



Sprott Global Real Estate Fund

October 2017 Commentary

Year-to-date to October 31, the Sprott Global Real Estate Fund generated a total return of 12.0% compared to the FTSE EPRA/NAREIT Developed Index, which generated a total return of 2.4%.

Returns in the month of October were very good, with the Fund generating a total return of 3.4% while the benchmark generated a total return of 2.7%. The outperformance over the month was primarily driven by our underweight positioning in the US retail sector and overweight positioning in industrials and specialized sectors, which has worked consistently throughout the year.

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 Real Estate Fund included Aroundtown Property Holdings (+172 bps), Immobiliare Grande Distribuzione (+151 bps) and American Tower (+100 bps). Top detractors year-to-date included GGP (-72 bps), SL Green Realty (-39 bps) and Gazit-Globe (-39 bps).

In 2017, two distinct investment strategies have worked very well for us: underweight positioning in US retail versus overweight positioning in industrials/specialized real estate plays and purchasing discounted European equivalents to specific US stocks that had been outperforming. Cellnex, the Spanish operator of wireless telecommunication towers, fit both of those themes nicely. As part of a specialized sector demonstrating above average growth, the Company is the largest tower operator in Europe, with more than 24,000 sites across Italy, Netherlands, the UK, France, Switzerland and Spain. Solid organic growth has been supplemented with various acquisitions over time and in 2017 alone the Company added 6,500 towers through M&A.

Forward guidance implies a free cash flow growth rate greater than 10%, which translates into dividend growth of 10% in 2017 and beyond. Surprisingly and despite solid operational and stock price performance year-to-date, Cellnex trades at a three-point discount to its most comparable US-based peer American Tower, based on enterprise value to forward EBITDA.

When thinking about potential catalysts to narrow the discount, remember that Cellnex was created in 2015 via a secondary offering of shares from Abertis Infraestructuras, who retained 34%. With Abertis currently the subject of a takeover battle, an acquirer could use the sale of Cellnex shares (perhaps to a strategic buyer at a premium) to partially fund the acquisition of the Spanish toll road operator.

The Sprott Global Real Estate Fund was concentrated in 27 positions as at October 31, 2017 with the top 10 holdings accounting for approximately 47% of the fund. Over the past year, 14 out of our 27

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
Manager

holdings have announced a dividend increase, with an average hike of 15.6%. Using a total real estate 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

¹All 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) 2015 annual returns are from 08/04/15 to 12/31/15. The index is 100% MSCI World IMI Core Real Estate 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 Simplified Prospectus of the Fund for a description of these risks: capital depletion risk, concentration risk, credit risk, currency risk, cybersecurity risk; derivatives risk, emerging markets risk, equity real estate investment trust (REIT) risk, exchange traded funds risk, foreign investment risk, income trust risk, inflation risk, interest rate risk, liquidity risk, market risk, real estate risk, regulatory risk, series risk, short selling 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), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing. The indicated rate of return for series F units of the Fund for the period ended October 31, 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 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 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 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 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