



SPROTT SILVER EQUITIES CLASS

September 2017 Commentary

The precious metals complex consolidated its gains from July and August in September. Silver bullion gave up 5.4% in Canadian dollar terms and the MSCI Silver Index dropped 5.8% as ongoing geopolitical angst gave way to profit taking. The Sprott Silver Equities Fund dropped 5.5% in the same time frame, outperforming the benchmark by 0.4%. In our previous commentary, we had discussed the valuation discrepancy between junior and senior precious metals miners, especially given the buoyant bullion prices. The market took notice of this valuation discrepancy and this helped junior precious metals miners outperform their senior counterparts for the first time in three months. It is no secret that the greatest profits in the precious metals mining space are generated by well-capitalized, high quality junior mining companies. Uncovering these gems requires a combination of skill and labour. Patience is often necessary and in periods such as the one we are currently experiencing, patience can be truly tested. On a year to date basis, juniors continue to underperform seniors by over 300 bps when one compares the GDX versus the GDXJ. With silver bullion prices up 4.6% in U.S. Dollar terms, we continue to see a big runway for juniors to outshine their senior counterparts by a wide margin in the coming months. As this theme unfolds, our unitholders will stand to generate handsome rewards.

The top contributors to the Fund were Pretium Resources Inc., Coeur Mining Inc. and Alio Gold Inc. As we had anticipated, Pretium went from underperforming to being a top contributor – the Company provided a positive production update, reporting that grades are ramping up and the plant operating consistently at nameplate capacity. We continue to expect Pretium's shares to undergo a gradual re-rating over the coming quarters as investor confidence in the underlying free cash flow potential of Brucejack increases. Coeur Mining announced entering into a definitive agreement to acquire the high grade silver-zinc-lead Silvertip mine located in British Columbia. This new mine is expected to become a strong free cash flow generator. Alio announced the receipt of construction permit for a 1.2km underground decline to support exploration at its high grade Ana Paula project in Mexico.

The top detractors from the Fund were Fresnillo Plc, Wheaton Precious Metals Corp and Hochschild Mining Plc. Fresnillo and Hochschild sold off together with their London-listed peers on no news. Wheaton Precious is the bellwether silver stock and traded down with silver bullion.

SPROTT SILVER EQUITIES CLASS

September 2017 Commentary

COMPOUNDED RETURNS (%) AS AT SEPTEMBER 29, 2017¹

	1 MTH	YTD	3 MTH	6 MTH	1 YR	3 YR	5 YR	ANNUALIZED INCEPTION (01/03/12)
SPROTT SILVER EQUITIES CLASS	-5.5	-11.0	-7.7	-14.6	-30.1	5.5	-7.4	-9.2
MSCI ACWI SELECT SILVER MINERS IMI (CAD)	-5.8	-4.1	-6.1	-11.8	-25.7	8.0	-9.2	-9.8



www.ninepoint.com

¹ All returns and fund details are a) based on Series A units; b) net of fees; c) annualized if period is greater than one year; d) as at September 29, 2017; e) 2012 annual returns are from 02/28/12 to 12/31/12. The index is 100% MSCI ACWI Select Silver Miners IMI (CAD) Index and is computed by Ninepoint Partners LP based on publicly available index information.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital gains risk; class risk; commodity risk; concentration risk; currency risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; liquidity risk; market risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; substantial shareholder risk; tax risk; uninsured losses risk.

Ninepoint Partners LP is the investment manager to the Sprott Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), other charges and expenses all may be associated with mutual fund investments. Please read the prospectus carefully before investing. The indicated rate of return for series A units of the Fund for the period ended September 29, 2017 is based on the historical annual compounded total return including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners. Any reference to a particular company is for illustrative purposes only and should not be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners is or will be invested. Ninepoint Partners LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: RBC Investor & Treasury Services: Tel: 416.955.5885; Toll Free: 1.877.874.0899