Kopernik
Global Investors, LLC

Kopernik International 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

Cameco Corp declined by 14% during the quarter. Cameco is one of the world's largest producers of uranium. The market continued 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 may 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.

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 Federal Reserve (Fed), the European Central Bank, 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.

Eletrobras (Centrais Eletricas Brasileiras) rose by 87% 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. The company provides an essential service – electricity, in a growing part of the world. We acquired the holding at a substantial discount to book value and replacement value. Despite the recent price rally, the upside potential remains substantial and we maintain our strong convictions in the company.

At the end of the second quarter, the strategy's cash level was at an abnormally high 30.65% of the total model portfolio. Our goal is to remain close to fully invested, but that is entirely predicated on finding attractive stocks to buy. If we cannot find enough value stocks to buy, we will hold cash and wait patiently for the time when something happens to create those opportunities. We are constantly searching for stocks that are absolute values, as opposed to relative values, and we won't ever sacrifice that objective. In today's environment we are holding more cash than typically but using history as a guide the opportunities will appear soon enough to allow us to become closer to fully invested.

We didn't initiate or eliminate any position during the quarter.

Kopernik International

As of June 30, 2016

Performance Information

	2Q 2016	April 2016	May 2016	June 2016	YTD	1 Year	Since Inception[1,2]
International Composite (Gross)	12.03%	10.80%	-5.22%	6.68%	28.24%	15.19%	15.19%
International Composite (Net)	11.79%	10.72%	-5.29%	6.60%	27.69%	14.18%	14.18%
MSCI All Country World Index ex USA (Net)	-0.64%	2.63%	-1.69%	-1.53%	-1.02%	-10.24%	-10.24%

[1]Cumulative
[2]Inception date: 6/30/2015, MSCI ACWI ex USA period in table above begins on inception date 6/30/2015.

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	21.22%	4.92%	23.87%
Emerging Markets	29.22%	3.97%	13.55%
Europe ex UK	1.65%	-0.01%	-1.77%
Japan	4.26%	0.52%	12.06%
Pacific ex Japan	6.43%	1.11%	17.29%
UK	0.00%	0.00%	0.00%
US	3.32%	1.28%	42.41%

By Region — YTD 2016	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Canada	21.92%	13.30%	66.31%
Emerging Markets	29.32%	8.33%	28.49%
Europe ex UK	1.46%	-0.21%	-12.35%
Japan	4.14%	0.43%	9.83%
Pacific ex Japan	6.78%	3.69%	57.99%
UK	0.00%	0.00%	0.00%
US	2.87%	2.86%	108.38%

By Sector — 2Q 2016	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Consumer Discretionary	0.86%	-0.08%	-10.88%
Consumer Staples	3.60%	-0.11%	-3.45%
Energy	12.99%	0.13%	0.45%
Financials	7.54%	1.61%	21.94%
Industrials	5.45%	0.63%	11.82%
Information Technology	4.56%	0.32%	6.94%
Materials	25.15%	8.19%	35.08%
Telecom Services	4.00%	0.23%	5.50%
Utilities	1.93%	0.87%	46.78%

By Sector — YTD 2016	Portfolio Avg Weight	Portfolio Contribution	Portfolio Total Return
Consumer Discretionary	0.85%	-0.06%	-7.46%
Consumer Staples	3.88%	0.41%	9.70%
Energy	12.91%	1.37%	9.54%
Financials	7.09%	2.91%	42.32%
Industrials	5.46%	0.23%	5.18%
Information Technology	4.66%	0.22%	3.43%
Materials	25.73%	21.06%	98.83%
Telecom Services	4.11%	0.98%	23.36%
Utilities	1.82%	1.28%	75.24%

*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 ex US Index (MSCI ACWI ex-US) is an un-investable index that captures 1,859 primarily large and mid-cap companies across 22 developed and 23 emerging market countries as of June 30, 2016. The MSCI ACWI ex US is not managed or subject to fees and expenses. Additionally, The MSCI All Country World ex USA Index is different from the strategy in a number of material respects, including being much more diversified among companies and countries, having less exposure to emerging markets, and having no ability to invest in fixed income or derivative securities. MSCI ACWI ex-US performance includes theoretical dividends distributed. Past performance is no guarantee of future results.

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