



# Sprott Silver Equities Class

## November 2017 Commentary

The Sprott Silver Equities Fund ended the month of November down 3.98% versus the MSCI Silver Select Index which lost 2.01% in the same time frame. Silver bullion declined 1.77% in the month. The month of November has traditionally been weak for precious metal equities and bullion. For this reason, we entered the month with a defensive bias in our portfolio.

While several events transpired over the course of the month which were of note – including progress on the U.S tax bill, bitcoin surpassing \$10,000, and the continued buoyancy of the U.S. equity markets – it was heartening to see gold and gold equities remain steadfast in the face of the exuberant investor sentiment. Indeed, gold has performed better than expected in an environment where investors continue to throw caution to the wind. At the end of November, it was up 5.49% and 10.48% in CAD and USD terms respectively. However, silver has not followed gold's lead all year as it has lost almost 2% of its value in the same time frame. However, as far as seasonality goes, December has proved to be one of the best times for buying precious metals bullion and equities, as they have typically rallied quite strongly off the December lows. We expect this to be the case once again, benefitting silver and in particular, silver equities.

Our top contributors for the month of November were Dolly Varden Silver, Hocschild Mining and Wheaton Precious Minerals. Dolly Varden Silver continued its exploration success in BC's Golden Triangle with a new discovery which is thought to be an extension of its Torbrit Deposit. Hoschild announced that it had received permits to mine the Pablo vein at Pallancata. This news helped move the stock higher. The shareholders of Wheaton Precious Minerals appear to be focused on its San Dimas silver stream, which represents around 15% of the companies value. The San Dimas mine has been thought to face an uncertain future and investors were discounting the Wheaton Precious stock as a result. Investors were heartened by rumours that the sale of San Dimas is likely to materialize sooner rather than later, which in turn has helped establish a bid on the Wheaton Precious Minerals.

The top three detractors for the fund were Discovery Metals, SSR Mining and Hecla Mining. Discovery Metals shares were lower largely as a result of market forces as some of the shares from its July placement became free trading, and investors sought liquidity. SSR Mining announced its third quarter results in early November, which were negatively received by the investors. The major cause of the negativity was around SSR's Marigold mine. However, based on our analysis, the issues which affected the mine in Q3 are transient in nature and the operations should resume operating profitably in due time. Similarly, Hecla Mining was impacted by a quarter which featured transient problems. In Hecla's case, its operations performed quite well, however, revenues were negatively impacted as a result of the timing of ore shipments. The sell-off in Hecla is overdone and we expect its shares are expected to perform well going forward.

### Investment Team

---



Sub-Advisor

**Maria Smirnova, MBA, CFA**

Senior Portfolio Manager,  
Sprott Asset Management -

<sup>1</sup> 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 November 30, 2017; e) 2012 annual returns are from 02/28/12 to 12/31/12. The index is 100% MSCI ACWI Select Silver Miners IMI (CAD) Index 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 gains risk; class risk; commodity risk; concentration risk; currency risk; cybersecurity risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; liquidity risk; market risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; specific issuer risk; sub-advisor risk; substantial shareholder risk; tax risk; uninsured losses 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 November 30, 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