

Streetwise *Blôg*

Sprott IPO steams ahead

Andrew Willis, April 24, 2008 at 7:38 AM EDT

The planned initial public offering from Sprott Asset Management is expected to draw strong investor support, with little impact from the recent slide in the price of one of the money manager's major holdings, silicon maker [Timminco](#).

“People are buying Sprott's long-term track record, and there's no question it's excellent,” said a rival money manager who plans to buy shares in the \$200-million IPO. He said founder Eric Sprott and his team “are respected, and have a following, and that's going to translate into orders.”

Sprott Asset Management begins investor road shows Thursday and underwriters plan to price shares at about \$10 each on May 8.

The marketing campaign is going into high gear as one of the money manager's home run stocks loses some of its lustre. Sprott owns 19 per cent of [Timminco](#), a stock that soared from 40 cents just over a year ago to hit all-time highs of \$28 last week but has since lost ground, closing Wednesday at \$21.60. That gives Timminco a \$2.2-billion market capitalization.

The drop came after short sellers questioned Timminco's valuation, which soared on the company's claim to have a low-cost method of refining silicon, which is used in solar panels. gyrations in the price of a small-cap commodity play aren't exactly a new phenomenon. Investment bankers working on the Sprott Asset Management financing also said they expect broad interest in the offering from institutions and individual investors.

Cormark Securities and TD Securities are leading the IPO, which is expected to value the company at \$1.5-billion.

Sprott Asset Management oversees \$6.9-billion for clients – employees have more than \$200-million of their own money in the funds. It's flagship equity fund posted a 28-per-cent annual return over the past decade, one of the best track records in the entire industry, in part due to savvy junior resource stock picking.