



# Sprott Focused U.S. Dividend Class

Sprott Corporate Class Inc.

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31

2017

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The annual management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at [www.ninepoint.com](http://www.ninepoint.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or by writing to us at: Ninepoint Partners LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

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## Management Discussion of Fund Performance

### Investment Objective and Strategies

The investment objective of the Sprott Focused U.S. Dividend Class (the “Fund”) is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of dividend yielding U.S. equities.

To achieve the Fund’s investment objective, the Portfolio Advisor follows a fundamental, bottom-up approach to investing. The Fund will invest in dividend yielding U.S. equities, foreign securities, and other mutual funds and may also:

- invest in private placements, and indirectly in physical commodities other than gold through investments in commodity ETFs;
- engage in securities lending and repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income;
- engage in short selling in a manner which is consistent with the investment objective of the Fund; and
- use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies.

### Risk

The risks of investing in the Fund are described in the Fund’s simplified prospectus. The Fund is suitable for those investors seeking the consistent income and capital appreciation potential of dividend yielding U.S. equities. The Fund is suitable for investors with a medium tolerance for risk and volatility and a medium to long-term investment horizon.

### Results of Operations and Recent Developments

The Fund returned 10.8% during 2017, compared to a 14.0% return for the S&P 500 Total Return Index benchmark (in Canadian dollars).

U.S. dividend-paying companies were impacted by a number of economic events throughout the year. The U.S. Federal Reserve Board raised interest rates three times by 25 basis points, from 0.75% to 1.50%, and began bond repurchases. The U.S. economy expanded significantly in the second and third quarters. Unemployment also improved throughout the year, with a November reading of 4.1%.

The Fund’s overweight positioning in the industrials and financials sectors contributed to performance. The Fund had an underweight positioning in the consumer staples, consumer discretionary and health care sectors. The market weight position in the information technology sector also contributed to performance.

Significant individual contributors to performance included MasterCard Inc. (143 basis points, or “bps”), Visa Inc. (139 bps) and UnitedHealth Group Inc. (132 bps). These companies all demonstrated consistent revenue, earnings and cash flow growth, while also benefiting from positive investor sentiment toward stocks perceived as “quality-value” investments.

Significant individual detractors from the Fund’s performance included PG&E Corp. (-71 bps), Macquarie Infrastructure Co. LLC (-56 bps) and The Walt Disney Co. (-56 bps). PG&E stock declined dramatically when it became apparent that the company could be held liable for damages related to the California wildfires, even if the company was not proven to have been negligent. The Manager sold the stock. Macquarie Infrastructure was the subject of a questionable short-selling report and a lack of clarity regarding the company’s growth outlook. Disney stock came under pressure owing to subscriber losses at sports media company ESPN and weak financial results, despite exceptional box office success.

The Fund’s net asset value decreased by 13.0% during the period, from \$13.2 million as at December 31, 2016 to \$11.5 million as at December 31, 2017. This change was predominantly due to net share redemptions of \$2.5 million, offset by \$1.3 million of realized and unrealized gains on investments. The management expense ratio decreased compared to the prior period and the portfolio turnover ratio also decreased.

Ninepoint Partners LP is the manager and portfolio advisor of the Fund. Prior to August 1, 2017, Sprott Asset Management LP was the manager and portfolio advisor of the Fund. Ninepoint Partners LP assumed the portfolio management of the Canadian diversified asset business of Sprott Asset Management LP on August 1, 2017.

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## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of up to 2.00% for Series A, 1.95% for Series A1, 1.00% for Series F, 1.80% for Series P, 0.80% for Series PF, 1.70% for Series Q, 0.70% for Series QF, and is negotiated by the shareholders for Series I. The management fee is calculated and accrued daily based on the daily net asset value of the applicable series of the Fund, and is paid monthly. For the year ended December 31, 2017, the Fund incurred management fees of \$197,731 (including taxes). For the active series, the breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Focused U.S. Dividend Class – Series A	52%	48%
Sprott Focused U.S. Dividend Class – Series A1	36%	64%
Sprott Focused U.S. Dividend Class – Series F	91%	9%
Sprott Focused U.S. Dividend Class – Series F1	100%	–

Out of the management fees that the Manager or former manager received from the Fund, the Manager or former manager paid trailer commissions of \$4,623 during the year ended December 31, 2017, to Sprott Private Wealth LP, an affiliate of the former manager.

### OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. For the year ended December 31, 2017, the Manager absorbed \$98,843 of expenses.

### OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

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## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance the year ended December 31, 2017 and the years shown.

The Fund's Net Assets per Share<sup>1</sup>

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series A			
Net assets, beginning of period	10.00	9.96	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.12	0.16	0.01
Total expenses	(0.25)	(0.27)	(0.03)
Realized gains (losses) for the period	0.57	(0.40)	(0.04)
Unrealized gains (losses) for the period	0.52	1.24	0.07
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.96</b>	<b>0.73</b>	<b>0.01</b>
<b>Distributions:</b>			
Return of capital	0.35	0.35	0.03
<b>Total annual distributions<sup>3</sup></b>	<b>0.35</b>	<b>0.35</b>	<b>0.03</b>
<b>Net assets, end of period</b>	<b>10.71</b>	<b>10.00</b>	<b>9.96</b>

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series A1			
Net assets, beginning of period	10.00	9.96	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.13	0.16	0.01
Total expenses	(0.25)	(0.26)	(0.03)
Realized gains (losses) for the period	0.61	(0.08)	(0.03)
Unrealized gains (losses) for the period	0.49	0.92	0.17
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.98</b>	<b>0.74</b>	<b>0.12</b>
<b>Distributions:</b>			
Return of capital	0.35	0.35	0.03
<b>Total annual distributions<sup>3</sup></b>	<b>0.35</b>	<b>0.35</b>	<b>0.03</b>
<b>Net assets, end of period</b>	<b>10.72</b>	<b>10.00</b>	<b>9.96</b>

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	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series F			
Net assets, beginning of period	10.12	9.97	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.13	0.16	0.01
Total expenses	(0.13)	(0.14)	(0.02)
Realized gains (losses) for the period	0.55	0.53	(0.04)
Unrealized gains (losses) for the period	0.60	(0.13)	0.07
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.15</b>	<b>0.42</b>	<b>0.02</b>
<b>Distributions:</b>			
Return of capital	0.35	0.35	0.03
<b>Total annual distributions<sup>3</sup></b>	<b>0.35</b>	<b>0.35</b>	<b>0.03</b>
<b>Net assets, end of period</b>	<b>10.96</b>	<b>10.12</b>	<b>9.97</b>

	Dec 31, 2017	Dec 31, 2016 <sup>5</sup>
	\$	\$
Series F1		
Net assets, beginning of period	10.35	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.13	0.12
Total expenses	(0.13)	(0.12)
Realized gains (losses) for the period	0.60	(0.69)
Unrealized gains (losses) for the period	0.54	1.48
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.14</b>	<b>0.79</b>
<b>Distributions:</b>		
Return of capital	0.36	0.28
<b>Total annual distributions<sup>3</sup></b>	<b>0.36</b>	<b>0.28</b>
<b>Net assets, end of period</b>	<b>11.22</b>	<b>10.35</b>

1 This information is derived from the Fund's audited annual financial statements.

2 The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Net assets and distributions are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share.

3 Distributions were reinvested in additional shares of the Fund or distributed in cash.

4 Information provided is for the period November 26, 2015 (launch date) for Series A, A1, and F to December 31, 2015.

5 Information provided is for the period from March 14, 2016 (first issuance) to December 31, 2016 for Series F1.

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## Ratios and Supplemental Data

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
<b>Series A</b>			
Total net asset value (000s) <sup>1</sup>	<b>\$2,809</b>	\$1,138	\$360
Number of shares outstanding <sup>1</sup>	<b>262,274</b>	113,837	36,088
Management expense ratio <sup>2</sup>	<b>2.24%</b>	2.38%	2.33%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>3.15%</b>	3.06%	7.00%
Trading expense ratio <sup>4</sup>	<b>0.18%</b>	0.32%	0.70%
Portfolio turnover rate <sup>5</sup>	<b>129.28%</b>	145.33%	7.66%
Net asset value per share <sup>1</sup>	<b>\$10.71</b>	\$10.00	\$9.96
<b>Series A1</b>			
Total net asset value (000s) <sup>1</sup>	<b>\$3,780</b>	\$5,489	\$1,144
Number of shares outstanding <sup>1</sup>	<b>352,619</b>	548,679	114,846
Management expense ratio <sup>2</sup>	<b>2.20%</b>	2.27%	2.22%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>3.04%</b>	3.20%	6.74%
Trading expense ratio <sup>4</sup>	<b>0.18%</b>	0.32%	0.70%
Portfolio turnover rate <sup>5</sup>	<b>129.28%</b>	145.33%	7.66%
Net asset value per share <sup>1</sup>	<b>\$10.72</b>	\$10.00	\$9.96
<b>Series F</b>			
Total net asset value (000s) <sup>1</sup>	<b>\$3,080</b>	\$3,986	\$5,645
Number of shares outstanding <sup>1</sup>	<b>280,916</b>	393,829	566,008
Management expense ratio <sup>2</sup>	<b>1.14%</b>	1.21%	1.13%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>1.98%</b>	2.53%	5.73%
Trading expense ratio <sup>4</sup>	<b>0.18%</b>	0.32%	0.70%
Portfolio turnover rate <sup>5</sup>	<b>129.28%</b>	145.33%	7.66%
Net asset value per share <sup>1</sup>	<b>\$10.96</b>	\$10.12	\$9.97
<b>Series F1</b>			
Total net asset value (000s) <sup>1</sup>	<b>\$1,833</b>	\$2,598	
Number of shares outstanding <sup>1</sup>	<b>163,285</b>	250,944	
Management expense ratio <sup>2</sup>	<b>1.05%</b>	1.25%	
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>1.90%</b>	1.57%	
Trading expense ratio <sup>4</sup>	<b>0.18%</b>	0.32%	
Portfolio turnover rate <sup>5</sup>	<b>129.28%</b>	145.33%	
Net asset value per share <sup>1</sup>	<b>\$11.22</b>	\$10.35	

1 The information is provided as at December 31 of the years shown.

2 Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

3 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

4 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

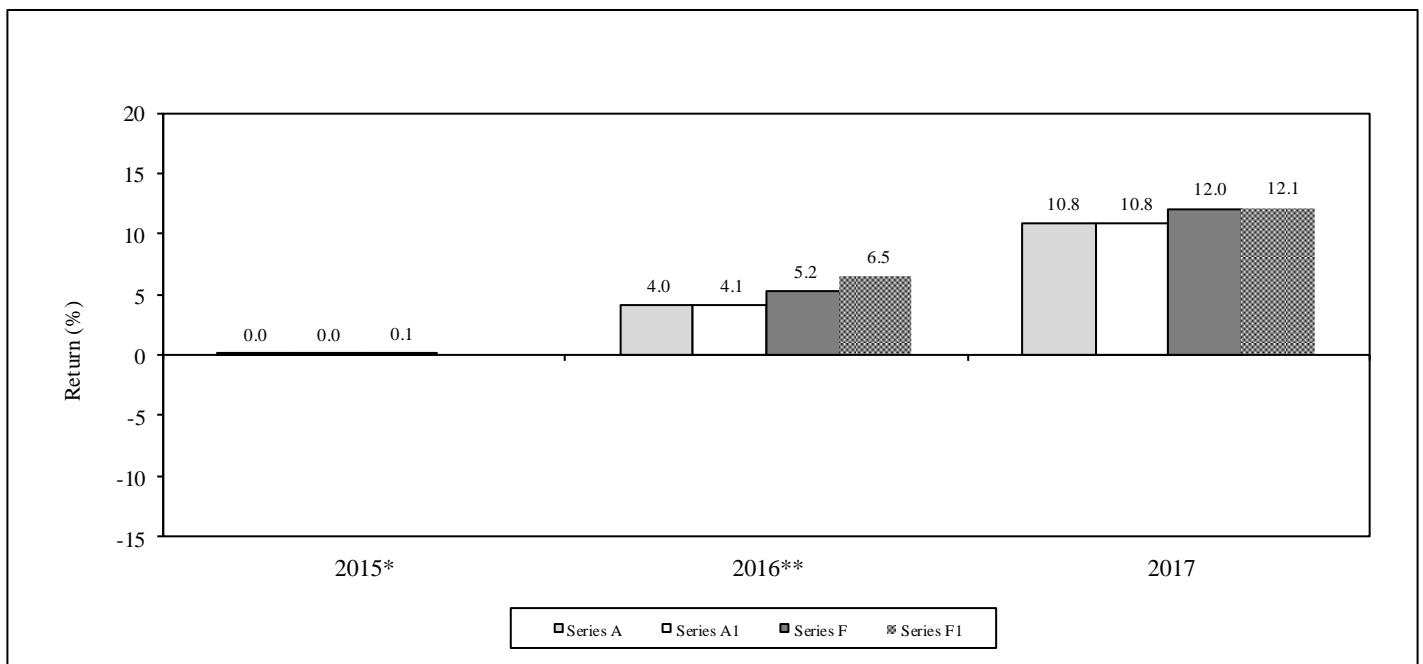
5 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

## Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the Net Asset Value of the particular Series of the Fund.

### Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.

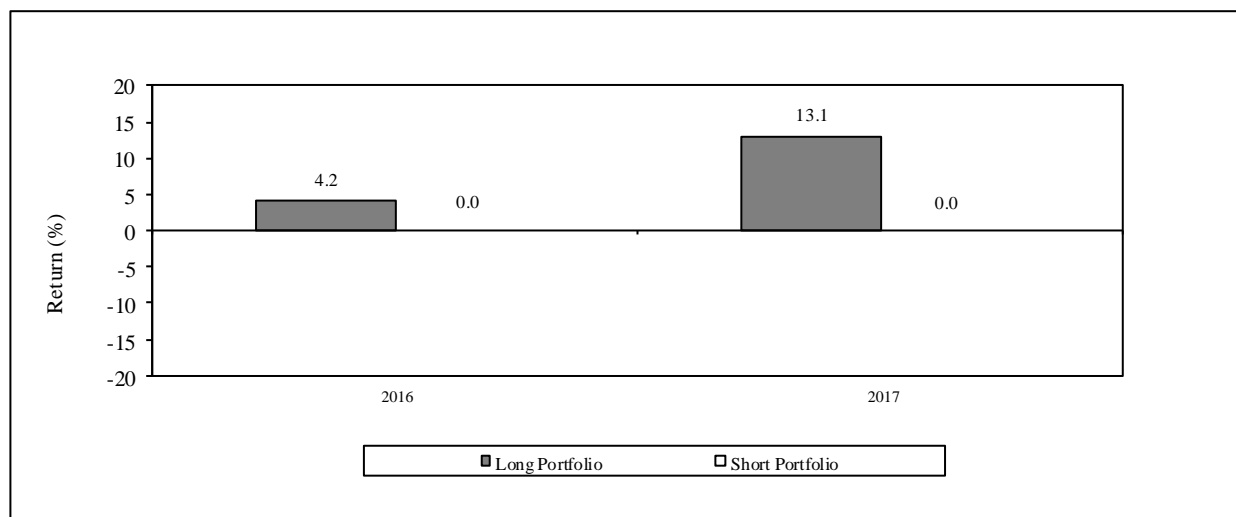


\* Return from the period November 26, 2015 (launch date) for Series A, A1, and F (not annualized).

\*\* Return from the period March 14, 2016 to December 31, 2016 for Series F1 (not annualized).

## Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund (before the impact of Fund expenses) by the long portfolio and the short portfolio of the Fund for the previous twelve-month periods ended December 31 shown, unless otherwise noted. For the purposes of this disclosure, certain derivatives may be considered to be part of the short portfolio.



\* The Fund did not hold any short portfolio positions prior to 2016.

## Annual Compound Returns

The following table illustrates the annual compound total return for each Series of shares of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of S&P 500 Total Return Index (the “Index”). The Index is an index of 500 stocks actively traded in the United States chosen for market size, liquidity and industry grouping, among other factors. Since the Fund does not necessarily invest in the same securities or in the same proportion as the index, the performance of the Fund is not expected to equal its performance.

	1-Year	Since Inception*
Sprott Focused U.S. Dividend Class – Series A	10.8%	7.0%
Sprott Focused U.S. Dividend Class – Series A1	10.8%	7.0%
Sprott Focused U.S. Dividend Class – Series F	12.0%	8.2%
S&P 500 Total Return Index (CAD)	14.0%	11.9%
Sprott Focused U.S. Dividend Class – Series F1	12.1%	10.3%
S&P 500 Total Return Index (CAD)	14.0%	15.8%
Long Portfolio	13.1%	
Short Portfolio	–	

\* Since launch date of November 26, 2015 for Series A, A1 and F, and May 14, 2016 for Series F1.



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## Summary of Investment Portfolio

As at December 31, 2017

### Portfolio Allocation

	% of Net Asset Value
Long Positions	
Industrials	24.7
Financials	24.1
Information Technology	21.1
Consumer Discretionary	7.5
Health Care	7.4
Energy	6.1
Materials	2.9
<b>Total Long Positions</b>	<b>93.8</b>
Cash	6.8
Other Net Liabilities	(0.6)
<b>Total Net Asset Value</b>	<b>100.0</b>

### Top 25 Long Positions

Issuer	% of Net Asset Value
Cash	6.8
UnitedHealth Group Inc.	4.3
Waste Connections Inc.	4.2
Raytheon Co.	4.1
FedEx Corp.	3.9
Visa Inc.	3.7
Microsoft Corp.	3.6
Alphabet Inc.	3.6
Mastercard Inc.	3.6
S&P Global Inc.	3.6
Bank of America Corp.	3.6
Berkshire Hathaway Inc.	3.5
JPMorgan Chase and Co.	3.5
The Home Depot Inc.	3.5
Intercontinental Exchange Inc.	3.4
Xylem Inc.	3.4
Brookfield Asset Management Inc.	3.4
Quanta Services Inc.	3.3
Broadcom Ltd.	3.3
Suncor Energy Inc.	3.3
Apple Inc.	3.3
Affiliated Managers Group Inc.	3.2
Thermo Fisher Scientific Inc.	3.1
Aptiv PLC	3.0
Honeywell International Inc.	2.9
<b>Top 25 long positions as a percentage of net asset value</b>	<b>91.1</b>

The Fund held no short positions as at December 31, 2017.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at [www.ninepoint.com](http://www.ninepoint.com).

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## Corporate Information

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Call our mutual fund information line for daily closing prices:  
416.943.6707 or 866.299.9906

### Auditors

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