Kopernik
Global Investors, LLC

Kopernik Global All-Cap Strategy

June 2016

WHY KOPERNIK?

Philosophically, we view ourselves as owners of businesses. Our job is to appraise these businesses and take advantage at times when an inefficient, emotional marketplace offers securities at a price that is significantly different from our appraisal. Like our namesake, Kopernik (better known by his Latin name – Copernicus), we trust the results of our own analysis even when (especially when) it generates vastly different conclusions from those of the crowd and/or those taught by many academics. Similarly, we commonly question the data issued by governments, central bankers, and companies themselves. We understand that bargains appear often because people focus on fear or panic, and other forms of risk that are not relevant to the investment portfolio. High tracking error, bad headlines or unpopular stocks/countries/ regions/industries can present a degree of risk to a manager's career, while often lowering the potential of permanent loss of capital (due to lower initiation prices and higher potential upside) to the portfolio. Similarly, Kopernik believes volatility and other measures of past price movements are not relevant to long-term investors' assessment of risk. It can be indicative of potential risk to short-term speculators or to highly levered players, but can often present opportunity for true long-term investors.

QUARTERLY REVIEW

Our uranium holdings, including Cameco Corp., Denison Mines Corp., and Uranium Participation Corp., all declined in price during the quarter. The market continues to lack conviction in uranium's long term prospects. We reiterate our view that uranium has a bright future as the favorable supply and demand dynamic clearly suggests that uranium price ought to increase substantially from the current level. We recognize the fact that the world will see more than 60 new nuclear reactor builds in the next decade and it's very difficult to bring on new supply thanks to the technical complexity and significant costs involved in developing new uranium mines. Today's market price for uranium is way below the incentive price needed to bring on new supplies. NVC Lighting Holding Ltd. declined nearly 10% in price during the quarter. Our conviction in the company remains intact. The company is the largest Chinese brand of lighting and has the largest network of regional distributors in China. The company has net cash on its balance sheet and is significantly undervalued based on our normalized earnings estimate. KBR Inc., a leading global Engineering & Construction and services company, was down 14% during the quarter. In contrast, energy related stocks generally went up during the quarter.

The vast majority of our precious metals holdings experienced substantial price appreciations during the quarter. We have been trimming our positions, as we normally do in response to price appreciations if our assessed intrinsic value has remained unchanged. We continue to have strong conviction that our gold mining holdings still have significant further upside. Gold bullion still has a lot of price appreciation potential, trading at two-thirds of the incremental cost of production. Additional upside potential could occur on the back of creative and irresponsible practices by the world's major central banks. As a currency, gold bullion ought to go much higher in price just to keep pace with the massive base money creation engineered by the Fed, the ECB, and the Bank of Japan in recent years. We note that despite the recent price rally, gold bullion remains 1/3 below the 2011 peak and gold miners 60% below.

Two of our utilities holdings, Eletrobras (Centrais Eletricas Brasileiras) and Federal Grid PJSC, rose by 87% and 98% respectively in price during the quarter. Electrobras is the largest electricity generation and transmission company in Brazil and operates one of the world's largest fleet of hydro power plants. Federal Grid is the sole operator and manager of Russia's Unified National Electric Grid. It operates all of Russia's high voltage transmission lines which span over 5.7 million square miles (for reference, the entire area of the US is 3.8 million square miles). Both companies provide an essential service – electricity, in growing parts of the world. We acquired both holdings at substantial discounts to book value and replacement value. Despite the recent price rally, the upside potential remains substantial and we maintain our strong convictions in both companies.

Another notable contributor during the quarter was Moscow Exchange, up nearly 20%. We note that the company is a near-monopoly in Russia's security listing, trading, clearing, and settlement business. The growth prospects are bright as Russia has one of the least developed financial markets among the world's major economies. While demonstrating an industry-leading profitability and margin profile, the company's valuation is far below that for its global peers.

We eliminated positions in Layne Christensen Company and Tahoe Resources Inc. during the quarter. We sold Tahoe as it had reached its intrinsic value. We were finally able to exit our position in Layne Christensen this quarter. We exited our position in Layne Christensen as our conviction in the company has weakened over the past year. We are disappointed by the fact that the company sold assets at unjustifiably low prices and we couldn't gain confidence in the new management.

Kopernik Global Investors, LLC

Kopernik Global All-Cap

As of June 30, 2016

Performance Information

	2Q 2016	April 2016	May 2016	June 2016	YTD	1 Year	2 Year	Since Inception[1,2]
Global All-Cap Composite (Gross)	19.76%	16.12%	-5.04%	8.61%	36.90%	18.45%	-4.48%	2.42%
Global All-Cap Composite (Net)	19.56%	16.06%	-5.10%	8.55%	36.43%	17.62%	-5.19%	1.67%
MSCI All Country World Index (Net)	0.99%	1.48%	0.13%	-0.61%	1.23%	-3.73%	-1.53%	6.03%

Returns as of June 30, 2016 are preliminary.

[1]Annualized
[2]Inception date: 7/1/2013, MSCI ACWI period in table above begins on inception date 7/1/2013
Valuations and returns are computed and stated in U.S. Dollars. Results reflect the reinvestment of dividends and other earnings. Composite returns are net of non-reclaimable withholding taxes. Gross of fee returns for the composite are presented after all trading expenses. Net of fee returns are presented net of estimated actual investment management fees, including performance fees, if any. Investor performance may be higher or lower.

Contribution to Return*

By Region	2Q 2016		
	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Canada	26.07%	5.77%	21.99%
Emerging Markets	34.84%	7.80%	22.63%
Europe ex UK	5.31%	0.39%	5.81%
Japan	11.78%	1.53%	12.71%
Pacific ex Japan	6.87%	1.03%	14.81%
UK	0.00%	0.00%	0.00%
US	10.20%	2.99%	29.84%

By Region	YTD 2016		
	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Canada	26.87%	15.28%	61.60%
Emerging Markets	34.61%	12.67%	39.16%
Europe ex UK	5.34%	-0.68%	-12.71%
Japan	11.79%	1.01%	9.04%
Pacific ex Japan	7.03%	3.16%	49.29%
UK	0.00%	0.00%	0.00%
US	9.58%	4.55%	29.48%

By Sector	2Q 2016		
	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Consumer Discretionary	0.86%	-0.12%	-11.78%
Consumer Staples	6.14%	-0.06%	-1.30%
Energy	13.21%	0.14%	0.33%
Financials	10.92%	1.35%	11.88%
Health Care	0.36%	0.15%	45.52%
Industrials	16.40%	2.11%	12.31%
Information Technology	4.66%	1.32%	29.16%
Materials	25.71%	8.80%	36.28%
Telecom Services	3.43%	0.11%	2.86%
Utilities	13.38%	5.71%	16.52%

By Sector	YTD 2016		
	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Consumer Discretionary	0.94%	-0.09%	-7.43%
Consumer Staples	6.56%	-0.20%	3.06%
Energy	13.37%	2.17%	11.17%
Financials	10.99%	2.53%	24.80%
Health Care	0.35%	0.23%	77.69%
Industrials	16.34%	1.59%	9.76%
Information Technology	4.55%	0.89%	11.36%
Materials	25.62%	21.15%	101.53%
Telecom Services	3.45%	0.59%	15.26%
Utilities	13.07%	7.12%	57.77%

*Representative Account

Portfolio contribution to return and portfolio total return are calculated by Bloomberg using market values and are gross of fees and expenses. Due to differences in calculation methodology, these returns may vary from performance derived using net asset values.

Important Information: Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The information presented is based on the data of a fully seasoned representative account that is reflective of the strategy. Performance of individual accounts will differ based upon, among other things, account restrictions, timing of transactions, and corresponding management fees.

Please consider all risks carefully before investing. An Investment in the strategy is subject to many risks including sudden changes in general market valuations and market liquidity. Investments in small and mid-capitalization companies also tend to involve greater risk and portfolio price volatility than investments in larger capitalization stocks. Further, Investing in non-U.S. markets, including emerging and frontier markets, involves certain additional risks, including potential currency fluctuations and capital controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity, less disclosure, and the potential for higher market volatility, share expropriation, confiscatory taxation, and social, economic and political instability. Further, Investments in energy and other natural resources companies tend to be greatly impacted by developments in global commodities markets, which can be more volatile than equity markets.

The material herein is not an offer to sell or a solicitation of an offer to purchase securities of any kind.

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we may describe or imply. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements. We do not intend to update these forward-looking statements except as may be required by applicable laws.

Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. As a result, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements.

Past performance herein should not be construed as an accurate indication of future returns.

The MSCI All Country World Index (MSCI ACWI) is an un-investable index of over-two-thousand primarily large and mid-cap companies across forty-six developed and emerging market countries. The MSCI ACWI is not managed or subject to fees and expenses. Additionally, MSCI ACWI's implied investments have differed from Kopernik's Global All-Cap ("GAC")'s strategy in a number of material respects, including: 1) GAC's investments in specific businesses, industries and countries have tended to be more concentrated than shares comprising the MSCI ACWI; 2) GAC has tended to have more exposure to emerging markets and companies with smaller market capitalizations than the MSCI ACWI, and; 3) consistent with its mandate, GAC has made minority allocations to other asset classes and derivative instruments not included in the MSCI ACWI. MSCI ACWI performance includes theoretical dividends distributed.