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Gold Tops \$2,000 and Silver Soars

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August saw gold bullion breakout above \$2,000 to reach a new all-time high before pulling back. Gold bullion¹ was up 29.69% YTD through August 31, 2020, and 29.43% YOY. Both silver bullion and gold mining equities reached multi-year highs in August. Gold mining equities (SGDM)² gained 44.71% YTD, and 41.87% YOY as of August 31. This compares to 9.74% YTD and 21.94% YOY returns for the S&P 500 TR Index.⁶ Silver bullion⁷ posted outsized gains in August and was up 57.64% YTD and 53.15% YOY as of August 31.

Month of August 2020

Indicator	8/31/2020	7/31/2020	Change	% Change	Analysis
Gold Bullion ¹	\$1,967.80	\$1,975.86	(\$8.06)	(0.41)%	Bullion touched \$2,075
Silver Bullion ⁷	\$28.14	\$24.39	\$3.75	15.39%	Another solid monthly gain
Gold Equities (SGDM) ²	\$36.30	\$37.05	(\$0.75)	(2.02)%	Gold equities consolidating above support
Gold Equities (GD _X) ³	\$42.27	\$42.94	(\$0.67)	(1.56)%	same as above
DXY US Dollar Index ⁴	92.14	93.35	(1.21)	(1.29)%	New 52 week low
Silver ETFs (Total Known Holdings ETSITL Index Bloomberg)	893.4	875.2	18.2	2.08%	Holdings near all-time high
CFTC Gold Non-Comm Net Position ⁵ and ETFs (Millions of Oz)	108.9	107.9	1.0	0.93%	Holdings near all-time high

Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. Call 866.675.2639 for current month end performance. For standardized performance of the fund please see page 10.

Gold Bullion Trades > \$2,000/oz Before Pullback

After touching a record high of \$2,075 on August 7, gold bullion closed August at \$1,968, losing \$8.06 or 0.4% for the month. Gold saw a small correction mid-month due to a backup in bond yields as the July U.S. unemployment figure was better than expected, a substantial U.S. Treasury issuance approached and some other minor positive economic news was reported.

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Gold has had a tremendous move from its March low of \$1,452 and was ripe for some profit-taking. We are not surprised by gold's softer performance in August, given the notorious low August volumes and investor caution ahead of the virtual Jackson Hole Economic Policy Symposium held on August 27-28. We continue to see gold well supported above the prior cycle high of \$1,900 as it settles into a sustainable \$2,000-\$2,200 trading level.

Silver had a fantastic August, touching \$29.86, and climbing 15.39% for the month. Silver ended the month at \$28.14, just shy of our \$30-\$35 next level target range. Silver appears to be consolidating above the \$26/\$27 range before it re-tests the recent highs. The SLV ETF⁸ has dominated silver trading since July. Currently, there are 6.9 million open interest calls. The majority of the calls appear to have been rolled forward from the prior month; positioning remains very bullish. Typically, the period from September to December tends to have a pro-cyclical bias as next year's expectations are brought forward into the market. In September, "next year" tends to have an optimistic bent. Silver performs best when gold bullion is firmly supported, and a pro-cyclical view is in place.

Gold Mining Equities: Earnings are Strong and Getting Stronger

Gold mining equities had a minor pullback in August (off 2.02%)² and are consolidating well above important technical support levels (e.g., \$40 on GDX³ as a reference). As the market begins to build in a higher-for-longer consensus view for gold bullion, we will continue to see very robust increases in earnings outlook and target price projections. With gold bullion near \$2,000, and industry AISC (all-in sustaining costs) running at approximately \$1,000 per ounce, the industry is realizing approximately 100% operating margins in one of the worst global recessions in the past century.

This is worth repeating: Gold miners are enjoying 100% operating margins in a severe recession.

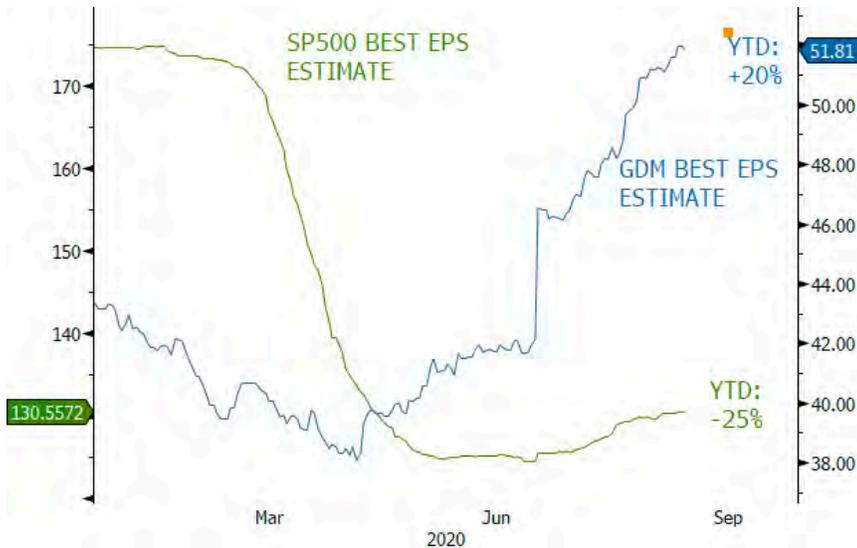
Figure 1 highlights the disparity in the earnings outlook between broad equities and miners. Year to date, the best earnings per share (EPS) estimate for the S&P 500 Index has fallen 25% while the EPS for gold mining equities, as measured by NYSE Arca Gold Miners Index (GDM),⁹ has increased 20%. This is with GDM EPS calculated using consensus gold spot price deck estimates that are well below the realized and futures price. Typically, there is a two- to three-month lag before earnings begin to reflect realized higher prices, so we would expect earnings momentum to continue. Also, from the spring trough lows, the GDM EPS have been revised up 36% while the S&P 500 Index is up 5%.

The S&P 500 Index is at a record high, all due to higher P/E (price-to-earnings) multiples. It is also highly concentrated in a handful of mega-cap technology stocks (FAAMG: Facebook, Amazon, Apple, Microsoft, Google) that now total more than 23% of the S&P 500 Index by weight. The P/E on the S&P 500 Index has now surpassed the all-time P/E high of the 1999/2000 bubble. In comparison, gold mining equities year-to-date have a flat P/E multiple; earnings have driven all the advance. In Figure 2, the one-year target price for GDM has increased by 45% versus 7% for the S&P 500 Index year-to-date. Higher P/E projections have driven all the increase in S&P 500 Index target price from the spring lows.

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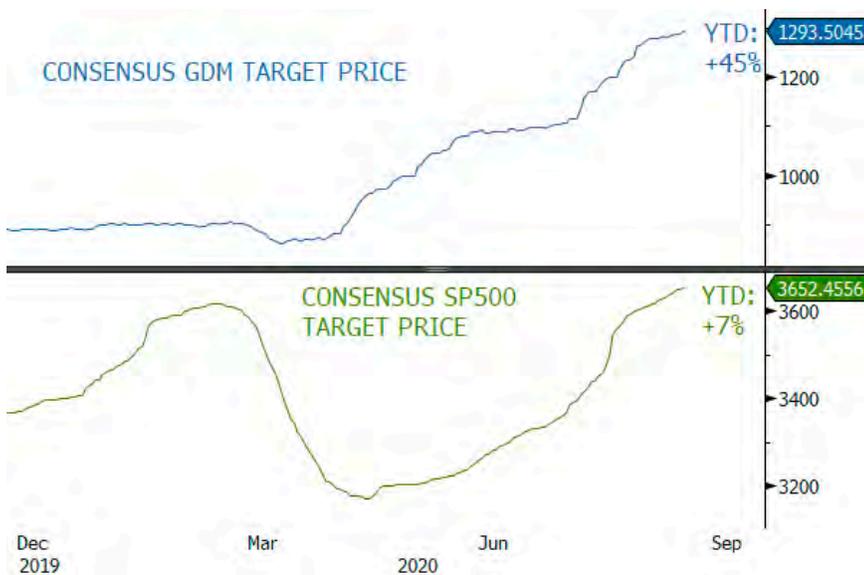
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Figure 1. S&P 500 Index Best EPS Estimate vs. Gold Miners (GDM) Best EPS Estimate



Source: Bloomberg. Data as of 8/31/2020.

Figure 2. Consensus Target Prices for S&P 500 Index and Gold Miners (GDM)



Source: Bloomberg. Data as of 8/31/2020.

Gold Priced in Various Currencies, and Various Currencies Priced in Gold

Gold's performance, as measured in major currencies, has excelled and reached new relative highs. Gold has been held as a store of value for multiple millenniums and as a portfolio asset for several decades or more. Perhaps more than any other asset class, gold seems to bear the burden of excessive amounts of subjective views. In Figure 3, we took several of the largest currencies and indexed to a base of 100 over the past 20 years. Gold has outperformed every currency by a considerable margin (4x to 8x). If we take this calculation back to 1973 when the Bretton Woods Accord's currency-gold exchange pegs finally fell apart, the normalized numbers in Figure 3 will show an 8x to 54x outperformance by gold.

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In a fiat currency world, gold makes sense; the only consideration is perhaps timing. When central banks are actively depreciating currencies, gold makes sense, period. When central banks are actively depreciating currencies to this extreme and with more to come, it is hard not to consider gold as a mandatory portfolio holding. The numbers speak for themselves; they are objectively eye-popping.

Figure 3. Gold in Various Currencies Indexed: 20 Years (2000-2020)

Over the past 20 years, gold has increased in value relative to these five major currencies — U.S. Dollar, Euro, Yen, British Pound Sterling and Swiss Franc.



Source: Bloomberg. Data as of 8/31/2020.

In Figure 4, we highlight several major currencies priced in gold, the inverse of what is commonly seen. On average, the major currencies have lost about 90% of their buying power in gold. There is not a single currency anywhere that has not lost the vast majority of its purchasing power versus gold over the past 20 years. There is not a single developed economy with an issuing currency that is not actively depreciating its currency. Every advanced economy is, in one way or another, to a varying degree, is moving towards an MMT (modern monetary theory) type of monetary policy brought on by the COVID-19 pandemic. The old phrase, "a race to the bottom," has never been more apt or more evident.

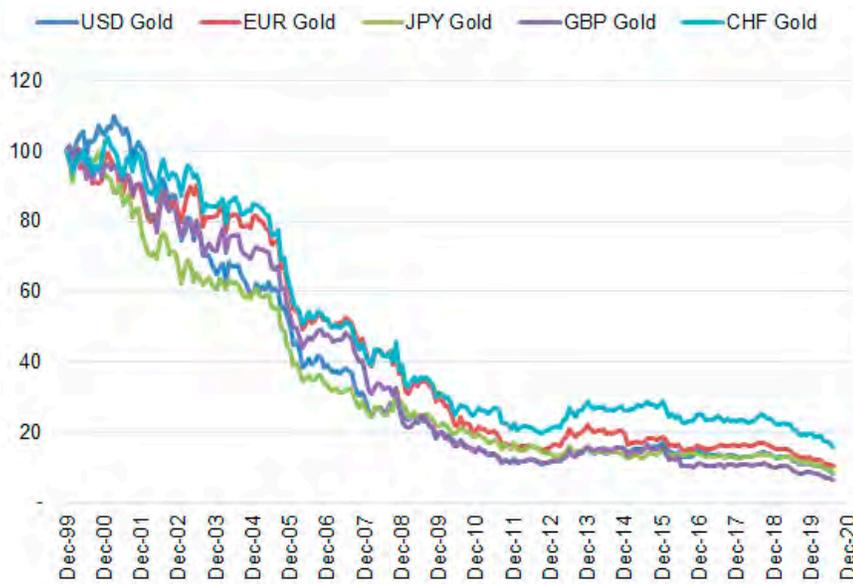


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Figure 4. Purchasing Power of Main Currencies in Gold

Over the past 20 years, these five major currencies — U.S. Dollar, Euro, Yen, British Pound Sterling and Swiss Franc — have all lost purchasing power value when compared to gold bullion.



Source: Bloomberg. Data as of 8/31/2020.

Another Fed Pivot, Average Inflation Targeting (AIT)

At this year's Jackson Hole Economic Policy Symposium, Fed Chairman Powell officially announced a change in the Fed's inflation framework to an average inflation targeting of 2% over time. There was no specified formula to define how the average would be calculated, but Powell did emphasize that it would be "flexible." The obvious takeaway is that the Fed Funds rate will stay at 0% for a very long time (ZIRP Infinity). Inflation can run hot for a while, and the U.S. unemployment rate can go to very low levels before the Fed raises rates. Under this framework, for example, the rate hikes and balance sheet reduction of 2015 to 2018 to head off inflation and tack back to normalization would not have occurred (Punch Bowl Infinity).

Furthermore, the Fed believes a "robust job market can be sustained without causing an outbreak of inflation," essentially acknowledging the Phillips Curve is broken. This is a critical pivot that MMT supporters have been emphasizing. There also does not seem to be a requirement to run inflation below 2% after running above for a period of time. But the Fed also said it would not hesitate to act if inflation were to become "excessive." Sensible asymmetric inflation targeting.

The Fed, however, did not state how it would achieve its higher sustainable inflation rate, aside from saying it will use the full range of tools (i.e., forward guidance and QE [quantitative easing]). Forward guidance and QE during the past decade were effective at keeping interest rates low but were unable to generate inflation. In the post-COVID world, the Fed's ability to generate inflation seems very doubtful without continuing massive fiscal stimulus programs and other new policy initiatives. The Fed's response to the COVID-19 pandemic and future responses continue to align with a multi-year gold bull market.

It has not, and it will not likely be inflation that powers the secular gold bull market higher. It will be the policies and actions that are undertaken to generate inflation that will drive gold ever higher. To get a sense of what will be necessary, Figure 6 shows the Fed's preferred measure of inflation: the U.S. Personal Consumption Expenditure Core Price Index (or PCE). Since the GFC (global financial crisis), despite all the stimulus and better economic times, the Fed's 2% inflation target was

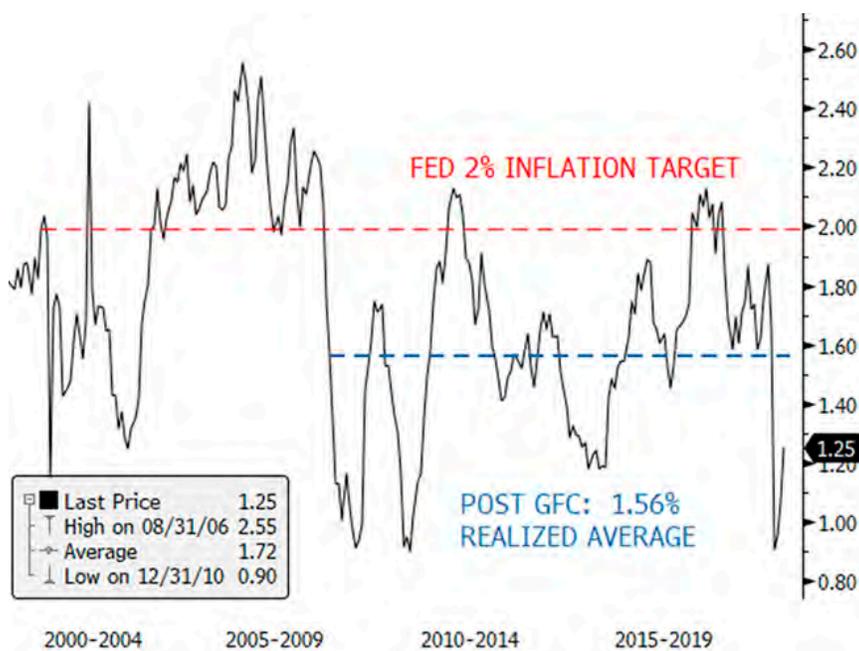
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achieved in only two periods lasting a total of 13 months before the Fed tapped the brakes. Since the beginning of 2009, the average inflation reading on PCE has been 1.56%.

To achieve a 2% average inflation from a pandemic-induced recession will be far more challenging. To start, the unprecedented collapse in the global economy was a simultaneous supply and demand shock akin to a deflationary supernova from which the world is still recovering from unevenly. Long term, there are possible embers for inflation, such as reshoring of supply chains, protectionism and the slingshot effect of a safe and effective vaccine coupled with massive stimulus on pent-up consumer demand, but they are undetermined at this point.

Figure 5. U.S. Personal Consumption Expenditure Core Price Index (PCE Index)



Source: Bloomberg. Data as of 9/1/2020.

The path to economic reflation, growth and normalization will require even larger doses of demand-side driven pro-growth fiscal stimulus. From the Fed commentaries on the social-economic impact of COVID, future programs will need to have a redistributive focus to be more inclusive to reduce the gaping levels of inequality, and we can expect big government spending programs as well. From the lessons of the GFC and the new emerging realities of the post-COVID world, the central bankers' view is growing that undershooting the amount of monetary and fiscal stimulus is a far riskier proposition than overshooting the amount of stimulus. In round numbers, in the U.S., the pandemic created a loss of 22 million jobs at the low. So far, 9 million jobs have been recovered. There is a growing concern about how much of the 13 million lost jobs will become permanent. A significant worry is that structural higher unemployment and the lingering presence of the COVID-19 virus will create a state of economic precarity that will blunt stimulus efforts, hence the bigger hammer.

AIT is likely only the first significant change in Fed policy. The September FOMC (Federal Open Market Committee) meeting may provide more important news and further clarity on AIT, YCC (yield curve control) and other possible Fed initiatives. There is still much uncertainty as to what the Fed's policy framework review will entail, but the one near certainty is that long term, it will be bullish for gold as all the paths are converging to a single endpoint.

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¹ Gold bullion is measured by the Bloomberg GOLDS Comdty Index.

² Sprott Gold Miners Exchange Traded Fund (NYSE Arca: SGDM) seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index, the Solactive Gold Miners Custom Factors Index (Index Ticker: SOLGMCFT). The Index aims to track the performance of larger-sized gold companies whose stocks are listed on Canadian and major U.S. exchanges.

³ VanEck Vectors[®] Gold Miners ETF (GDX[®]) seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the NYSE Arca Gold Miners Index (GDMNTR), which is intended to track the overall performance of companies involved in the gold mining industry.

⁴ The U.S. Dollar Index (USD_X, DXY, DX) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies.

⁵ Commodity Futures Trading Commission's (CFTC) Gold Non-Commercial Net Positions weekly report reflects the difference between the total volume of long and short gold positions existing in the market and opened by non-commercial (speculative) traders. The report only includes U.S. futures markets (Chicago and New York Exchanges). The indicator is a net volume of long gold positions in the United States.

⁶ The S&P 500 or Standard & Poor's 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. (TR indicates total return and reflects the reinvestment of any dividends).

⁷ Spot silver is measured by Bloomberg Silver (XAG) Spot Rate.

⁸ The iShares Silver Trust (SLV) is an exchange traded fund (ETF) that tracks the price performance of the underlying holdings in the London Silver Fix Price.

⁹ The NYSE Arca Gold Miners Index (GDM) is a rules-based index designed to measure the performance of highly capitalized companies in the Gold Mining industry.

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Two Unique ETFs to Invest in Gold Stocks

Sprott ETFs provide investors with access to innovative and unique indexes that are designed to outperform passive market cap-weighted offerings.

Sprott Gold Miners Exchange Traded Fund (NYSE: SGDM) seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index, the Solactive Gold Miners Custom Factors Index (Index Ticker: SOLGMCFT). The Index aims to track the performance of larger-sized gold companies whose stocks are listed on Canadian and major U.S. exchanges.

Sprott Junior Gold Miners Exchange Traded Fund (NYSE: SGDJ) seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index, the Solactive Junior Gold Miners Custom Factors Index (Ticker: SOLJGMFT). The Index aims to track the performance of small-capitalization gold companies whose stocks are listed on regulated exchanges.

Two Unique Indexes

Each Index is designed using specific Factors that Matter™ for a particular strategy. These customized factors are selected because they have historically proven to be strong predictors of stock performance.

Each Index:

- Seeks to outperform purely passive representations of the gold and silver mining industry.
- Uses transparent, rules-based methodology designed to overweight gold stocks with attractive investment merits relative to the other stocks in the Index.
- The stock selection and index weighting criteria were co-developed by Sprott Asset Management LP, a leading, long-time gold sector investor, and Solactive AG.

SGDM

NYSE ARCA

Sprott Gold Miners ETF

- Stocks weighted in the Index based on quarterly revenue growth and long-term debt to equity.
- Index is reconstituted quarterly.

SGDJ

NYSE ARCA

Sprott Junior Gold Miners ETF

- Stocks weighted in the Index based on revenue growth and price momentum.
- Index is reconstituted semi-annually.

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Sprott Gold Miners Exchange Traded Fund

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 8/31/2020	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	S.I.²
Sprott Gold Miners ETF (Net Asset Value)	-2.02	22.39	44.74	41.83	18.41	23.15	6.80
Sprott Gold Miners ETF (Market Price) ¹	-2.02	22.43	44.30	42.08	18.50	23.19	6.83
Solactive Gold Miners Custom Factors Index TR (Benchmark) ³	-1.90	22.45	46.13	43.52	-	-	-
Sprott Zacks Gold Miners Index (Legacy Index) ³	-1.00	28.67	48.52	53.47	23.39	26.61	9.39
S&P 500 [®] Total Return Index	7.19	15.48	9.74	21.94	14.52	14.46	12.02
QUARTER END AS OF 6/30/2020	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	S.I.²
Sprott Gold Miners ETF (Net Asset Value)	6.44	57.93	25.88	44.00	18.09	15.29	4.53
Sprott Gold Miners ETF (Market Price) ¹	6.50	58.42	25.53	44.62	18.17	15.33	4.56
Solactive Gold Miners Custom Factors Index TR (Benchmark) ³	6.46	57.84	27.04	-	-	-	-
Sprott Zacks Gold Miners Index (Legacy Index) ³	7.55	66.06	24.15	54.52	21.48	17.62	6.42
S&P 500 [®] Total Return Index	1.99	20.54	-3.08	7.51	10.73	10.73	10.07

Expenses (%) as of 5/31/2020

Management Fee	0.35
Other Expenses ⁴	0.20
Total Annual Fund Operating Expenses	0.55
Fee Waiver/Expense Reimbursement	0.05
Net Total Expense Ratio ⁷	0.50

Sprott Junior Gold Miners Exchange Traded Fund

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 8/31/2020	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	S.I.⁵
Sprott Junior Gold Miners ETF (Net Asset Value)	3.83	38.63	42.56	43.05	9.92	18.74	14.30
Sprott Junior Gold Miners ETF (Market Price) ¹	3.74	39.18	41.84	43.30	9.93	18.71	14.28
Solactive Junior Gold Miners Custom Factors Index TR (Benchmark) ⁶	3.93	38.51	43.08	43.82	-	-	-
Sprott Zacks Junior Gold Miners Index – TR (Legacy Index) ⁶	1.03	38.33	48.88	52.38	16.82	23.68	18.70
S&P 500 [®] Total Return Index	7.19	15.48	9.74	21.94	14.52	14.46	12.28
QUARTER END AS OF 6/30/2020	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	S.I.⁵
Sprott Junior Gold Miners ETF (Net Asset Value)	9.22	66.58	12.32	25.98	4.82	9.23	9.70
Sprott Junior Gold Miners ETF (Market Price) ¹	9.98	71.48	12.08	26.82	4.91	9.24	9.75
Solactive Junior Gold Miners Custom Factors Index TR (Benchmark) ⁶	9.09	66.72	12.69	-	-	-	-
Sprott Zacks Junior Gold Miners Index – TR (Legacy Index) ⁶	11.38	86.18	19.88	52.76	12.25	14.25	14.54
S&P 500 [®] Total Return Index	1.99	20.54	-3.08	7.51	10.73	10.73	10.06

Expenses (%) as of 5/31/2020

Management Fee	0.35
Other Expenses ⁴	0.59
Total Annual Fund Operating Expenses	0.94
Fee Waiver/Expense Reimbursement	0.44
Net Total Expense Ratio ⁷	0.50

See following page for footnotes.

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Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. Call 888.622.1813 for current month end performance.

* Returns less than one year are not annualized.

¹ Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

² Inception date of 07/15/2014.

³ Effective 7/22/2019, SGDM began tracking the Solactive Gold Miners Custom Factors Index (SOLGMCFT). Historical Index data prior to 7/22/2019 is for the Sprott Zacks Gold Miners Index (ZAXSGDM). Index data on or after 7/22/2019 is the Solactive Gold Miners Custom Factors Index (SOLGMCFT), which was created by Solactive AG ("Index Provider") to provide a means of generally tracking the performance of gold mining companies whose stocks are traded on Canadian and major U.S. exchanges. An investor cannot invest directly in the Index. SGDM was reorganized from ALPS ETF Trust into Sprott ETF Trust on or about 7/19/19. SGDM is a continuation of the prior fund and, therefore, the performance information shown includes the prior fund's performance.

⁴ Other expenses are based on estimated amounts for the current fiscal year and are calculated as a percentage of the Fund's net assets.

⁵ Inception date of 03/31/2015.

⁶ Effective 7/22/2019, SGDJ began tracking the Solactive Junior Gold Miners Custom Factors Index (SOLJGMFT). Historical Index data prior to 7/22/2019 is for the Sprott Zacks Junior Gold Miners Index (ZAXSGDJ). Index data on or after 7/22/2019 is the Solactive Junior Gold Miners Custom Factors Index (SOLJGMFT), which was created by Solactive AG ("Index Provider") to provide a means of generally tracking the performance of junior gold mining companies whose stocks are traded on Canadian and major U.S. exchanges. An investor cannot invest directly in the Index. SGDJ was reorganized from ALPS ETF Trust into Sprott ETF Trust on or about 7/19/19. SGDJ is a continuation of the prior fund and, therefore, the performance information shown includes the prior fund's performance.

⁷ Sprott Asset Management LP, the investment adviser to the Fund, has contractually agreed to waive the management fee, and/or reimburse expenses so that Total Net Expense Ratio After Fee Waiver/Expense Reimbursements (not including distribution (12b-1) fees, shareholder service fees, acquired fund fees and expenses, taxes, brokerage commissions and extraordinary expenses) do not exceed a maximum of 0.50% of the shares average daily net assets through June 30, 2021.

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IMPORTANT DISCLOSURES & DEFINITIONS

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. This must be accompanied or preceded by a Prospectus. Read the Statutory Prospectus carefully before investing.

Sprott Gold Miners ETF and Sprott Junior Gold Miners ETF shares are not individually redeemable. Investors buy and sell shares of the Sprott Gold Miners ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 50,000 shares.

The Funds are not suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The Funds are considered nondiversified and can invest a greater portion of assets in securities of individual issuers than diversified funds. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in diversified funds.

Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable. These companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources and may lack management depth.

The Funds will be concentrated in the gold and silver mining industry. As a result, the Funds will be sensitive to changes in, and its performance will depend to a greater extent on, the overall condition of the gold and silver mining industry. Also, gold and silver mining companies are highly dependent on the price of gold and silver bullion. These prices may fluctuate substantially over short periods of time so the Fund's Share price may be more volatile than other types of investments.

Funds that emphasize investments in small/mid cap companies will generally experience greater price volatility.

Funds investing in foreign and emerging markets will also generally experience greater price volatility.

There are risks involved with investing in ETFs including the loss of money.

Diversification does not eliminate the risk of experiencing investment losses.

ETFs are considered to have continuous liquidity because they allow for an individual to trade throughout the day.

ALPS Distributors, Inc. is the Distributor for the Sprott Gold Miners ETF and the Sprott Junior Gold Miners ETF.

ALPS Distributors, Inc. is not affiliated with Sprott Asset Management LP.