive since inception and on target with our goal of adding value of more than 4% (net of fees) on an annual basis. On a 5 to 10-year horizon, achieving this goal would position the Fund amongst the top in its category. While we do appreciate our investors' goal of realizing positive absolute returns resulting from the outperformance of a benchmark that is itself generating positive returns, we also believe that we are providing our investors with relative downside protection as we endure the difficulties in financial markets over the short-term.

The first quarter of 2008 witnessed the greatest stock market volatility of the past 70 years, with more than 50% of trading days experiencing fluctuations of more than 1%. Our analysis tells us that this extreme volatility is often the sign of a turning point in the markets and the economy in general, as new leadership begins to emerge. As a result, we believe the sentiment towards the US and global markets may be consistent with a market bottom, characterized by choppy markets that may persist for a couple of months.

With reference to the activities of the Fund, since inception in April 2007, the Fund has been underweight the Financial sector, in which we have identified the most difficulties. In contrast, the Fund has been overweight Energy Services, a sector with greater profitability and visibility. We also made the decision last November to increase our investment in the Swiss market in an effort to benefit from both quality corporations and the relative strength of the Swiss Franc. Since then, the Franc has gained more than 20% relative to the Canadian dollar, a factor that partly explains our relative value added vis-à-vis the MSCI World Index (CAD).

Going forward, being selective in an environment of slower growth and higher risk will be even more critical than in a more stable context. The ability of companies to protect profit margins will be increasingly important in coming quarters, as they are now under growing pressure. The large set of characteristics that we seek to identify in the selection process, in conjunction with the diversification and balance of these characteristics, ensures that we are buying names that are able to continue growing in a more challenging global environment.

Sylvain Ratelle, CFA, MBA  
**Investment Strategist**

Royal Bank Plaza,  
South Tower  
200 Bay Street  
Suite 2700, P.O Box 27  
Toronto, Ontario  
M5J 2J1

T: 416 943 6707  
F: 416 362 4928  
Toll Free: 866 299 9906

[www.sprott.com](http://www.sprott.com)

*Sprott Asset Management Inc. is the investment manager to the Sprott Funds. Important information about these Funds, including their investment objectives and strategies, purchase options, and applicable management fees and expenses, is contained in their prospectus or offering memorandum. Please read these documents carefully before investing. Commissions, trailing commissions, management fees, other charges and expenses all may be associated with investing in the Funds. The indicated rates of return for [series A] securities of the Funds for the period ended December 31, 2007 are based on the historical annual compounded total returns including changes in unit/share value and reinvestment of all distributions or dividends and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. This communication does not constitute an offer to sell or solicitation to purchase securities of the Funds.*

*The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Funds may be lawfully sold in their jurisdiction.*