SPROTT CANADIAN EQUITY FUND

OCTOBER 2017 COMMENTARY

The Sprott Canadian Equity Fund, Series A returned 0.76% in October and was down by 4.31% in 2017. The S&PTSX Total Return Index returned 2.73% for the month and 7.3% in 2017.

At the end of October approximately 60% of the S&P500's market cap had reported earnings. Approximately 75% of companies that had reported earnings, exceeded earnings estimates, which is greater than the 68% rate recorded over the last 3-years (source: RBC research). One of the reasons for the earnings outperformance of the S&P has been the result of much better than expected earnings coming from large (by market capitalization) index constituents such as Alphabet (GOOGL), Microsoft (MSFT), Amazon (AMZN) and Apple (AAPL). Although not exactly the four-headed monster often referred to as the F.A.N.G. stocks, this group overall reported earnings that exceeded expectations by an average of 14%. Given the combined market cap of these stocks is 2.8 T (~12% of the S&P500 market value), their relative importance to the overall market is high. The earnings "beats" coupled with well received earnings guidance helped to lift overall market sentiment, especially for the global technology sector.

Two core positions in the equity fund are Open Text (OTEX) and CGI Group (GIB.A), both which are Canadian technology bell-weathers. Given the lift in U.S. large cap technology stocks post earnings as discussed above our weightings in Canadian tech also seemed to benefit. Given the overall demand trends for technology products and services as highlighted in Q3 earnings results of U.S. peers, we believe these trends should carry over to OTEX and CGI in their upcoming releases in November.

Prior to month end we decided to invest in an initial public offering for Stelco Holdings (STLC). Stelco has a long history in Canada in both the steel industry and capital markets. After emerging from bankruptcy post the last cycle, STLC now has been recapitalized, has significantly reduced/extinguished its Pension and OPEB liabilities, reduced its leverage to a net cash position currently, improved labor relations and renegotiated long-term raw material supplies. STLC has invested enough capex into the operations to make them cost competitive with other integrated steel manufacturers in North America and is well positioned to take advantage of a mix shift to higher margin steel products and expand capacity. In the years ahead we expect significant revenue and earnings growth that will be well supported by a healthy North American economy and an expanding federal capital budget for infrastructure in the U.S. and Canada. Perhaps the most important component of the investment thesis is the team that has come in to recapitalize, restructure and reposition the operations of the company. The team led by its CEO has a very strong track record of buying assets on the cheap, cleaning up the financial and operational miss-steps of prior groups and creating tremendous value to shareholders. The stock is expected to start trading on the TSX in early November.

Thank you for your continued support and confidence in the fund.

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COMPOUNDED RETURNS (%) AS AT OCTOBER 31, 2017*

	1MTH	YTD	3MTH	6MTH	1YR	3YR	5YR	10YR	15YR	ANNUALIZED INCEPTION (09/26/97)
Sprott Canadian Equity Fund	0.76	-4.31	5.17	2.65	-3.21	-6.27	-14.87	-10.29	1.44	7.49
S&P/TSX Composite TR	2.73	7.30	6.58	4.31	11.48	6.22	8.41	3.95	9.34	6.71

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* 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 October 31, 2017; e) 1997 annual returns are from 09/26/97 to 12/31/97. The index is 100% S&P/TSX Composite TRI 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: commodity risk; concentration risk; credit risk; currency risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; interest rate risk; liquidity risk; market risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; small company risk; tax 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 October 31, 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.

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