



# Sprott Global Infrastructure Fund

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SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2017

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The interim 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 interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at [www.sprott.com](http://www.sprott.com) or SEDAR at [www.sedar.com](http://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.

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## Management Discussion of Fund Performance

### Investment Objective and Strategies

The objective of the Sprott Global Infrastructure Fund (the “Fund”) is primarily to maximize risk adjusted long-term returns and secondarily to achieve a high level of income. The Fund focuses on achieving growth of capital through securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund seeks to provide a moderate level of volatility and a low degree of correlation to other asset classes through diversifying across a relatively concentrated group of global infrastructure stocks.

As part of its investment strategy, the Fund may:

- invest across all geographical sectors; and
- engage in short selling up to 20% of the Fund’s total net asset value as a result of special relief it obtained from Canadian securities regulators.

On April 1, 2014, Sprott Asset Management LP (the “Manager”) acquired the management rights for the Fund from Blumont Capital Corporation. Capital Innovations, LLC continues to be the sub-advisor for the Fund. Information prior to the acquisition by the Manager is presented in this report, as required.

### Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors who are seeking long-term appreciation potential of the global infrastructure and have a medium risk tolerance. 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 returned 9.7% during the first six months of 2017, compared to a 10.4% return for the S&P Global Infrastructure TR Index benchmark (in Canadian dollars).

Although the U.S. Federal Reserve Board (“Fed”) raised its policy rate by 25 basis points (“bps”) in both March and June of 2017, the yield on 10-year U.S. government bonds remained relatively stable. Accordingly, the yield curve flattened materially as inflation expectations remained low.

The Bank of Canada surprised the markets with a sudden change in terms of its monetary policy, shifting from an easing bias to a tightening bias. This new tone significantly increased expectations for an interest rate increase in Canada and an increase in the Canadian dollar.

The European Central Bank added to narrative of less monetary stimulus by hinting at tapering in its statement. In response, bond yields rose, the U.S. dollar declined, the euro and Canadian dollar strengthened and interest rate-sensitive investments came under pressure.

During the period, the Fund maintained underweight exposure to the utilities sector relative to its benchmark (15.0% compared to 38.6%) given the sector’s low-growth and interest rate-sensitive characteristics. The Fund also maintained underweight exposure to the energy sector (14.6% compared to 18.8%) given commodity price weakness.

The Fund’s underweight positions in the energy and utilities sectors contributed to performance. Significant individual contributors to performance included Ferrovial SA (76 bps), Drillisch AG (75 bps) and Suez Environnement Co. SA (69 bps). Ferrovial benefited from increases in both traffic volume and pricing on its toll roads and the stabilization of its European construction division. Drillisch was the subject of a takeover offer by United Internet AG and was subsequently sold above the implied bid price. Sentiment on Suez was positively impacted by the outcome of the French elections as well as the strategic acquisition of General Electric Co.’s industrial water division.

The Fund’s underweight positions in key European sub-industries within the industrials sector detracted from performance. Currency movements and currency forwards also detracted. Significant individual detractors from performance included NEXTDC Ltd. (-34 bps), Enbridge Inc. (-20 bps) and Keyera Corp. (-16 bps). NEXTDC came under pressure from a new entrant in the Australian data centre market and was subsequently sold from the Fund. Both Enbridge and Keyera struggled with declining oil and gas prices.

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The Fund's net asset value increased by 39.5% during the period, from \$13.0 million as at December 31, 2016 to \$18.1 million as at June 30, 2017. This change was predominantly due to net share issuance of \$4.0 million and \$875 thousand of unrealized gains on investments. The management expense ratio decreased compared to the prior period.

## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of 2.0% for Series A units, 1.0% for Series F units and as negotiated by the unitholders for Series I. The management fee is calculated and accrued daily and is paid monthly based on the daily net asset value of that series of the Fund. For the six-month period ended June 30, 2017, the Fund incurred management fees of \$104,960 (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 Global Infrastructure Fund – Series A	57%	43%
Sprott Global Infrastructure Fund – Series F	100%	–
Sprott Global Infrastructure Fund – Series I	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$483 during the six-month period ended June 30, 2017 to Sprott Private Wealth LP, an affiliate of the Manager.

### OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, trustee, filing and administrative expenses as well as unitholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by 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 period ended June 30, 2017.

### 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 six-month period ended June 30, 2017 and the years shown.

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

	<b>Jun 30, 2017</b>	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Series A	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	<b>9.85</b>	10.40	12.03	11.66	10.05	10.06
<b>Increase (decrease) from operations:</b>						
Total revenue	<b>0.16</b>	0.30	0.34	0.52	0.35	0.36
Total expenses	<b>(0.17)</b>	(0.35)	(0.32)	(0.43)	(0.45)	(0.42)
Realized gains (losses) for the period	<b>0.34</b>	1.55	0.26	0.06	0.36	(0.07)
Unrealized gains (losses) for the period	<b>0.58</b>	(0.59)	(1.24)	0.67	1.80	0.34
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.91</b>	0.91	(0.96)	0.82	2.06	0.21
<b>Distributions:</b>						
From income (excluding dividends)	<b>0.22<sup>5</sup></b>	0.11	–	0.02	–	–
From dividends	–	–	0.13	–	–	–
From capital gains	–	1.41	–	–	–	–
Return of capital	–	–	0.35	0.45	0.40	0.40
<b>Total annual distributions<sup>3</sup></b>	<b>0.22</b>	1.52	0.48	0.47	0.40	0.40
<b>Net assets, end of period</b>	<b>10.58</b>	9.85	10.40	12.03	11.66	10.05
Series F	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	<b>10.07</b>	10.68	12.21	11.70	9.99	9.83
<b>Increase (decrease) from operations:</b>						
Total revenue	<b>0.18</b>	0.30	0.34	0.51	0.35	0.36
Total expenses	<b>(0.11)</b>	(0.23)	(0.19)	(0.29)	(0.40)	(0.28)
Realized gains (losses) for the period	<b>0.36</b>	1.29	0.29	0.06	0.37	(0.07)
Unrealized gains (losses) for the period	<b>0.47</b>	(0.41)	(1.01)	0.74	1.78	0.17
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.90</b>	0.95	(0.57)	1.02	2.10	0.18
<b>Distributions:</b>						
From income (excluding dividends)	<b>0.23<sup>5</sup></b>	0.07	–	0.02	–	–
From dividends	–	–	0.13	–	–	–
From capital gains	–	1.67	–	–	–	–
Return of capital	–	–	0.36	0.45	0.40	0.40
<b>Total annual distributions<sup>3</sup></b>	<b>0.23</b>	1.74	0.49	0.47	0.40	0.40
<b>Net assets, end of period</b>	<b>10.87</b>	10.07	10.68	12.21	11.70	9.99

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Series I	Jun 30, 2017 \$	Dec 31, 2016 \$	Dec 31, 2015 \$	Dec 31, 2014 <sup>4</sup> \$
Net assets, beginning of period	8.58	8.62	9.76	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.13	0.25	0.29	0.19
Total expenses	(0.04)	(0.08)	(0.04)	(0.03)
Realized gains (losses) for the period	0.28	1.12	0.23	(0.03)
Unrealized gains (losses) for the period	0.60	(0.29)	(1.53)	(0.34)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.97</b>	1.00	(1.05)	(0.21)
<b>Distributions:</b>				
From income (excluding dividends)	0.19 <sup>5</sup>	0.13	–	0.01
From dividends	–	–	0.10	–
From capital gains	–	0.96	–	–
Return of capital	–	–	0.29	0.19
<b>Total annual distributions<sup>3</sup></b>	<b>0.19</b>	1.09	0.39	0.20
<b>Net assets, end of period</b>	<b>9.32</b>	8.58	8.62	9.76

1 This information is derived from the Fund's interim and 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 units outstanding over the financial period. Net assets and distributions are based on the actual number of units outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were reinvested in additional units of the Fund.

4 Information provided is for the period from July 17, 2014 (first issuance) to December 31, 2014.

5 The final allocation of distributions for the period ended June 30, 2017 between income, dividends, capital gains and return of capital will be determined at December 31, 2017.

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## Ratios and Supplemental Data

	<b>Jun 30, 2017</b>	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
<b>Series A</b>						
Total net asset value (000s) <sup>1</sup>	<b>\$8,317</b>	\$7,121	\$10,451	\$15,991	\$14,631	\$11,488
Number of units outstanding <sup>1</sup>	<b>786,388</b>	723,068	1,004,877	1,328,833	1,254,819	1,142,890
Management expense ratio <sup>2</sup>	<b>2.88%</b>	3.02%	2.62%	2.70%	4.09%	4.21%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>2.88%</b>	3.02%	2.72%	2.78%	4.62%	4.90%
Trading expense ratio <sup>4</sup>	<b>0.29%</b>	0.19%	0.03%	0.03%	0.03%	0.04%
Portfolio turnover rate <sup>5</sup>	<b>51.75%</b>	99.36%	30.66%	37.67%	38.52%	25.87%
Net asset value per unit <sup>1</sup>	<b>\$10.58</b>	\$9.85	\$10.40	\$12.03	\$11.66	\$10.05
<b>Series F</b>						
Total net asset value (000s) <sup>1</sup>	<b>\$5,828</b>	\$2,583	\$2,527	\$5,903	\$6,930	\$5,940
Number of units outstanding <sup>1</sup>	<b>536,214</b>	256,635	236,598	483,283	592,197	594,559
Management expense ratio <sup>2</sup>	<b>1.81%</b>	1.97%	1.51%	1.60%	3.66%	2.87%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>1.81%</b>	1.97%	1.62%	1.68%	4.19%	3.56%
Trading expense ratio <sup>4</sup>	<b>0.29%</b>	0.19%	0.03%	0.03%	0.03%	0.04%
Portfolio turnover rate <sup>5</sup>	<b>51.75%</b>	99.36%	30.66%	37.67%	38.52%	25.87%
Net asset value per unit <sup>1</sup>	<b>\$10.87</b>	\$10.07	\$10.68	\$12.21	\$11.70	\$9.99
<b>Series I</b>						
Total net asset value (000s) <sup>1</sup>	<b>\$3,962</b>	\$3,275	\$8,130	\$6,288		
Number of units outstanding <sup>1</sup>	<b>425,138</b>	381,559	942,655	644,392		
Management expense ratio <sup>2</sup>	<b>0.72%</b>	0.83%	0.44%	0.00%		
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>0.72%</b>	0.83%	0.54%	0.00%		
Trading expense ratio <sup>4</sup>	<b>0.29%</b>	0.19%	0.03%	0.03%		
Portfolio turnover rate <sup>5</sup>	<b>51.75%</b>	99.36%	30.66%	37.67%		
Net asset value per unit <sup>1</sup>	<b>\$9.32</b>	\$8.58	\$8.62	\$9.76		

1 The information is provided as at June 30, 2017 and December 31 of the years shown prior to 2017.

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 the daily average net asset value during the period.

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

4 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.

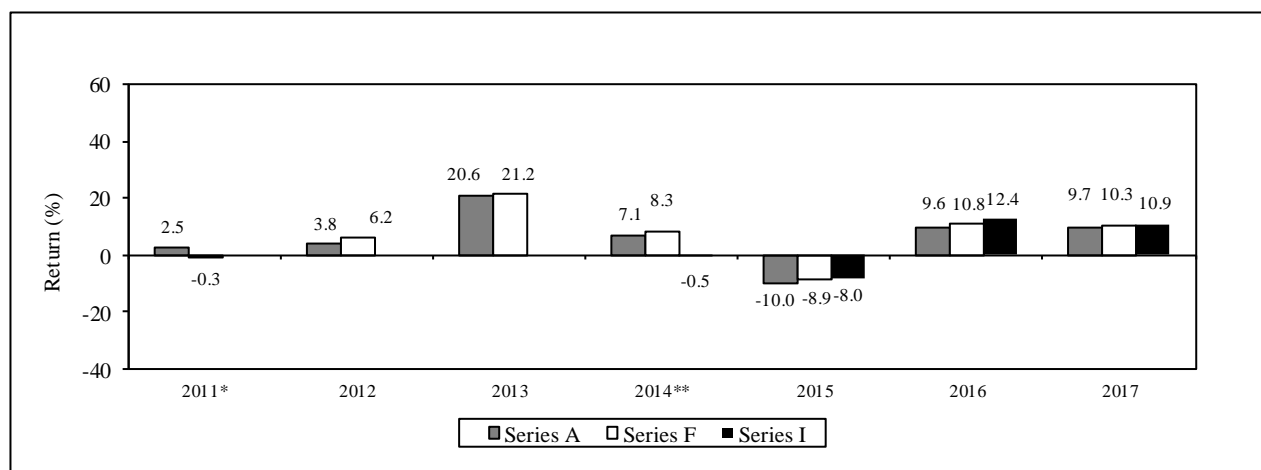
5 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio 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. The portfolio turnover is expressed as a non-annualized percentage.

## Past Performance

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units 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 unitholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return 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 six-month period ended June 30, 2017 and 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 September 20, 2011 to December 31, 2011 for Series A and from September 1, 2011 to December 31, 2011 for Series F (not annualized).

\*\* Return from July 17, 2014 to December 31, 2014 for Series I (not annualized).

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## Summary of Investment Portfolio

As at June 30, 2017

### Portfolio Allocation

	% of Net Asset Value
Long Positions	
Industrials	34.2
Utilities	18.2
Energy	11.9
Information Technology	9.1
Specialized REITs	6.6
Financials	6.0
Telecommunication Services	4.9
Consumer Discretionary	3.2
<b>Total Long Positions</b>	<b>94.1</b>
Cash	4.5
Other Net Assets	1.4
<b>Total Net Asset Value</b>	<b>100.0</b>

### Portfolio Allocation by Geographic Region

	% of Net Asset Value
Long Positions	
Canada	32.7
France	29.4
Spain	9.1
Italy	6.2
Bermuda	3.5
United Kingdom	3.5
Netherlands	2.7
Switzerland	2.6
Australia	2.6
Other	1.8
<b>Total Long Positions</b>	<b>94.1</b>
Cash	4.5
Other Net Assets	1.4
<b>Total Net Asset Value</b>	<b>100.0</b>

### Top 25 Long Positions

Issuer	% of Net Asset Value
Cash	4.5
American Tower Corp.	4.0
Ferrovial SA	3.9
Macquarie Infrastructure Co. LLC	3.8
Atlantia SpA	3.6
Brookfield Infrastructure Partners LP	3.5
Pembina Pipeline Corp.	3.3
Brookfield Asset Management Inc.	3.3
Suez	3.3
Comcast Corp.	3.2
Fortis Inc.	3.2
Emera Inc.	3.1
Keyera Corp.	3.0
Vinci SA	3.0
TransCanada Corp.	3.0
Groupe Eurotunnel SE	2.8
FedEx Corp.	2.8
Canadian Pacific Railway Ltd.	2.7
BBA Aviation PLC	2.7
Waste Connections Inc.	2.7
NextEra Energy Inc.	2.7
Intercontinental Exchange Inc.	2.7
Enbridge Inc.	2.6
Equinix Inc.	2.6
InterXion Holding NV	2.6
<b>Total 25 long positions as a percentage of net asset value</b>	<b>78.6</b>

The Fund held no short positions as at June 30, 2017.

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



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## Corporate Information

### Corporate Address

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Call our mutual fund information line for daily closing prices:

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### Auditors

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