



Sprott Global Infrastructure Fund

October 2017 Commentary

Year-to-date to October 31, the Sprott Global Infrastructure Fund generated a total return of 14.0% compared to the S&P Global Infrastructure Index, which generated a total return of 14.4%.

Returns in the month of October were very good, with the Fund generating a total return of 3.7% while the benchmark generated a total return of 4.4%. Although slightly behind the index over the month, given the significant outperformance of the industrials sector driven by an improved takeover offer for Abertis Infraestructuras SA (now the second largest weighting in the index), investors should be generally pleased to have kept pace in a broadly-diversified fund.

Returns in October were also positively impacted by a weakening CAD versus the USD. As we had suggested in prior commentary, modelling indicated that some of the recent Canadian dollar strength was unwarranted and was likely to reverse, which played out in October to our benefit.

Top contributors to the year-to-date performance of the Sprott Global Infrastructure Fund included Vinci (+114 bps), Visa (+111 bps) and Atlantia (+110 bps). Top detractors year-to-date included PG&E (-70 bps), Macquarie Infrastructure (-50 bps) and Keyera (-39 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.

In our last commentary, we discussed our position in Atlantia, a large Italian infrastructure holding company that manages approximately 51% of Italy's toll roads and operates the ADR (Italy) and ACA (France) Airport Systems. Atlantia had made a voluntary tender offer for the entire issued share capital base of Abertis, its Spanish toll road rival at a bid price of €16.50 per share or alternative consideration of 0.697 ATL shares limited to a maximum of 23% of the total outstanding shares of ABE. Although we were supportive of the transaction, we suspected that a competing bid could materialize. Given the exceptional run in the stock since the Italian referendum, up 33% from December 4, 2016 to October 31, 2017 in local currency terms, we trimmed a portion of our holdings.

On October 18th, our suspicions were confirmed when Hochtief (the German construction and construction-related services provider that happens to be 72% held by ACS, one of Spain's largest engineering and contracting groups) announced a cash offer of €18.76 per share of Abertis or alternative consideration of 0.1281 Hochtief shares. We are watching developments closely, with particular attention on Atlantia's willingness to increase its tender offer in order to gain geographic diversification and generate dividend growth irrespective of valuation and may adjust our position accordingly.

The Sprott Global Infrastructure Fund was concentrated in 29 positions as at October 31, 2017 with the top 10 holdings accounting for approximately 40% of the fund. Over the past year, 22 out of our

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29 holdings have announced a dividend increase, with an average hike of 13.3%. 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 October 31, 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.

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