



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



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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 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.

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