Sprott Global Infrastructure Fund

December 2017 Commentary

In 2017, the Sprott Global Infrastructure Fund generated a total return of 13.6% compared to the S&P Global Infrastructure Index, which generated a total return of 12.4%.

Investment Team

Jeff Sayer, CFA
Vice President, Portfolio Manager

Returns in the month of December were disappointing on an absolute basis but decent on a relative basis, with the Fund generating a total return of -1.8% while the benchmark generated a total return of -3.5%. Canadian dollar strength in the final week of the year was the primary driver of weakness over the course of the month.

Through the end of calendar 2017, our USD exposure was unhedged, in line with our benchmark. Our modelling continues to indicate that the Canadian dollar is likely to weaken in 2018. However, recent oil price strength and rising expectations for interest rate hikes from the Bank of Canada has led to Canadian dollar strength. We are looking to add USD/CAD hedges early in 2018, perhaps as rhetoric surrounding NAFTA negotiations heats up, in order to reduce currency-related volatility in the Fund.

Top contributors to the 2017 performance of the Sprott Global Infrastructure Fund included Vinci (+125 bps), Visa (+114 bps) and Atlantia (+102 bps). Top detractors in 2017 included PG&E (-70 bps), Keyera (-60 bps) and Macquarie Infrastructure (-50 bps). Note that we have eliminated our positions in both PG&E and Macquarie due to stock-specific factors that led to the disappointing performance.

We have rebuilt a position in Comcast Corporation (CMCSA US), the media/content creator, cable broadcaster and broadband provider in the Sprott Global Infrastructure Fund. After releasing weaker than expected guidance at an investor conference last September, where an executive suggested that the Company expected to lose up to 150,000 video subscribers in the third quarter, the shares declined sharply, eventually falling to a level where the valuation simply became too attractive to ignore.

When the Company reported its full Q3 2017 financial results more than a month later, revenue met the adjusted expectations but earning per share came in significantly better than consensus estimates. Essentially, the financials demonstrated that Comcast was willing to give up video subscribers in a competitive environment to focus on more profitable broadband subscribers, thus boosting margins.

The results helped to alleviate investor fears related to the risk of accelerated cord-cutting and shifted the focus back toward positive tailwinds for the stock. Remember, as a full tax payer in the US (with an effective rate of 37% in fiscal 2016) Comcast is a prime beneficiary of the corporate tax reduction that has recently been passed by the current administration. Free cash flow growth could be significant in 2018, which bodes well for shareholder friendly initiatives such as share buybacks and dividend hikes.

The Sprott Global Infrastructure Fund was concentrated in 30 positions as at December 31, 2017 with the top 10 holdings accounting for approximately 41.6% of the fund. Over the past year, 24 out of our 30 holdings have announced a dividend increase, with an average hike of 13.4%. Using a total infrastructure approach, we will continue to apply a disciplined investment process, balancing valuation, growth and yield in an effort to generate solid risk-adjusted returns.

Jeffrey Sayer, CFA

[1] All returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at December 29, 2017; e) 2011 annual returns are from 09/01/11 to 12/31/11. The index is 100% MSCI World Core Infrastructure NR (CAD) 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: capital depletion risk; concentration risk; credit risk; currency risk; cybersecurity risk; derivatives risk; exchange traded funds risk; foreign investment risk; income trust risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; series risk; short selling risk; small company risk; specific issuer risk; tax risk.

Ninepoint Partners LP is the investment manager to the Ninepoint 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 F units of the Fund for the period ended December 29, 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.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners. Any reference to a particular company is for illustrative purposes only and should not to be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners is or will be invested. Ninepoint Partners LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received

remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540