



Sprott Silver Equities Class

Sprott Corporate Class Inc.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2016

The annual management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.sprott.com or SEDAR at www.sedar.com or by writing to us at: Sprott Asset Management LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The objective of the Sprott Silver Equities Class (the “Fund”) is to seek to achieve long-term capital growth. The Fund invests primarily in equity securities of companies that are directly or indirectly involved in the exploration, mining, production or distribution of silver. The Fund can also invest in silver bullion and silver certificates.

To achieve the Fund’s investment objective, the Portfolio Advisor will utilize fundamental analysis to seek to identify securities with superior investment opportunities that have the potential for capital appreciation over the long-term.

The Fund may also:

- deviate from the standard investment restrictions as the Fund has obtained exemptive relief to invest up to 20% of its net assets in silver, permitted silver certificates and/or specified derivatives of which the underlying interest is silver;
- engage in securities lending, repurchase and reverse repurchase transactions;
- use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies; and
- hedge against losses from changes in the prices of the Fund’s investments and from exposure to foreign currencies.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable only for investors who want exposure to the capital appreciation potential of silver and equity securities of companies that are involved in the exploration, mining, production or distribution of silver. Investors should be comfortable with high investment risks and have a long-term investment horizon. There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period.

Results of Operations and Recent Developments

The Fund, Series A gained 91.4% in 2016, compared with a 86.2% gain of its benchmark index, the MSCI ACWI Select Silver Miners Investable Market Index.

The Sprott Silver Equities Class noted four major macroeconomic developments during 2016. These included The Bank of Japan (BoJ) announcing a negative interest rate policy in January, Brexit, the election of a Trump administration, and the December meeting of the Federal Open Market Committee (FOMC).

The BoJ’s announcement put the central banks of Japan and Europe, two of the three major central banks, in negative interest rate territory. Yields fell across the globe in response, while silver rallied. The surprise results from the Brexit vote drove yields further down to record lows but, as the Brexit fallout failed to materialize, a rally in yields began, marking the high point for silver prices in 2016. A Trump victory surprised the market with a surging U.S. dollar, a sharp equity rally, and one of the worst bond market sell-offs in 25 years. Silver had a corresponding negative reaction and sold off aggressively. Finally, the Fed came out of the December FOMC meeting with a more hawkish outlook than expected, and this caused a further sell-off in silver and gold to end the year.

With the January 2016 BoJ announcement, the Fund shifted from a defensive posture to a bullish posture at the start of the year. The Fund held this stance as global interest rates and yields continued to grind lower through the summer. In anticipation of yields bottoming out, the Fund moved to a neutral position by reducing its higher beta holdings in the early fall. The sell-off in silver through the end of the year was viewed to be excessive, so the Fund maintained its neutral position to the end of 2016.

Specific positive contributions to the Fund’s performance came from Silvercrest Metals Inc. and Fortuna Silver Mines Inc. Silvercrest was the largest individual contributor to performance in 2016. The company began rehabilitation and exploration of several historic silver-gold mines at its Las Chispas Project in Sonora, Mexico. Fortuna Silver Mines focused its 2016 activities on expanding its flagship San Jose mine in Mexico, which contributed to reduced costs, a strengthened balance sheet, and the ability to generate free cash flow. The company also announced an important acquisition of an Argentinian development project.

Fund sector allocations at year end were Silver Equities (97.3%), and Cash and Cash Equivalents (2.7%).

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The Fund's net asset value increased from \$26.1 million as at December 31, 2015 to \$128.1 million as at December 31, 2016. The increase was primarily the result of net share issuances of \$81.2 million and net realized and unrealized gains on investments and derivatives of \$24.4 million. The trading expense ratio and portfolio turnover rate increased compared to the prior period.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of 2.5% for Series A shares, 1.5% for Series F shares and as negotiated by the shareholders of Series I. The management fee is calculated and accrued daily based on daily net asset value of that series of the Fund, and is paid monthly. For the year ended December 31, 2016, the Fund incurred management fees of \$1,679,739 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Silver Equities Class – Series A	60%	40%
Sprott Silver Equities Class – Series F	93%	7%

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$82,411 during the year ended December 31, 2016, to Sprott Private Wealth LP, an affiliate of the Manager.

INCENTIVE FEES

The Fund also pays its Portfolio Advisor, Sprott Asset Management LP, an annual incentive fee, equal to a percentage of the average net asset value of the applicable Series of the Fund. Such percentage will be equal to 10% of the difference by which the return in net asset value per share of the applicable Series from launch date to December 31 exceeds the percentage return of the benchmark which is the MSCI ACWI Select Silver Miners IMI Net Return Index, for the same period. If the performance of a Series of the Fund in any year is less than the performance of the Index (the "Deficiency"), then no incentive fee will be payable until the performance of the applicable Series, on a cumulative basis, has exceeded the amount of the Deficiency. For the year ended December 31, 2016, the Fund accrued \$444,368 of incentive fees.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. The Manager did not absorb any expenses during the year ended December 31, 2016.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the years shown.

The Fund's Net Assets per Share¹

	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012 ³
Series A	\$	\$	\$	\$	\$
Net assets, beginning of period	3.35	4.43	4.68	7.87	10.00
Increase (decrease) from operations:					
Total revenue	0.03	0.04	0.03	0.05	0.03
Total expenses	(0.45)	(0.21)	(0.23)	(0.22)	(0.24)
Realized gains (losses) for the period	2.42	(0.85)	(0.13)	(1.73)	(0.51)
Unrealized gains (losses) for the period	(0.68)	(0.07)	(0.05)	(1.37)	(0.08)
Total increase (decrease) from operations²	1.32	(1.09)	(0.38)	(3.27)	(0.80)
Distributions:					
Dividend distributions	0.01	0.03	0.02	0.02	0.02
Total annual distributions⁴	0.01	0.03	0.02	0.02	0.02
Net assets, end of period	6.41	3.35	4.43	4.68	7.83

	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012 ³
Series F	\$	\$	\$	\$	\$
Net assets, beginning of period	3.48	4.56	4.77	7.95	10.00
Increase (decrease) from operations:					
Total revenue	0.03	0.04	0.03	0.05	0.02
Total expenses	(0.37)	(0.15)	(0.17)	(0.16)	(0.14)
Realized gains (losses) for the period	2.39	(0.87)	(0.24)	(1.63)	(0.61)
Unrealized gains (losses) for the period	0.51	(0.16)	(0.64)	(0.74)	(1.21)
Total increase (decrease) from operations²	2.56	(1.14)	(1.02)	(2.48)	(1.94)
Distributions:					
Dividend distributions	0.01	0.03	0.02	0.02	0.02
Total annual distributions⁴	0.01	0.03	0.02	0.02	0.02
Net assets, end of period	6.71	3.48	4.56	4.77	7.91

1 This information is derived from the Fund's audited annual financial statements. Information related to year 2013 and all periods onwards has been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. Information related to all periods prior to January 1, 2013 has been prepared in compliance with Canadian generally accepted accounting principles ("Canadian GAAP") as defined in Part V of the Chartered Professional Accountants of Canada Handbook – Accounting. Under Canadian GAAP, the Fund was required to use bid prices for valuing long positions and ask prices for short positions. As such, the net assets per unit presented in the financial statements may differ from the net asset value calculated for transaction purposes prior to conversion to IFRS.

2 The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Net assets and distributions are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share.

3 Information provided is for the period from February 28, 2012 (launch date) to December 31, 2012.

4 Distributions were made in cash.

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Ratios and Supplemental Data

	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Series A					
Total net asset value (000s) ¹	\$59,977	\$11,024	\$12,931	\$10,937	\$7,975
Number of shares outstanding ¹	9,363,501	3,288,133	2,919,026	2,336,808	1,013,932
Management expense ratio ²	3.36%	3.23%	3.21%	2.78%	2.79%
Management expense ratio before waivers or absorptions ⁵	3.36%	3.23%	3.41%	3.41%	3.76%
Trading expense ratio ³	2.99%	1.41%	0.99%	0.70%	0.66%
Portfolio turnover rate ⁴	380.69%	160.65%	102.01%	71.55%	18.00%
Net asset value per share ¹	\$6.41	\$3.35	\$4.43	\$4.68	\$7.87
Series F					
Total net asset value (000s) ¹	\$68,142	\$15,078	\$18,680	\$12,235	\$8,897
Number of shares outstanding ¹	10,156,365	4,329,053	4,100,988	2,564,673	1,119,844
Management expense ratio ²	2.80%	2.21%	2.26%	1.69%	1.69%
Management expense ratio before waivers or absorptions ⁵	2.80%	2.21%	2.43%	2.34%	2.74%
Trading expense ratio ³	2.99%	1.41%	0.99%	0.70%	0.66%
Portfolio turnover rate ⁴	380.69%	160.65%	102.01%	71.55%	18.00%
Net asset value per share ¹	\$6.71	\$3.48	\$4.56	\$4.77	\$7.95

1 The information is provided as at December 31 of the years shown.

2 Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The MER before incentive fees was 3.00% for Series A and 1.94% for Series F.

3 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

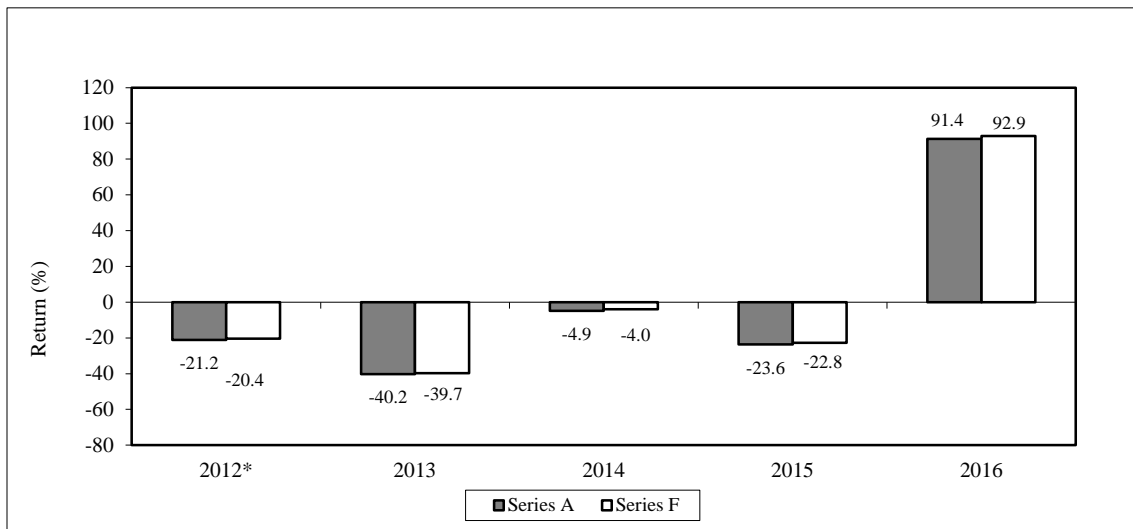
5 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of returns are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.



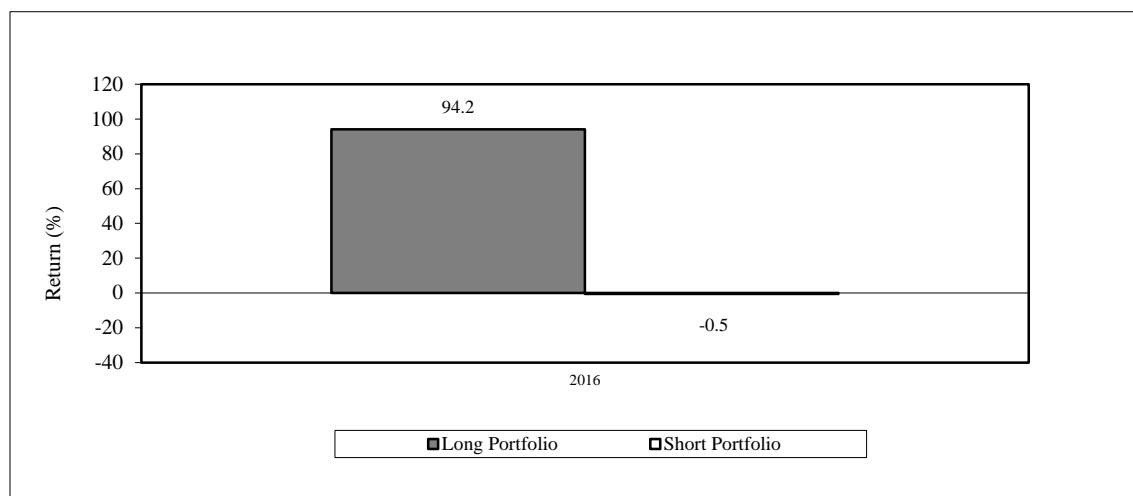
* Return from February 28, 2012 to December 31, 2012 (not annualized).

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Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund by the long portfolio and the short portfolio of the Fund (before the impact of Fund expenses) for previous twelve-month period ended December 31, 2016. For the purposes of this disclosure, certain derivatives may be considered to be part of the short portfolio.



Annual Compound Returns

The following table illustrates the annual compound total return for Series A and F shares of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of the MSCI ACWI Silver Miners IMI Net Return Index (the "Index"). The Index is based on a subset of the stocks that make up the MSCI ACWI Select Silver Miners Investable Market Index, with the assumption that all dividends paid are reinvested in the stocks in proportion to their index weights. Since the Fund does not necessarily invest in the same securities or in the same proportion as the Index, the performance of the Fund is not expected to equal the performance of the Index.

	1-Year	3-Year	Since Inception*
Sprott Silver Equities Class – Series A	91.4%	11.6%	-8.4%
Sprott Silver Equities Class – Series F	92.9%	12.7%	-7.5%
MSCI ACWI Silver Miners IMI Net Return Index	86.2%	10.1%	-10.4%
Long portfolio	94.2%	–	–
Short portfolio	-0.5%	–	–

* Since launch date of February 28, 2012 (not annualized).

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Summary of Investment Portfolio

As at December 31, 2016

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Silver Equities	97.3
Total Long Positions	97.3
Cash	3.0
Other Net Liabilities	(0.3)
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Silver Wheaton Corp.	10.4
Fresnillo PLC	10.1
Tahoe Resources Inc.	7.4
Pan American Silver Corp.	6.7
Hecla Mining Co.	5.9
Coeur Mining Inc.	4.6
First Majestic Silver Corp.	4.5
Silvercrest Metals Inc.	4.2
Cia de Minas Buenaventura SAA	4.1
Industrias Penoles SAB de CV	3.8
Fortuna Silver Mines Inc.	3.8
Silver Standard Resources Inc.	3.7
MAG Silver Corp.	3.3
Cash	3.0
Hochschild Mining PLC	2.5
Excellon Resources Inc.	2.2
Torex Gold Resources Inc.	2.1
Polymetal International PLC	1.8
McEwen Mining Inc.	1.8
Continental Gold Inc.	1.8
Silvercorp Metals Inc.	1.7
Great Panther Silver Ltd.	1.6
Endeavour Silver Corp.	1.6
Pretium Resources Inc.	1.4
Golden Arrow Resources Corp.	1.2
Top 25 long positions as a percentage of net asset value	95.2

The Fund held no short positions as at December 31, 2016.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at www.sprott.com.

Corporate Information

Corporate Address

Sprott Asset Management LP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
T 416.943.6707
TOLL-FREE 866.299.9906
F 416.943.6497
E invest@sprott.com

For additional information visit our website:

www.sprott.com

Call our mutual fund information line for daily closing prices:

416.943.6707 or 866.299.9906

Auditors

KPMG LLP
Bay Adelaide Centre
333 Bay Street
Suite 4600
Toronto, Ontario M5H 2S5

Legal Counsel

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3Y4