



# Ninepoint Silver Equities Class

*(formerly, Sprott Silver Equities Class)*

Ninepoint Corporate Class Inc.

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

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 Silver Equities Class (formerly, Sprott Silver Equities Class) (the “Fund”) is to seek to achieve long-term capital growth by investing 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 and silver certificates.

To achieve the Fund’s investment objective, the sub-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. This involves seeking out undervalued companies backed by strong management teams and solid business models that can benefit from macro-economic trends. The Fund may also invest in silver in the form of bullion, coins and storage receipts and certificates relating to such metal when deemed appropriate by the sub-advisor.

The Fund may also:

- temporarily invest in cash or cash equivalent securities as a defensive strategy or for other reasons;
- 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 as permitted by the securities regulations;
- engage in short selling in a manner which is consistent with the investment objectives of the Fund and 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 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. This Fund is suitable for investors with a high investment risk tolerance 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 year.

### Results of Operations and Recent Developments

The Fund, Series A returned -18.1% in 2018, while its benchmark, the MSCI ACWI Select Silver Miners IMI Net Return Index, returned -15.7%.

In the U.S., positive economic momentum from 2017 carried over into 2018. As a result, the U.S. Federal Reserve Board continued to raise the federal funds rate, which further strengthened the dollar. The U.S. dollar gained against several major currencies during 2018.

Silver demand continued to outstrip supply in 2018 as its use in the solar industry expanded further. Silver has historically taken its price cues from gold, and this trend continued. Gold declined by 1.6% in 2018, and silver followed suit, ending the year down 8.2% in U.S. dollar terms.

At the beginning of the year, economic conditions continued to improve. Investor and business enthusiasm towards tax cuts in the U.S. translated to higher capital expenditures and inventory building. This optimism about the economy put downward pressure on the prices of precious metals, including silver.

Despite loose monetary policy, low unemployment and a buoyant global economy, inflation remained contained in the G7 countries mid-period. Negative or near-zero real rates have historically been supportive of gold prices. In the absence of inflation and negative real rates, gold and silver performance was muted.

After a period of historically low volatility in 2017 and much of 2018, volatility returned to the general equity markets in the fourth quarter. This heightened equity volatility eventually spilled into the fixed income market and credit spreads widened. A combination of short-covering of gold futures and improved investor sentiment towards the metal helped fuel positive returns for gold in the fourth quarter. This improved sentiment also helped silver, which rose 5.9% in the quarter.

In light of the macroeconomic environment, the Manager focused on companies growing their reserves and resources, and on companies with lower-cost mines.

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Individual contributors to the Fund's performance included SilverCrest Metals Inc., SSR Mining Inc. and First Majestic Silver Corp. SilverCrest announced a maiden resource estimate for its Las Chispas property in Sonora, Mexico, followed by an update later in the year. The company discovered new veins and continued to delineate high-grade silver-gold mineralization. SSR Mining benefited from its good management team, strong balance sheet, track record of free cash flow generation and strong production outlook. The company has met its guidance for seven years and has a history of reserve and production growth in favourable jurisdictions. Mexico-based First Majestic, which focuses on silver, has a solid management team with a strong record of building mines.

Exposure to junior mining companies, which suffered from a lack of investor interest, detracted from the Fund's performance. Individual detractors included Fresnillo PLC, Industrias Penoles SAB de CV and Excellon Resources Inc. Fresnillo reported disappointing production results at its key Fresnillo mine, and also suffered from concerns that Mexico may introduce new mining regulations and taxes. Industrias Penoles, which holds 75% of Fresnillo, was affected by the same factors. Excellon experienced operational difficulties that reduced production at its Platosa mine in Mexico. These issues were a strain on the balance sheet and resulted in the company replacing its survey and planning staff. The Manager expects better production and financial results going forward.

The Fund's net asset value decreased by 23.4% during the period, from \$112.9 million as at December 31, 2017 to \$86.5 million as at December 31, 2018. This change was predominantly due to net realized and unrealized investment losses of \$19.6 million and net redemptions of \$3.9 million. The management expense ratio slightly increased from the prior period while the portfolio turnover rate decreased.

## 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 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, 2018, the Fund incurred management fees of \$2,425,572 (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 Silver Equities Class – Series A	60%	40%
Ninepoint Silver Equities Class – Series D	75%	25%
Ninepoint Silver Equities Class – Series F	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$114,345 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 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, 2018, the Fund accrued \$45 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, 2018.

### 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>

	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Series A	\$	\$	\$	\$	\$
Net assets, beginning of period	5.61	6.41	3.35	4.43	4.68
<b>Increase (decrease) from operations:</b>					
Total revenue	0.04	0.03	0.03	0.04	0.03
Total expenses	(0.21)	(0.36)	(0.45)	(0.21)	(0.23)
Realized gains (losses) for the period	(0.68)	(0.72)	2.42	(0.85)	(0.13)
Unrealized gains (losses) for the period	(0.19)	0.23	(0.68)	(0.07)	(0.05)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.04)</b>	<b>(0.82)</b>	<b>1.32</b>	<b>(1.09)</b>	<b>(0.38)</b>
<b>Distributions:</b>					
Dividend distributions	–	0.02	0.01	0.03	0.02
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>	<b>0.02</b>	<b>0.01</b>	<b>0.03</b>	<b>0.02</b>
<b>Net assets, end of period</b>	<b>4.60</b>	<b>5.61</b>	<b>6.41</b>	<b>3.35</b>	<b>4.43</b>

	Dec 31, 2018 <sup>4</sup>
Series D	\$
Net assets, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.04
Total expenses	(0.17)
Realized gains (losses) for the period	(1.25)
Unrealized gains (losses) for the period	0.39
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.99)</b>
<b>Distributions:</b>	
Dividend distributions	–
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>
<b>Net assets, end of period</b>	<b>8.47</b>

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	<b>Dec 31, 2018</b>	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Series F	\$	\$	\$	\$	\$
Net assets, beginning of period	<b>5.94</b>	6.71	3.48	4.56	4.77
<b>Increase (decrease) from operations:</b>					
Total revenue	<b>0.05</b>	0.03	0.03	0.04	0.03
Total expenses	<b>(0.15)</b>	(0.24)	(0.37)	(0.15)	(0.17)
Realized gains (losses) for the period	<b>(0.73)</b>	(0.76)	2.39	(0.87)	(0.24)
Unrealized gains (losses) for the period	<b>(0.32)</b>	0.17	0.51	(0.16)	(0.64)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.15)</b>	(0.80)	2.56	(1.14)	(1.02)
<b>Distributions:</b>					
Dividend distributions	–	0.02	0.01	0.03	0.02
<b>Total annual distributions<sup>3</sup></b>	–	0.02	0.01	0.03	0.02
<b>Net assets, end of period</b>	<b>4.91</b>	5.94	6.71	3.48	4.56

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 June 11, 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>\$52,165</b>	\$60,276	\$59,977	\$11,024	\$12,931
Number of shares outstanding <sup>1</sup>	<b>11,347,604</b>	10,744,359	9,363,501	3,288,133	2,919,026
Management expense ratio <sup>2</sup>	<b>2.98%</b>	2.95%	3.36%	3.23%	3.21%
Management expense ratio before waivers or absorptions <sup>5</sup>	<b>2.98%</b>	2.95%	3.36%	3.23%	3.41%
Trading expense ratio <sup>3</sup>	<b>1.07%</b>	2.29%	2.99%	1.41%	0.99%
Portfolio turnover rate <sup>4</sup>	<b>168.54%</b>	328.07%	380.69%	160.65%	102.01%
Net asset value per share <sup>1</sup>	<b>\$4.60</b>	\$5.61	\$6.41	\$3.35	\$4.43

Series D	Dec 31, 2018
Total net asset value (000s) <sup>1</sup>	<b>\$102</b>
Number of shares outstanding <sup>1</sup>	<b>12,104</b>
Management expense ratio <sup>2</sup>	<b>2.67%</b>
Management expense ratio before waivers or absorptions <sup>5</sup>	<b>2.67%</b>
Trading expense ratio <sup>3</sup>	<b>1.07%</b>
Portfolio turnover rate <sup>4</sup>	<b>168.54%</b>
Net asset value per share <sup>1</sup>	<b>\$8.47</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>\$34,195</b>	\$52,636	\$68,142	\$15,078	\$18,680
Number of shares outstanding <sup>1</sup>	<b>6,958,271</b>	8,866,245	10,156,365	4,329,053	4,100,988
Management expense ratio <sup>2</sup>	<b>1.98%</b>	1.91%	2.80%	2.21%	2.26%
Management expense ratio before waivers or absorptions <sup>5</sup>	<b>1.98%</b>	1.91%	2.80%	2.21%	2.43%
Trading expense ratio <sup>3</sup>	<b>1.07%</b>	2.29%	2.99%	1.41%	0.99%
Portfolio turnover rate <sup>4</sup>	<b>168.54%</b>	328.07%	380.69%	160.65%	102.01%
Net asset value per share <sup>1</sup>	<b>\$4.91</b>	\$5.94	\$6.71	\$3.48	\$4.56

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. The MER before incentive fees was 3.00% for Series A and 1.94% for Series F for the year ended December 31, 2016.

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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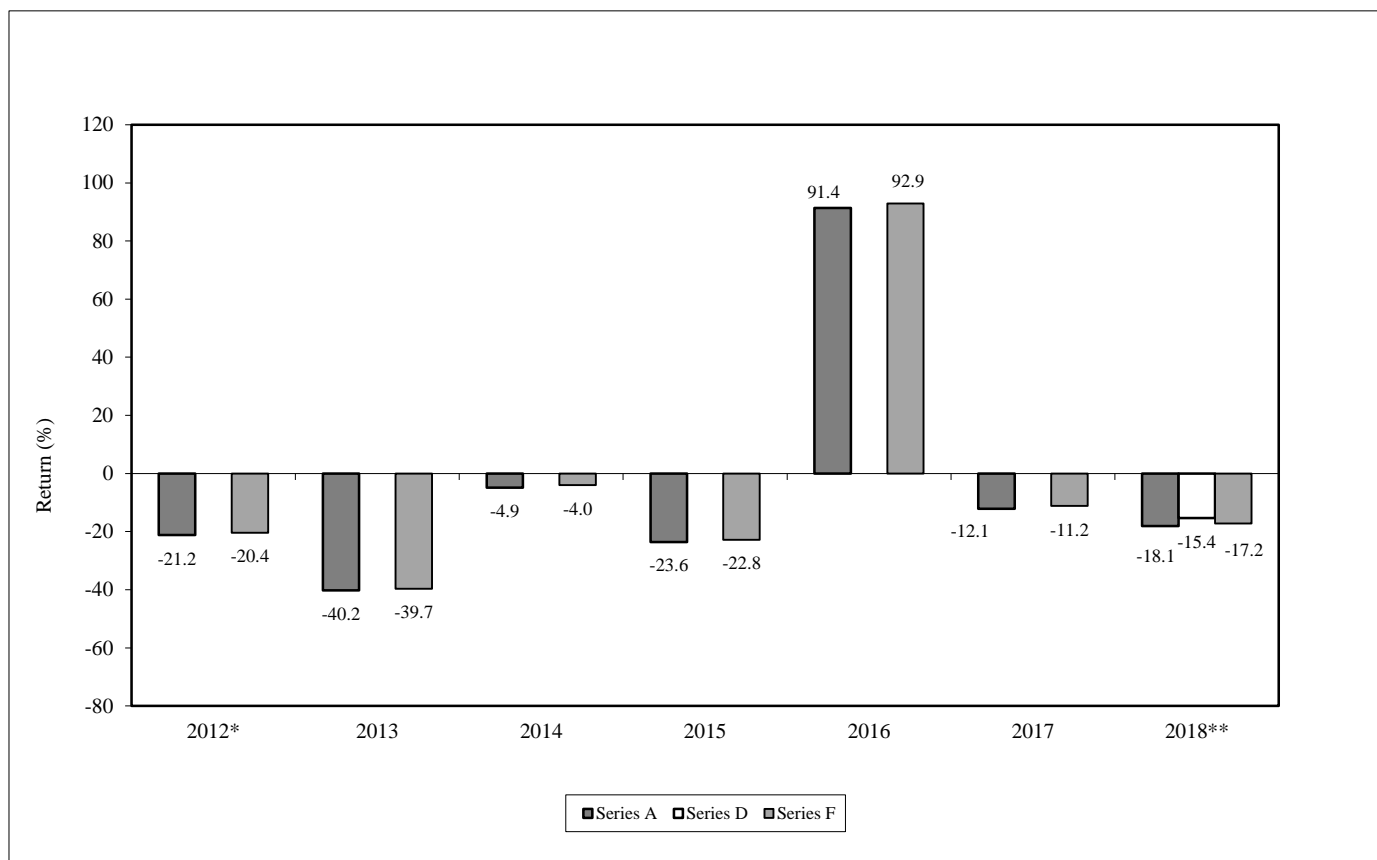
(formerly, *Sprott Silver Equities Class*)

## 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 February 28, 2012 (launch date) to December 31, 2012 for Series A and Series F (not annualized).

\*\* Return from June 11, 2018 to December 31, 2018 for Series D (not annualized).

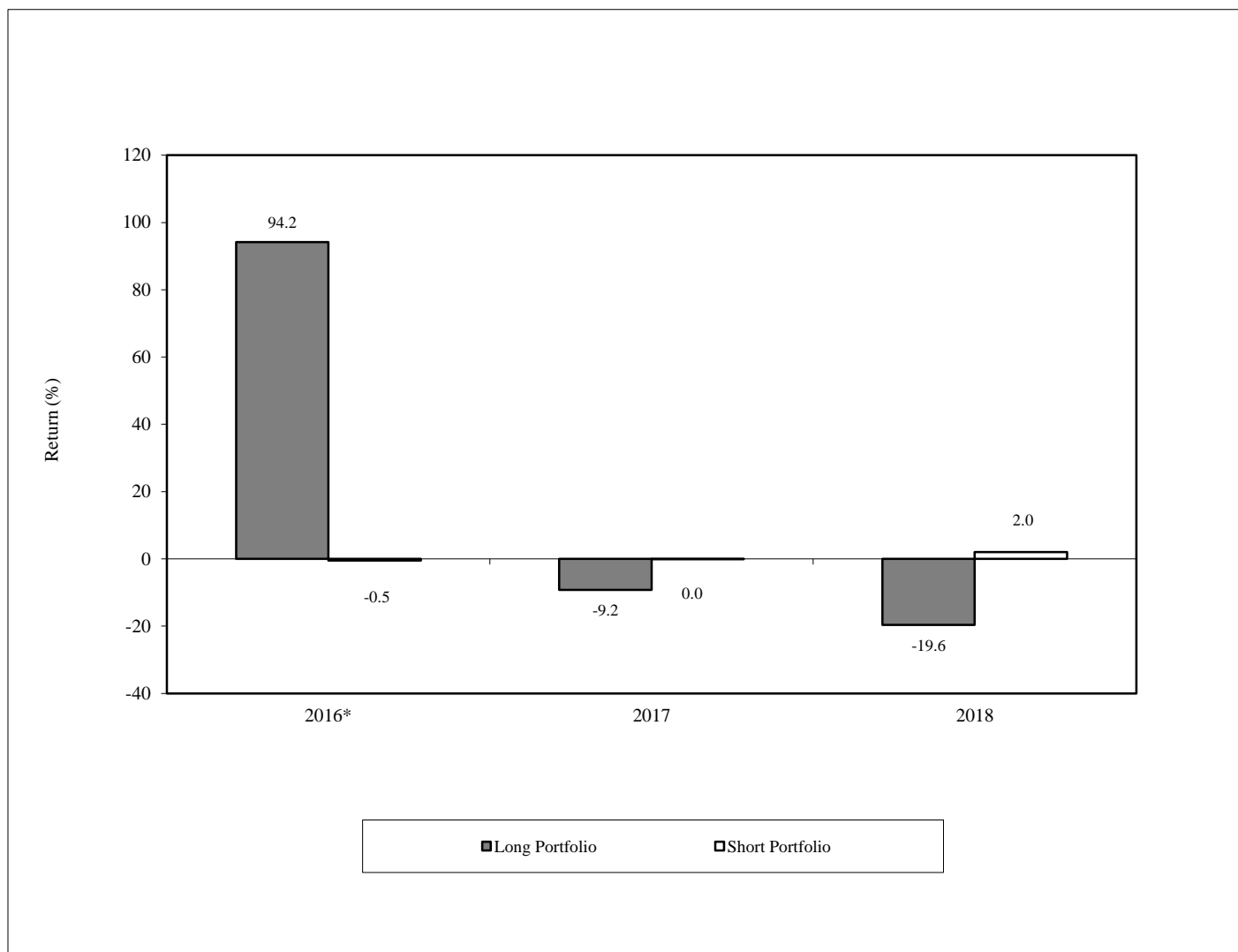
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## Long and Short Portfolio Returns

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 short portfolio positions prior to 2016.



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## 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 MSCI ACWI Select Silver Miners IMI Net Return Index (the “Index”). The index measures the equity performance of companies in both developed and emerging markets that derive the majority of their revenues from silver mining. 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	5-Year	Since Inception*
Ninepoint Silver Equities Class – Series A	-18.1%	11.3%	0.0%	-10.4%
Ninepoint Silver Equities Class – Series F	-17.2%	12.4%	1.0%	-9.5%
MSCI ACWI Select Silver Miners IMI Net Return Index	-15.7%	15.0%	1.8%	-10.2%
Ninepoint Silver Equities Class – Series D	–	–	–	-15.4%
MSCI ACWI Select Silver Miners IMI Net Return Index	–	–	–	-15.9%
Long portfolio	-19.6%	20.0%	–	
Short portfolio	2.0%	-0.1%	–	

\* Since launch date of February 28, 2012 for Series A and F, and June 11, 2018 for Series D.

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## Summary of Investment Portfolio

As at December 31, 2018

Portfolio Allocation		Top 25 Long Positions	
	% of Net Asset Value	Issuer	% of Net Asset Value
Long Positions		Wheaton Precious Metals Corp.	16.6
Silver and other metals	98.4	Silvercrest Metals Inc.	7.7
Total Long Positions	98.4	Fresnillo PLC	5.6
Cash	1.5	Tahoe Resources Inc.	5.2
Other Net Assets	0.1	SSR Mining Inc.	4.5
Total Net Asset Value	100.0	Coeur Mining Inc.	4.3
		Pan American Silver Corp.	4.2
		Hochschild Mining PLC	4.2
		Compania de Minas Buenaventura S.A.A.	3.9
		Dundee Precious Metals Inc.	3.2
		MAG Silver Corp.	3.2
		Fortuna Silver Mines Inc.	3.1
		First Majestic Silver Corp.	3.1
		Industrias Penoles SAB de CV	3.0
		Hecla Mining Company	2.9
		Silvercorp Metals Inc.	2.9
		Seabridge Gold Inc.	2.6
		Dolly Varden Silver Corp.	2.6
		Argonaut Gold Inc.	2.2
		Endeavour Silver Corp.	2.0
		Cash	1.5
		Excellon Resources Inc.	1.2
		Sabina Gold & Silver Corp.	1.1
		Yamana Gold Inc.	1.1
		Silvercrest Metals Inc., Warrants, Dec 19, 2019	1.0
		<b>Top 25 long positions as a percentage of net asset value</b>	<b>92.9</b>

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

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Call our mutual fund information line for daily closing prices:  
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