



# Sprott Resource Class

## December 2017 Commentary

2017 was a solid year for the Resource Class. The fund returned 24.32% (Series A), outperforming the benchmark by 25.52% which returned -1.20%. Of the 24 resource fund peers we track, the Sprott Resource Class is the top performing resource fund over the 1-year, 3-year and 5-year periods ending December 29, 2017.

### Investment Team

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#### **Jason Mayer, CFA, MBA**

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Sprott Asset Management -  
Sub-Advisor

So how were these returns generated? I am not a trader. I am a bottom up investor. My buy decisions are driven by one or more of the following: value (CF multiple or NAV), catalyst driven, world class asset, an operational inflection point and/or momentum/thematic, etc. Ideas come from sell side brokers, industry executives, the Sprott network of contacts, other portfolio managers and various operators on the ground. The fund has been managed the same way since I took over in March 2014. Many different names has driven the outperformance but it is essentially this eclectic approach to screening stocks that has delivered outsized portfolio returns. The unique thing about my approach is that I am not beholden to one particular criteria that drives my investment decisions. For example, some managers are driven either by cash flow or NAV or momentum or catalyst, etc. They have one style that defines how they select stocks whereas I will buy stocks based on various criteria. The rationale behind this approach is simple: if all types of styles can make money then why would I limit my selection criteria.

Currently, the portfolio holdings are invested as follows: 34% gold equities, 24% energy, 15% marijuana, 11% industrial metals, 10% miscellaneous and 6% cash. Note that the portfolio is not overly concentrated in any one particular sector. During 2017, the percentage of contribution from the top 10 contributors were broken down as follows: Industrial metal equities contributed 29%, Marijuana stocks contributed 28%, gold equities contributed 21%, miscellaneous equities contributed 11% and energy companies contributed 10%. Note that the contribution from the top 10 contributors were not overly concentrated in any one particular sector. This is a result of the eclectic approach to stock selection that is discussed above.

I would like to thank unitholders for their continued support.

Jason Mayer

<sup>1</sup> All returns and fund details are a) based on Series F shares; b) net of fees; c) annualized if period is greater than one year; d) as at December 29, 2017; e) 2011 annual returns are from 10/17/11 to 12/31/11. Blended Index (50/50 S&P/TSX Capped Materials Total Return Index and S&P/TSX Capped Energy Total Return Index) and is computed by Ninepoint Partners LP based on available index information.

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