



# Ninepoint Resource Class

*(formerly, Sprott Resource Class)*

Ninepoint Corporate Class Inc.

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 30

# 2018

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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 1-888-362-7172, by visiting our website at [www.ninepoint.com](http://www.ninepoint.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or by writing to us at: Ninepoint Partners 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.

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## Management Discussion of Fund Performance

### Investment Objective and Strategies

The objective of the Ninepoint Resource Class (formerly, Sprott Resource Class) (the “Fund”) is to seek to achieve long-term capital growth. The Fund invests primarily in equity and equity-related securities of companies in Canada and around the world that are involved directly or indirectly in the natural resource sector. To achieve the Fund’s investment objective, the sub-advisor uses macro-economic research to identify the most attractive resource sub-sectors to invest in. The sub-advisor employs an opportunistic investment approach by being able to invest across the global resource universe (oil & gas, coal, uranium, renewable energy, base metals, precious metals, agriculture, forestry, water, commodity infrastructure and service companies). The Fund may also invest in gold and/or silver in the form of bullion, coins and storage receipts and certificates relating to such metals when deemed appropriate by the sub-advisor.

As part of its investment strategy, the Fund may:

- engage in short selling in a manner that is consistent with the Fund’s investment objectives and as permitted by the securities regulations;
- hold cash, overweight cash equivalents and fixed income securities based on the market outlook for the resource sector;
- engage in securities lending, repurchase and reverse repurchase transactions as permitted by securities regulations; and
- use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies.

### Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable only for investors seeking long-term capital growth with a high tolerance for risk and volatility. Investors should be comfortable with a high investment risk and 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 year.

### Results of Operations and Recent Developments

The Fund, Series A, returned -43.3% in 2018, while its blended benchmark index, returned -17.8%.

Commodities experienced significant price declines over the period, while small-capitalization resource stocks, particularly gold stocks, weakened amid negative investor sentiment. Both of these factors had a negative impact on the Fund’s performance.

Natural gas, oil, copper and zinc led the commodity price declines during the year, returning -48%, -21%, -22% and -23%, respectively. In some cases, the falls from 2018 peaks were quite dramatic. Oil and nickel declined 40% and 33%, respectively, from their highs earlier in the year.

Despite six consecutive months of price decline in 2018 from April to September, gold managed to hold its own at the psychologically important US\$1200/oz. level. Despite short-sellers pressing their bets against gold to the highest level ever in 2018, gold managed to outperform the S&P 500 Index, the Nasdaq Composite Index and the S&P/TSX Composite Index.

Although the Fund held an overweight allocation to gold equities, the Fund’s bias towards small-cap companies detracted from performance as investor interest was low in small-cap resource equities, particularly gold equities.

The Fund’s net asset value decreased by 51.5% during the period, from \$42.0 million as at December 31, 2017 to \$20.3 million as at December 31, 2018. This change was predominantly due to net realized and unrealized investment losses of \$20.2 million. The management expense ratio decreased from the prior period.

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## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of 2.50% for Series A shares, 2.00% for Series D shares, 1.50% for Series F shares and as negotiated by the shareholders for 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, 2018, the Fund incurred management fees of \$888,464 (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
Ninepoint Resource Class – Series A	60%	40%
Ninepoint Resource Class – Series D	75%	25%
Ninepoint Resource Class – Series F	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$30,055 during the year ended December 31, 2018 to SP Wealth, an affiliate of the manager.

### INCENTIVE FEES

The Fund also pays the Manager 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 January 1 to December 31 exceeds the percentage return of the blended benchmark consisting of 50% of the daily return of the S&P/TSX Capped Materials Total Return Index and 50% of the daily return of the S&P/TSX Capped Energy Total 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 blended 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, 2018, the Fund did not accrue any 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. For the year ended December 31, 2018, the Manager did not absorb any expenses.

### 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 ended December 31 shown, unless otherwise noted.

The Fund's Net Assets per Share<sup>1</sup>

	<b>Dec 31, 2018</b>	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Series A	\$	\$	\$	\$	\$
Net assets, beginning of period	<b>10.67</b>	8.61	4.58	5.40	6.16
<b>Increase (decrease) from operations:</b>					
Total revenue	<b>0.01</b>	0.02	0.03	0.07	0.10
Total expenses	<b>(0.35)</b>	(0.71)	(0.46)	(0.21)	(0.32)
Realized gains (losses) for the period	<b>0.01</b>	1.18	2.27	(0.97)	0.78
Unrealized gains (losses) for the period	<b>(4.31)</b>	1.13	1.76	0.44	(0.77)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(4.64)</b>	1.62	3.60	(0.67)	(0.21)
<b>Distributions:</b>					
Dividend distributions	–	0.03	0.03	0.07	0.07
<b>Total annual distributions<sup>3</sup></b>	–	0.03	0.03	0.07	0.07
<b>Net assets, end of period</b>	<b>6.05</b>	10.67	8.61	4.58	5.40

	<b>Dec 31, 2018<sup>4</sup></b>
Series D	\$
Net assets, beginning of period	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	<b>0.02</b>
Total expenses	<b>(0.18)</b>
Realized gains (losses) for the period	<b>(0.21)</b>
Unrealized gains (losses) for the period	<b>(2.64)</b>
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(3.01)</b>
<b>Distributions:</b>	
Dividend distributions	–
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>6.54</b>

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	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Series F	\$	\$	\$	\$	\$
Net assets, beginning of period	<b>11.16</b>	9.07	4.79	5.59	6.31
<b>Increase (decrease) from operations:</b>					
Total revenue	<b>0.02</b>	0.03	0.04	0.07	0.09
Total expenses	<b>(0.25)</b>	(0.63)	(0.48)	(0.13)	(0.20)
Realized gains (losses) for the period	<b>(0.14)</b>	1.00	1.61	(1.11)	0.42
Unrealized gains (losses) for the period	<b>(5.78)</b>	0.05	0.16	0.28	0.45
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(6.15)</b>	0.45	1.33	(0.89)	0.76
<b>Distributions:</b>					
Dividend distributions	–	0.03	0.03	0.08	0.07
<b>Total annual distributions<sup>3</sup></b>	–	0.03	0.03	0.08	0.07
<b>Net assets, end of period</b>	<b>6.40</b>	11.16	9.07	4.79	5.59

1 This information is derived from the Fund's audited annual financial statements.

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 Distributions were made in cash.

4 Information provided is for the period from May 18, 2018 (first issuance) to December 31, 2018 for Series D.

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## Ratios and Supplemental Data

Series A	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Total net asset value (000s) <sup>1</sup>	<b>\$14,355</b>	\$36,138	\$27,528	\$9,210	\$12,705
Number of shares outstanding <sup>1</sup>	<b>2,373,797</b>	3,386,200	3,198,234	2,010,016	2,351,325
Management expense ratio <sup>2</sup>	<b>3.36%</b>	6.54%	3.21%	2.86%	2.75%
Management expense ratio before waivers or absorptions <sup>5</sup>	<b>3.36%</b>	6.54%	3.65%	4.04%	3.81%
Trading expense ratio <sup>3</sup>	<b>0.63%</b>	1.60%	3.10%	1.13%	1.84%
Portfolio turnover rate <sup>4</sup>	<b>130.78%</b>	255.20%	497.41%	171.68%	302.56%
Net asset value per share <sup>1</sup>	<b>\$6.05</b>	\$10.67	\$8.61	\$4.58	\$5.40

Series D	Dec 31, 2018
Total net asset value (000s) <sup>1</sup>	<b>\$7</b>
Number of shares outstanding <sup>1</sup>	<b>1,116</b>
Management expense ratio <sup>2</sup>	<b>2.86%</b>
Management expense ratio before waivers or absorptions <sup>5</sup>	<b>2.86%</b>
Trading expense ratio <sup>3</sup>	<b>0.63%</b>
Portfolio turnover rate <sup>4</sup>	<b>130.78%</b>
Net asset value per share <sup>1</sup>	<b>\$6.54</b>

Series F	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Total net asset value (000s) <sup>1</sup>	<b>\$5,980</b>	\$5,838	\$10,700	\$221	\$381
Number of shares outstanding <sup>1</sup>	<b>935,018</b>	522,951	1,179,779	46,069	68,159
Management expense ratio <sup>2</sup>	<b>2.29%</b>	5.45%	2.85%	1.74%	1.71%
Management expense ratio before waivers or absorptions <sup>5</sup>	<b>2.29%</b>	5.45%	3.16%	2.94%	2.73%
Trading expense ratio <sup>3</sup>	<b>0.63%</b>	1.60%	3.10%	1.13%	1.84%
Portfolio turnover rate <sup>4</sup>	<b>130.78%</b>	255.20%	497.41%	171.68%	302.56%
Net asset value per share <sup>1</sup>	<b>\$6.40</b>	\$11.16	\$9.07	\$4.79	\$5.59

1 The information is provided as at December 31 for 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.

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.

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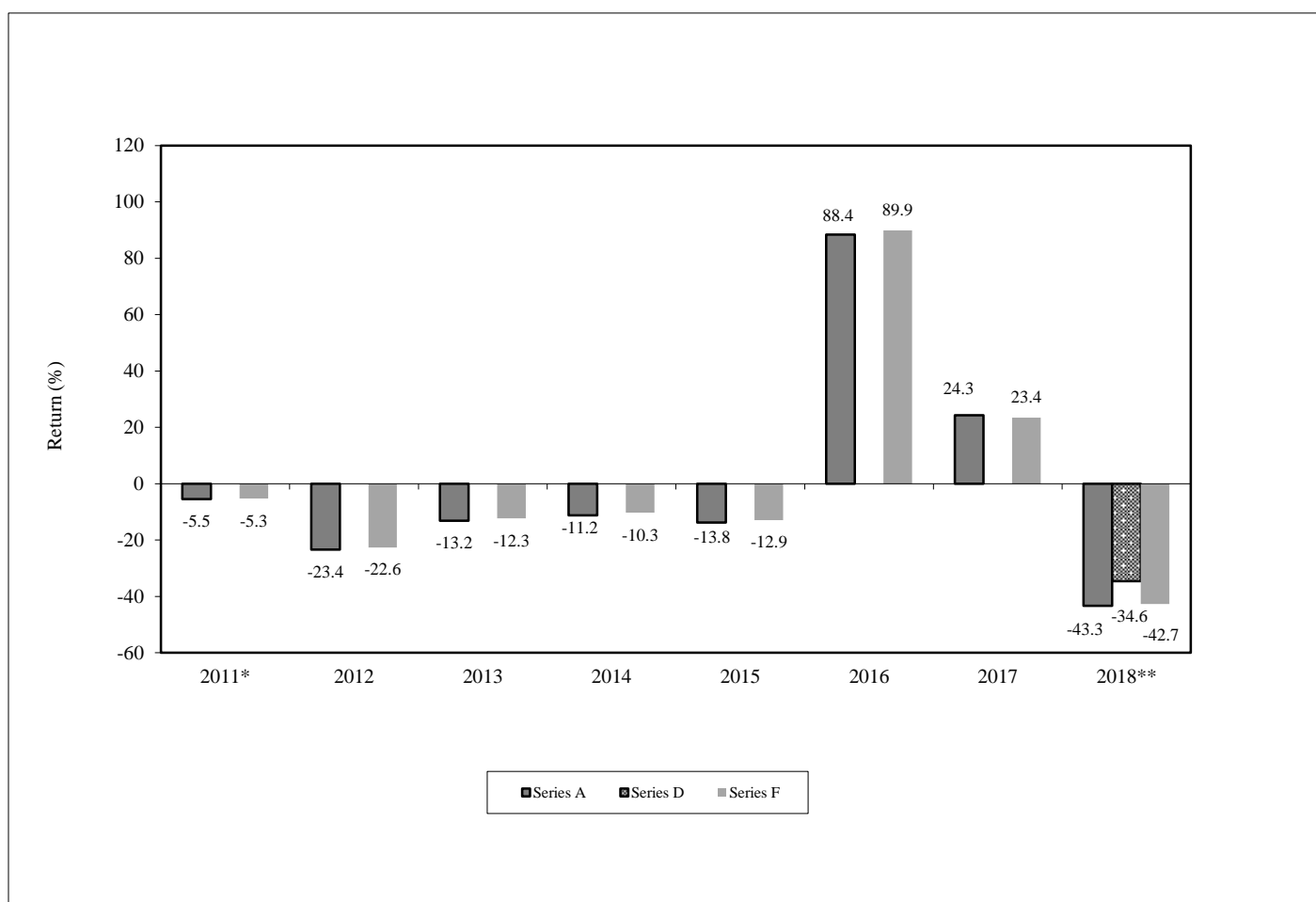
(formerly, Sprott Resource Class)

## 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 the years 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 October 17, 2011 (launch date) to December 31, 2011 for Series A and Series F (not annualized).

\*\* Return from May 18, 2018 to December 31, 2018 for Series D (not annualized).

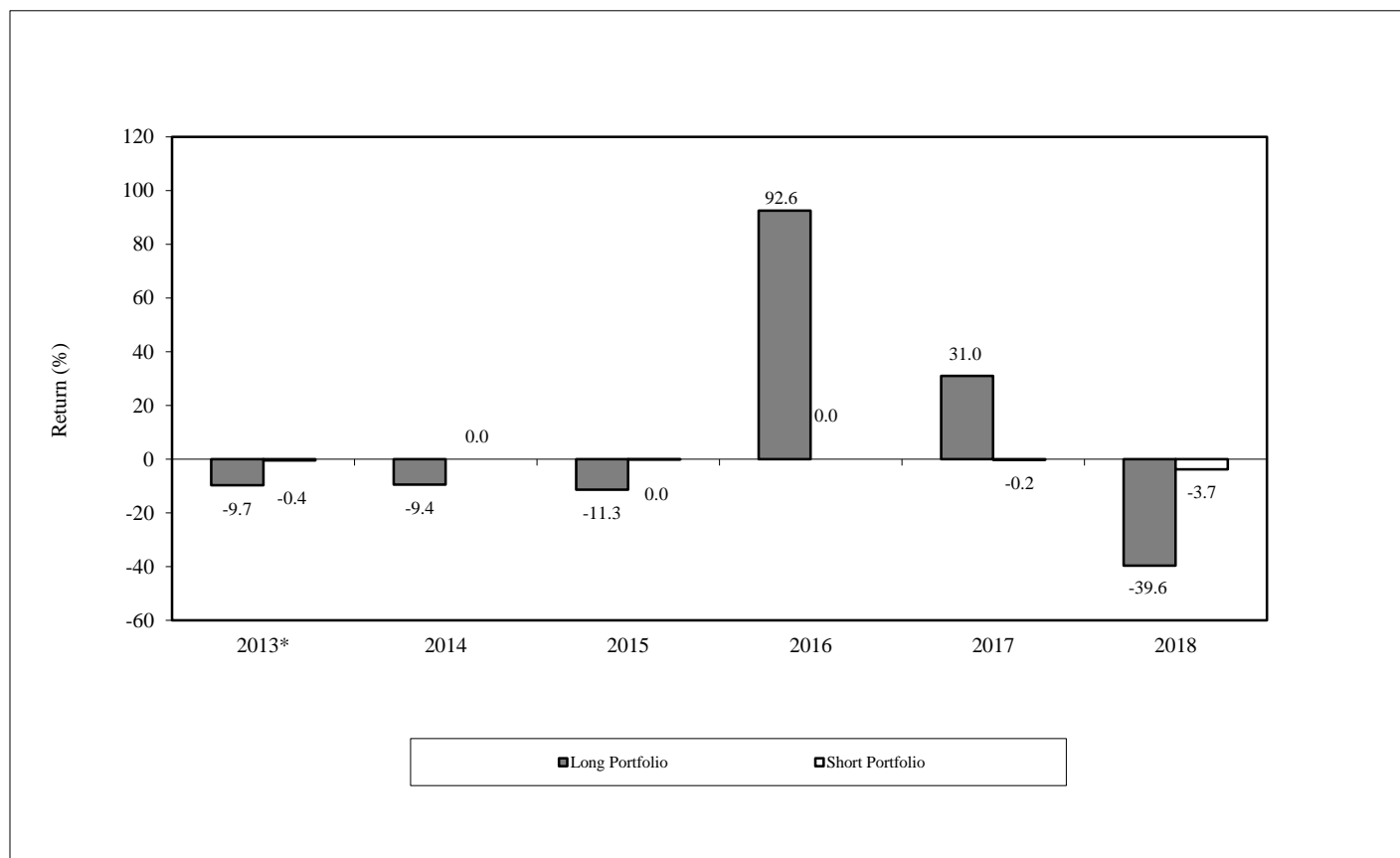
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## Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund by the long portfolio and the short portfolio for the years ended December 31 shown, unless otherwise noted. For the purposes of this disclosure, certain derivatives may be considered to be part of the short portfolio.



\* The Fund did not hold any short portfolio positions prior to 2013.

## Annual Compound Returns

The following table illustrates the annual compound total return for each Series of 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 blended index of 50% S&P/TSX Capped Materials Total Return Index and 50% S&P/TSX Capped Energy Total Return Index (the “Blended Benchmark Index”). The S&P/TSX Capped Materials Total Return Index is comprised of securities of Canadian materials sector issuers listed on the TSX. The S&P/TSX Capped Energy Total Return Index is comprised of securities of Canadian energy sector issuers listed on the TSX. Since the Fund does not necessarily invest in the same securities or in the same proportion as these indices, the performance of the Fund is not expected to equal their performance.

	1-Year	3-Year	5-Year	Since Inception*
Ninepoint Resource Class – Series A	-43.3%	9.9%	0.3%	-6.0%
Ninepoint Resource Class – Series F	-42.7%	10.3%	1.0%	-5.3%
Blended Benchmark Index	-17.8%	5.1%	-3.7%	-4.8%
Ninepoint Resource Class – Series D	–	–	–	-34.6%
Blended Benchmark Index	–	–	–	-22.3%
Long Portfolio	-39.6%	15.1%	4.1%	
Short Portfolio	-3.7%	-1.3%	-0.8%	

\* Since launch date of October 17, 2011 for Series A and Series F, and May 18, 2018 for Series D.



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## Summary of Investment Portfolio

As at December 31, 2018

### Portfolio Allocation

	% of Net Asset Value
Total Positions	
Materials	61.4
Energy	32.6
Health Care	4.1
Financials	0.7
Information Technology	0.1
Total Positions	98.9
Cash	1.3
Other Net Liabilities	(0.2)
Total Net Asset Value	100.0

### Top 25 Long Positions

Issuer	% of Net Asset Value
Pretium Resources Inc.	8.8
Kirkland Lake Gold Ltd.	7.0
Roxgold Inc.	6.6
NexGen Energy Ltd.	5.9
Continental Gold Inc.	5.5
Leucrotta Exploration Inc.	5.4
Parex Resources Inc.	5.2
Cardinal Resources Ltd.	4.6
Yangarra Resources Ltd.	4.6
White Gold Corp.	3.9
Sabina Gold & Silver Corp.	3.9
Birchcliff Energy Ltd.	3.7
Liberty Health Sciences Inc.	3.7
Bonterra Resources Inc.	3.4
Argonaut Gold Inc.	3.0
SilverCrest Metals Inc.	2.7
MGX Minerals Inc.	2.6
Lucky Minerals Inc.	2.5
Rio2 Ltd.	2.3
Canadian Premium Sand Inc.	1.7
Pieridae Energy Ltd.	1.6
Valeura Energy Inc.	1.6
Cash	1.3
Mega Uranium Ltd.	1.2
Neo Lithium Corp.	1.1
Top 25 long positions as a percentage of net asset value	93.8

The Fund held no short positions as at December 31, 2018.

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.ninepoint.com](http://www.ninepoint.com).

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## Corporate Information

### Corporate Address

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