



# Sprott Global Real Estate Fund

*(formerly, Sprott Global REIT and Property Equity 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 Real Estate Fund (formerly Sprott Global REIT and Property Equity Fund) (the “Fund”) is to provide stable monthly cash distribution and long-term total return through capital appreciation by providing exposure to the global real estate securities market. The Fund invests primarily in real estate investment trusts (“REITs”), equity-based securities of companies in the global real estate sectors (residential and commercial) and structured products that hold real estate related investments.

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.

### Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors seeking a regular monthly target distribution and long-term capital appreciation through exposure to the global real estate industry and has a medium risk tolerance and who are prepared to invest for medium to long periods of time.

### Results of Operations and Recent Developments

The Fund returned 5.4% during the first six months of 2017, compared to a 1.8% return for the FTSE EPRA/NAREIT Developed Total Return Index (in Canadian dollars).

Over the period, the U.S. yield curve flattened as growth expectations that had been priced in after the November election began to fade. The difference between 10-year and two-year bond yields narrowed to 92 basis points (“bps”) at June 30, 2017, from 126 bps at December 31, 2016. The U.S. 10-year bond yield ended the period at 2.30%. Late in the period, the yield curve began to steepen from the lows set in June as central banks adopted a bias towards tighter monetary policy.

Several key European elections took place during the period, the most significant being the first round of French presidential elections in May. Its outcome helped reduce risk, especially in Europe.

From a sub-sector standpoint, residential and diversified real estate companies contributed most to the Fund’s performance (207 bps and 125 bps, respectively). The Fund’s residential holdings benefited from Starwood Capital Group, LLC’s acquisition of Milestone Apartments REIT in Canada. Among diversified companies, performance was largely attributable to Europe.

Significant individual contributors to performance included Ado Properties SA (80 bps) and American Tower Corp. (65 bps). Ado Properties, a Berlin-focused multifamily landlord, benefited from a positive regulatory review over allowable rent increases as well as overall interest in German multifamily properties. American Tower, a large listed real estate investment trust, owns interests in wireless towers globally and benefited from long-term increased wireless data usage.

The retail real estate sub-sector detracted from the Fund’s performance (-23 bps), as it was negatively affected by e-commerce and retail tenant issues. Currency forwards (-46 bps) also detracted from performance.

Significant individual detractors from performance included NEXTDC Ltd. (-33 bps) and Gazit-Globe Ltd. (-32 bps). NEXTDC, an Australian data centre operator, struggled with the possibility of overcapacity in its market. Gazit-Globe is a global owner of retail real estate and declined along with other retail-exposed companies.

The Fund held a cash position of approximately 14% at the beginning of the period. This which was reduced to just over 4% by the end of May, as real estate securities generally react favourably to flattening yield curves. By the end of June, the Manager had raised the cash weighting back to approximately 12.5% in response to central bank suggestions of future monetary tightening. Over the period, the Fund’s allocation to European-exposed companies was increased to 49% from 31%.

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The Fund's net asset value decreased from \$17.7 million as at December 31, 2016 to \$16.9 million as at June 30, 2017. This change was predominantly due to net share redemption of \$1.2 million, offset by \$489 thousand of net realized 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, as negotiated by the unitholders for Series I, 2.0% for Series T units and 1.0% for Series FT units. 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 \$84,888 (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 Real Estate Fund – Series A	60%	40%
Sprott Global Real Estate Fund – Series F	98%	2%
Sprott Global Real Estate Fund – Series I	100%	–
Sprott Global Real Estate Fund – Series T	52%	48%
Sprott Global Real Estate Fund – Series FT	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$1,805 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. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of certain Funds. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions are at the manager's discretion and can be terminated at any time without notice. For the six-month period ended June 30, 2017, the Manager absorbed \$52,046 of expenses.

### OTHER RELATED PARTY TRANSACTIONS

For related party transactions, the Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee.

# Sprott Global Real Estate Fund

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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 <sup>4</sup>
	\$	\$	\$
Series A			
Net assets, beginning of period	10.70	10.87	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.16	0.20	0.10
Total expenses	(0.24)	(0.42)	(0.09)
Realized gains (losses) for the period	0.34	0.45	0.06
Unrealized gains (losses) for the period	0.29	0.46	1.13
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.55</b>	<b>0.69</b>	<b>1.20</b>
<b>Distributions:</b>			
From income (excluding dividends)	0.24 <sup>8</sup>	–	–
From dividends	–	–	–
From capital gains	–	–	0.04
Return of capital	–	0.38	0.10
<b>Total annual distributions<sup>3</sup></b>	<b>0.24</b>	<b>0.38</b>	<b>0.14</b>
<b>Net assets, end of period</b>	<b>11.03</b>	<b>10.70</b>	<b>10.87</b>
	<b>Jun 30, 2017</b>	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series F			
Net assets, beginning of period	10.84	10.92	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.19	0.22	0.10
Total expenses	(0.12)	(0.24)	(0.05)
Realized gains (losses) for the period	0.30	0.35	0.14
Unrealized gains (losses) for the period	0.01	0.25	0.62
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.38</b>	<b>0.58</b>	<b>0.81</b>
<b>Distributions:</b>			
From income (excluding dividends)	0.24 <sup>8</sup>	–	–
From dividends	–	–	–
From capital gains	–	–	0.04
Return of capital	–	0.38	0.10
<b>Total annual distributions<sup>3</sup></b>	<b>0.24</b>	<b>0.38</b>	<b>0.14</b>
<b>Net assets, end of period</b>	<b>11.24</b>	<b>10.84</b>	<b>10.92</b>

# Sprott Global Real Estate Fund

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	<b>Jun 30, 2017</b>	Dec 31, 2016	Dec 31, 2015 <sup>5</sup>
Series I	\$	\$	\$
Net assets, beginning of period	<b>10.66</b>	10.67	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	<b>0.16</b>	0.11	0.08
Total expenses	-	(0.06)	-
Realized gains (losses) for the period	<b>0.34</b>	0.47	(0.01)
Unrealized gains (losses) for the period	<b>0.24</b>	0.44	0.73
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.74</b>	0.96	0.80
<b>Distributions:</b>			
From income (excluding dividends)	<b>0.24<sup>8</sup></b>	-	-
From dividends	-	-	-
From capital gains	-	-	0.04
Return of capital	-	0.37	0.09
<b>Total annual distributions<sup>3</sup></b>	<b>0.24</b>	0.37	0.13
<b>Net assets, end of period</b>	<b>11.12</b>	10.66	10.67

	<b>Jun 30, 2017<sup>6</sup></b>
Series FT	\$
Net assets, beginning of period	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	<b>0.01</b>
Total expenses	<b>(0.01)</b>
Realized gains (losses) for the period	<b>0.08</b>
Unrealized gains (losses) for the period	<b>(0.31)</b>
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.23)</b>
<b>Distributions:</b>	
From income (excluding dividends)	<b>0.10<sup>8</sup></b>
From dividends	-
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>0.05</b>
<b>Net assets, end of period</b>	<b>9.72</b>

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Series T	Jun 30, 2017 <sup>7</sup>
	\$
Net assets, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.07
Total expenses	(0.08)
Realized gains (losses) for the period	0.03
Unrealized gains (losses) for the period	(0.10)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.08)</b>
<b>Distributions:</b>	
From income (excluding dividends)	0.15 <sup>8</sup>
From dividends	-
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>0.05</b>
<b>Net assets, end of period</b>	<b>9.77</b>

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

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 August 5, 2015 (launch date) to December 31, 2015.

5 Information provided is for the period from August 18, 2015 (launch date) to December 31, 2015.

6 Information provided is for the period from June 21, 2017 (launch date) to June 30, 2017.

7 Information provided is for the period from April 26, 2017 (launch date) to June 30, 2017.

8 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

Series A	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$6,311	\$5,523	\$194
Number of units outstanding <sup>1</sup>	571,881	516,251	17,820
Management expense ratio <sup>2</sup>	2.28%	2.43%	2.11%
Management expense ratio before waivers or absorptions <sup>3</sup>	3.02%	10.92%	43.45%
Trading expense ratio <sup>3</sup>	1.13%	0.63%	0.06%
Portfolio turnover rate <sup>4</sup>	146.05%	177.99%	–
Net asset value per unit <sup>1</sup>	\$11.03	\$10.70	\$10.87

Series F	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$6,128	\$2,559	\$78
Number of units outstanding <sup>1</sup>	545,137	236,198	7,115
Management expense ratio <sup>2</sup>	1.08%	1.37%	1.19%
Management expense ratio before waivers or absorptions <sup>3</sup>	1.81%	8.56%	40.53%
Trading expense ratio <sup>3</sup>	1.13%	0.63%	0.06%
Portfolio turnover rate <sup>4</sup>	146.05%	177.99%	–
Net asset value per unit <sup>1</sup>	\$11.24	\$10.84	\$10.92

Series I	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$4,126	\$9,577	\$78
Number of units outstanding <sup>1</sup>	371,132	898,504	7,293
Management expense ratio <sup>2</sup>	–	0.34%	–
Management expense ratio before waivers or absorptions <sup>3</sup>	0.75%	2.73%	40.21%
Trading expense ratio <sup>3</sup>	1.13%	0.63%	0.06%
Portfolio turnover rate <sup>4</sup>	146.05%	177.99%	–
Net asset value per unit <sup>1</sup>	\$11.12	\$10.66	\$10.67

Series FT	Jun 30, 2017
Total net asset value (000s) <sup>1</sup>	\$39
Number of units outstanding <sup>1</sup>	4,000
Management expense ratio <sup>2</sup>	1.28%
Management expense ratio before waivers or absorptions <sup>3</sup>	1.99%
Trading expense ratio <sup>3</sup>	1.13%
Portfolio turnover rate <sup>4</sup>	146.05%
Net asset value per unit <sup>1</sup>	\$9.72

# Sprott Global Real Estate Fund

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Series T	Jun 30, 2017
Total net asset value (000s) <sup>1</sup>	\$299
Number of units outstanding <sup>1</sup>	30,603
Management expense ratio <sup>2</sup>	2.30%
Management expense ratio before waivers or absorptions <sup>3</sup>	2.97%
Trading expense ratio <sup>3</sup>	1.13%
Portfolio turnover rate <sup>4</sup>	146.05%
Net asset value per unit <sup>1</sup>	\$9.77

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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 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 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.

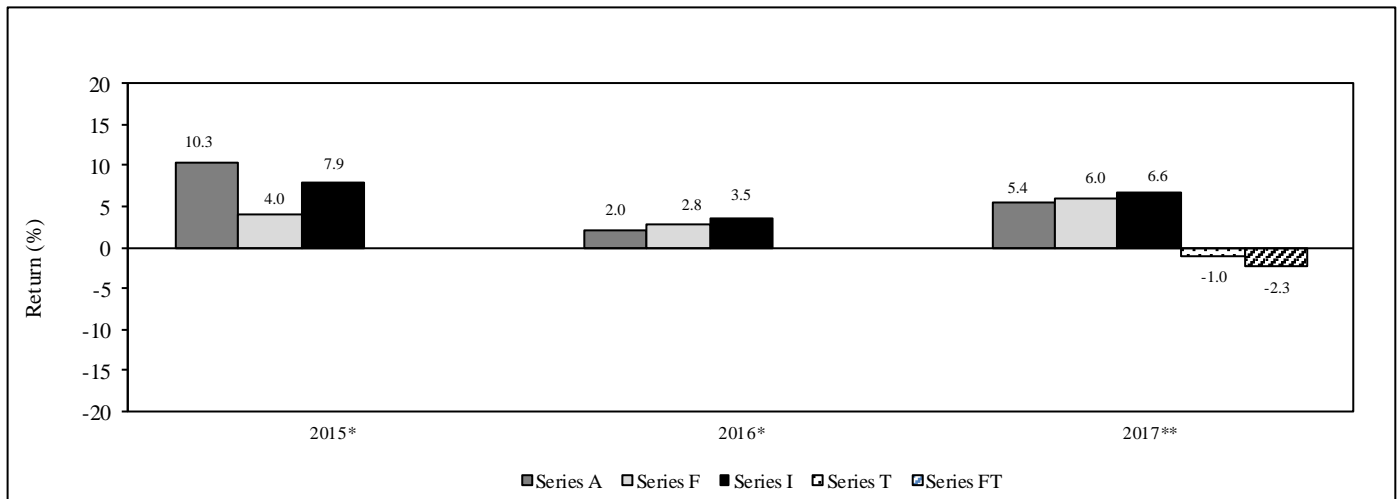


## Past Performance

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 August 5, 2015 to December 31, 2015 for Series A and F, (not annualized) and from August 18, 2015 to December 31, 2015 for Series I (not annualized).

\*\* Return from June 21, 2017 to June 30, 2017 for Series FT, (not annualized) and from April 26, 2017 to June 30, 2017 for Series T (not annualized).

## Summary of Investment Portfolio

As at June 30, 2017

Portfolio Allocation	% of Net Asset Value	Top 25 Long Positions Issuer	% of Net Asset Value
Long Positions		Cash	12.5
Real Estate Operating Companies	17.2	Aroundtown Property Holdings PLC	4.2
Retail REITs	16.1	American Tower Corp.	4.0
Office REITs	12.8	Brookfield Asset Management Inc.	4.0
Specialized REITs	10.0	Green REIT PLC	3.8
Diversified REITs	9.6	Immobiliare Grande Distribuzione SIIQ SpA	3.8
Industrial REITs	5.2	Klepierre	3.8
Residential REITs	5.1	City Office REIT Inc.	3.4
Financials	4.0	Prologis Inc.	3.2
Information Technology	2.9	Killam Apartment Real Estate Investment Trust	3.1
Telecommunication Services	2.4	First Capital Realty Inc.	3.0
<b>Total Long Positions</b>	<b>85.2</b>	Citycon Oyj	2.9
Cash	12.5	InterXion Holding NV	2.9
Other Net Assets	2.3	Merlin Properties SOCIMI, S.A.	2.8
<b>Total Net Asset Value</b>	<b>100.0</b>	SL Green Realty Corp.	2.7
		GGP Inc.	2.7
		Gazit-Globe Ltd.	2.6
		Cominar Real Estate Investment Trust	2.4
		Cellnex Telecom, S.A.	2.4
		Hudson Pacific Properties Inc.	2.4
		ICADE	2.4
		Equinix Inc.	2.4
		Brookfield Property Partners LP	2.2
		ADO Properties SA	2.1
		CatchMark Timber Trust Inc.	2.1
		<b>Total 25 long positions as a percentage of net asset value</b>	<b>83.8</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

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