

A DIFFERENT APPROACH TO EQUITY INVESTING
Sprott Enhanced Equity Strategy

John Wilson takes a different approach to equity investing

John Wilson joined Sprott in January 2012 as Senior Portfolio Manager and was later appointed Chief Executive Officer and Co-Chief Investment Officer. John has more than 25 years of investment and business experience. Prior to joining Sprott, he was CIO at Cumberland Private Wealth Management where he managed \$1.7B AUM for high net worth investors. In 2005, John founded DDX Capital Partners, an alternative investment manager.



"Our investment approach is built around the fundamental idea that the best way to make money is not to lose it first. For us, risk is simply losing money."

Sprott Enhanced Equity Strategy

In an environment where investors can no longer rely on 'Buy and Hold' strategies and markets are increasingly difficult to predict, Sprott Enhanced Equity Strategy offers a unique way to invest, and stay invested in equities.

Sprott Enhanced Equity Strategy is designed to provide long-term growth with a focus on capital preservation. The strategy manager, **John Wilson**, has a proven track record of achieving results for his clients by following the simple principle of "winning by not losing". His core equity strategy focuses on a concentrated portfolio of quality companies and uses options, tactical cash allocation and a well-defined investment process, including loss limits and sell discipline to reduce risk and enhance returns.

CONCENTRATED PORTFOLIO OF QUALITY COMPANIES

The portfolio usually consists of 25-35 large cap companies that typically have three characteristics:

- Generate free cash flow
- Trade at a discount to their long-term value
- Provide a higher degree of predictability (e.g. recurring contract revenue, high market share)

OPTIONS OVERLAY

Options are usually no more than 5% of the portfolio but provide two very powerful benefits:

- Enhanced risk management – insurance to protect against negative market outcomes
- Enhanced risk/return – maximize return per unit of risk

TACTICAL CASH ALLOCATION

John tactically adjusts portfolio's cash position, usually between 0%-40%, to manage risk.

WELL-DEFINED RISK MANAGEMENT PROCESS

A well-defined investment process that includes loss limits and sell discipline, provides an added objective measure to ensure that the losers are identified early and sold out of the portfolio, and the winners are sold when they reach their target price.

Strategy in Action

We offer a number of investment options to access Sprott Enhanced Equity Strategy: two equity mutual funds (North American and U.S. only mandates), balanced mutual funds and long-short funds for accredited investors.

Equity Mutual Funds

Sprott Enhanced Equity Class and **Sprott Enhanced U.S. Equity Class** are both ideal solutions for a core equity allocation. They are designed to provide long-term growth with a focus on reducing downside risk.

Sprott Enhanced U.S. Equity Class was launched in July, 2015 and it is a U.S. only mandate, with the U.S. dollar as its main currency.

	CUMULATIVE RETURN (%)	DOWNSIDE CAPTURE (%)	UPSIDE CAPTURE (%)	UPMARKET RETURN (%)	DOWNMARKET RETURN (%)	DOWNSIDE DEVIATION (%)	SORTINO RATIO ⁴
Sprott Enhanced Equity Class ¹	28.03	70.90	33.96	52.12	-15.77	3.36	1.49
Peer Group ²	88.69	119.60	73.74	113.19	-26.60	4.52	2.90

As of May 31, 2017, cumulative return since inception of the Fund on April 17, 2012, partial month return in inception month has been excluded from risk measures.

Balanced Mutual Funds

Sprott Enhanced Balanced Fund and **Sprott Enhanced Balanced Class** are ideal core balanced holdings for risk-averse investors.

	CUMULATIVE RETURN (%)	DOWNSIDE CAPTURE (%)	UPSIDE CAPTURE (%)	UPMARKET RETURN (%)	DOWNMARKET RETURN (%)	DOWNSIDE DEVIATION (%)	SORTINO RATIO ⁴
Sprott Enhanced Balanced Fund ¹	23.08	72.85	40.59	40.24	-11.93	2.49	1.71
Peer Group ³	34.57	103.63	60.65	60.12	-16.96	2.82	2.04

As of May 31, 2017, cumulative return since inception of the Fund on April 16, 2012, partial month return in inception month has been excluded from risk measures.

Long-Short Funds for Accredited Investors

Sprott Enhanced Long-Short Equity Fund L.P. and **Sprott Enhanced Long-Short Equity RSP Fund** are designed to deliver:

- Attractive risk-adjusted returns through a number of active hedge fund strategies
- Returns with less correlation to overall bond and equity markets when compared to traditional long-only funds

Performance Summary as of May 31, 2017¹

FUND ¹	1 MTH	YTD	3 MTH	6 MTH	1 YR	3 YR	5 YR	10 YR	ANNUALIZED INCEPTION
Sprott Enhanced Balanced Fund	-0.1	1.8	1.3	3.2	4.9	1.7	4.3	-	4.1
Sprott Enhanced Balanced Class	0.0	2.1	1.4	3.4	5.0	1.6	-	-	2.5
Sprott Enhanced Equity Class	-0.3	0.9	0.7	2.6	4.3	1.4	5.2	-	4.9
Sprott Enhanced Long-Short Equity Fund L.P.*	3.6	5.7	5.2	6.7	6.6	-0.4	3.6	2.7	8.9
Sprott Enhanced Long-Short Equity RSP Fund*	3.5	5.4	5.1	6.3	5.9	-0.8	3.2	2.4	4.3

*John Wilson assumed the management of the Fund on February 27, 2012.

Downside Capture/Upside Capture – Measure how much of the benchmark return is being captured by the Fund, in periods when the benchmark was negative/positive.

Downmarket Return/Upmarket Return – The Fund's cumulative return in periods when the benchmark was negative/positive.

Standard Deviation – measures the variation of returns around the average mean return. The lower the number, the better.

Sortino Ratio – It measures risk-adjusted return. It is the excess return over the risk-free rate divided by the downside semi-variance, and so it measures the return to downside volatility. The higher the ratio, the better.

Fund Codes

FUND	A		AH		T		F	FT	FH
	FE	LL	FE	LL	FE	LL			
Sprott Enhanced Balanced Fund	SPR 240	SPR 241	-	-	SPR 243	SPR 244	SPR 245	SPR 247	-
Sprott Enhanced Balanced Class	SPR 438	SPR 443	-	-	SPR 441	SPR 444	SPR 439	SPR 442	-
Sprott Enhanced Equity Class	SPR 430	SPR 433	-	-	SPR 445	SPR 449	SPR 435	SPR 446	-
Sprott Enhanced Equity Class USD	SPR 447	SPR 454	-	-	SPR 455	SPR 456	SPR 448	SPR 457	-
Sprott Enhanced U.S. Equity Class USD	SPR 390	SPR 393	-	-	SPR 395	SPR 396	SPR 391	SPR 394	-
Sprott Enhanced U.S. Equity Class CAD	SPR 402	SPR 406	-	-	SPR 408	SPR 409	SPR 403	SPR 407	-
Sprott Enhanced U.S. Equity Class CAD Hedged	-	-	SPR 410	SPR 411	-	-	-	-	SPR 412
Sprott Enhanced Long-Short Equity Fund L.P.	SPR 009	-	-	-	-	-	SPR 109	-	-
Sprott Enhanced Long-Short Equity RSP Fund	SPR 091	-	-	-	-	-	SPR 191	-	-

¹ All returns and fund details are a) based on Series/Class A units; b) net of fees; c) annualized if period is greater than one year; d) as at May 31, 2017; e) inception date: Sprott Enhanced Balanced Fund: April 16, 2012; Sprott Enhanced Balanced Class: September 30, 2013; Sprott Enhanced Equity Class: April 17, 2012; Sprott Enhanced Long-Short Equity Fund L.P.: April 7, 2004; Sprott Enhanced Long-Short Equity RSP Fund: September 30, 2005.

² Source: Morningstar, CIFSC. Based on simple average. Peer Group: CIFSC: Canadian Focused Equity; Funds in the Canadian Focused Equity category must invest at least 50% and less than 90% of their equity holdings in securities domiciled in Canada, and their average market capitalization must be greater than the Canadian focused small/mid cap threshold. Indices are computed by Sprott Asset Management based on publically available index information.

³ Source: Morningstar, CIFSC. Based on simple average. Peer Group: CIFSC: Funds in the Tactical Balanced category must have a flexible asset allocation policy ranging from 40% (or less) to 60% (or more) in each of equity and fixed income securities. Inclusion in this category may be based on: i) a written asset allocation policy meeting the above definition (i.e. in a fund's prospectus or written investment policy); ii) a portfolio manager's or sub-adviser's stated or known approach to managing portfolios; or iii) the fund's historical asset allocation tendencies. The portfolio manager or sub-adviser may employ one or more methods to make their asset allocation decisions. Indices are computed by Sprott Asset Management based on publically available index information.

⁴ Sortino Ratio is calculated based on a minimum acceptable rate of return of 0%.

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