



# Sprott Enhanced U.S. Equity 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 Enhanced U.S. Equity Class (the “Fund”) is to achieve long term capital growth by investing primarily in U.S. equity securities. The Fund provides downside protection through the use of option strategies and tactical changes to the amount of its equity exposure, and is suitable for investors with a long-term time horizon.

To achieve the Fund’s investment objective, the Portfolio Advisor employs a value-based investment style which is expected to provide a margin of safety to help manage risk. The Portfolio Advisor will seek to invest in a concentrated portfolio of high quality stocks that it believes are temporarily out of favour in the market.

The Fund may also:

- invest in debt securities primarily for defensive purposes;
- 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 to make an investment in Canadian dollars or U.S. dollars in a fund which sees long-term capital growth and is a core U.S. equity fund that seeks to provide some downside protection through the use of option strategies and tactical changes to the amount of equity exposure. The Fund is suitable for investors with a medium tolerance for risk and volatility and a long-term investment horizon.

### Results of Operations and Recent Developments

The Fund, Series A returned 9.7% in 2017, while its benchmark, the S&P 500 Total Return Index, returned 21.8%.

The expectation and passage of tax reform legislation in the U.S. led to robust performance by U.S. equities in late 2017 as lower tax rates should meaningfully benefit corporate profit growth. In Europe, the election of the moderate candidate Emmanuel Macron in the French presidential election led European equities higher in response to reduced political risk. A sell-off in crude oil prices, as well as potential changes to taxation policy in western Canadian provinces, drove broad-based weakness in the energy sector.

The Manager purchased call options on the SPDR S&P 500 ETF ahead of the tax reform legislation, and held companies expected to benefit from tax reform, which contributed to the Fund’s performance as U.S. markets rallied. Similarly, the Fund purchased call options on European equities before the French election, which contributed to performance along with other European exposure.

Individual contributors to the Fund’s performance included Brookfield Infrastructure Partners L.P., which benefited from strong adjusted cash flow growth.

Individual detractors from the Fund’s performance included SPDR S&P 500 ETF put options and a holding in General Electric Co. The put options, intended to hedge against a U.S. market downturn, detracted from performance as U.S. equities rallied with few sell-offs. General Electric stock declined after management reduced its guidance. The Manager had already reduced the Fund’s position and subsequently sold it completely.

The Manager eliminated the positions in call options on the SPDR S&P 500 ETF and SPDR DJ Euro STOXX 50 ETF late in the year after taking considerable profits.

The Manager added more exposure to the energy and U.S. financials sectors, given that the Manager has a positive outlook on crude oil prices and on the benefits that financials sector companies may experience from tax reform.

The Fund’s net asset value decreased by 16.2% during the period, from \$20.7 million as at December 31, 2016 to \$17.4 million as at December 31, 2017. This change was predominantly due to net redemptions of \$5.4 million offset by net realized and unrealized investment gains of \$2.4 million. The portfolio turnover decreased from the prior period.

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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.

## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of 2.00% for Series A, Series AH and Series T shares, 1.00% for Series F, Series FH and Series FT shares 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 \$302,185 (including taxes). 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 Enhanced U.S. Equity Class – Series A	30%	70%
Sprott Enhanced U.S. Equity Class – Series AH	50%	50%
Sprott Enhanced U.S. Equity Class – Series F	100%	–
Sprott Enhanced U.S. Equity Class – Series FH	100%	–
Sprott Enhanced U.S. Equity Class – Series FT	100%	–
Sprott Enhanced U.S. Equity Class – Series T	51%	49%

Out of the management fees that the Manager or former manager received from the Fund, the Manager or former manager paid trailer commissions of \$2,021 during the year ended December 31, 2017, to Sprott Private Wealth LP, an affiliate of the former manager.

### INCENTIVE FEES

The Fund also pays the Manager an annual incentive fee, equal to a percentage of the average net asset value of the applicable Series of the Fund. Such percentage will be equal to 10% of the difference by which the return in net asset value per share of the applicable Series from launch date to December 31 exceeds the percentage return of the S&P 500 Total Return Index for the same period. If the performance of a Series of the Fund in any year is less than the performance of the blended index (the “Deficiency”), then no incentive fee will be payable until the performance of the applicable Series, on a cumulative basis, has exceeded the amount of the Deficiency. For the year ended December 31, 2017, the Fund did not accrue any incentive fees.

### 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. The Manager did not absorb any expenses during the year ended December 31, 2017.

### 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 for 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	9.43	9.70	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.12	0.13	0.03
Total expenses	(0.29)	(0.27)	(0.12)
Realized gains (losses) for the period	0.32	(0.62)	(0.03)
Unrealized gains (losses) for the period	0.68	0.45	(0.09)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.83</b>	<b>(0.31)</b>	<b>(0.21)</b>
<b>Distributions:</b>			
Dividend distributions	0.05	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>0.05</b>	<b>–</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>10.29</b>	<b>9.43</b>	<b>9.70</b>

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
Series AH	\$	\$	\$
Net assets, beginning of period	9.34	9.44	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.12	0.13	0.02
Total expenses	(0.28)	(0.29)	(0.09)
Realized gains (losses) for the period	0.82	(0.45)	(0.79)
Unrealized gains (losses) for the period	1.01	0.77	(0.17)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.67</b>	<b>0.16</b>	<b>(1.03)</b>
<b>Distributions:</b>			
Dividend distributions	0.05	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>0.05</b>	<b>–</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>10.83</b>	<b>9.34</b>	<b>9.44</b>

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
Series F	\$	\$	\$
Net assets, beginning of period	9.59	9.75	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.13	0.14	0.03
Total expenses	(0.18)	(0.15)	(0.07)
Realized gains (losses) for the period	0.32	(0.67)	(0.01)
Unrealized gains (losses) for the period	0.71	0.31	(0.17)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.98</b>	<b>(0.37)</b>	<b>(0.22)</b>
<b>Distributions:</b>			
Dividend distributions	0.05	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>0.05</b>	<b>–</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>10.59</b>	<b>9.59</b>	<b>9.75</b>

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	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series FH			
Net assets, beginning of period	9.60	9.61	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.13	0.14	0.02
Total expenses	(0.18)	(0.18)	(0.06)
Realized gains (losses) for the period	0.76	(0.54)	(0.85)
Unrealized gains (losses) for the period	0.94	0.85	(0.26)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.65</b>	<b>0.27</b>	<b>(1.15)</b>
<b>Distributions:</b>			
Dividend distributions	0.05	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>0.05</b>	<b>–</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>11.24</b>	<b>9.60</b>	<b>9.61</b>

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series FT			
Net assets, beginning of period	8.85	9.58	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.10	0.13	0.03
Total expenses	(0.18)	(0.17)	(0.07)
Realized gains (losses) for the period	0.29	(0.52)	(0.06)
Unrealized gains (losses) for the period	0.62	(0.09)	(0.12)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.83</b>	<b>(0.65)</b>	<b>(0.22)</b>
<b>Distributions:</b>			
Dividend distributions	0.04	0.57	0.26
Return of capital	0.53	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>0.57</b>	<b>0.57</b>	<b>0.26</b>
<b>Net assets, end of period</b>	<b>9.20</b>	<b>8.85</b>	<b>9.58</b>

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 <sup>4</sup>
	\$	\$	\$
Series T			
Net assets, beginning of period	8.64	9.51	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.11	0.13	0.03
Total expenses	(0.25)	(0.24)	(0.12)
Realized gains (losses) for the period	0.32	(0.65)	–
Unrealized gains (losses) for the period	0.61	0.30	0.01
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.79</b>	<b>(0.46)</b>	<b>(0.08)</b>
<b>Distributions:</b>			
Dividend distributions	0.04	0.57	0.26
Return of capital	0.52	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>0.56</b>	<b>0.57</b>	<b>0.26</b>
<b>Net assets, end of period</b>	<b>8.90</b>	<b>8.64</b>	<b>9.51</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 from July 23, 2015 (launch date) for Series A and F, July 24, 2015 for Series FT and T, September 17, 2015 for Series AH and September 21, 2015 for Series FH to December 31, 2015.

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## Ratios and Supplemental Data

Series A	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$3,615	\$5,973	\$7,547
Number of shares outstanding <sup>1</sup>	351,108	633,663	777,979
Management expense ratio <sup>2</sup>	2.92%	2.85%	2.72%
Management expense ratio before waivers or absorptions <sup>3</sup>	2.92%	2.96%	2.72%
Trading expense ratio <sup>4</sup>	0.03%	0.04%	0.11%
Portfolio turnover rate <sup>5</sup>	54.20%	160.94%	79.47%
Net asset value per share <sup>1</sup>	\$10.29	\$9.43	\$9.70

Series AH	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$5,345	\$2,006	\$1,080
Number of shares outstanding <sup>1</sup>	493,741	214,818	114,462
Management expense ratio <sup>2</sup>	2.84%	3.00%	3.11%
Management expense ratio before waivers or absorptions <sup>3</sup>	2.84%	3.07%	3.11%
Trading expense ratio <sup>4</sup>	0.03%	0.04%	0.11%
Portfolio turnover rate <sup>5</sup>	54.20%	160.94%	79.47%
Net asset value per share <sup>1</sup>	\$10.83	\$9.34	\$9.44

Series F	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$5,407	\$8,314	\$19,957
Number of shares outstanding <sup>1</sup>	510,642	867,120	2,045,906
Management expense ratio <sup>2</sup>	1.78%	1.60%	1.48%
Management expense ratio before waivers or absorptions <sup>3</sup>	1.78%	1.73%	1.48%
Trading expense ratio <sup>4</sup>	0.03%	0.04%	0.11%
Portfolio turnover rate <sup>5</sup>	54.20%	160.94%	79.47%
Net asset value per share <sup>1</sup>	\$10.59	\$9.59	\$9.75

Series FH	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	\$2,570	\$2,954	\$1,375
Number of shares outstanding <sup>1</sup>	228,568	307,613	143,090
Management expense ratio <sup>2</sup>	1.77%	1.81%	2.10%
Management expense ratio before waivers or absorptions <sup>3</sup>	1.77%	1.88%	2.10%
Trading expense ratio <sup>4</sup>	0.03%	0.04%	0.11%
Portfolio turnover rate <sup>5</sup>	54.20%	160.94%	79.47%
Net asset value per share <sup>1</sup>	\$11.24	\$9.60	\$9.61

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Series FT	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	<b>\$286</b>	\$1,249	\$3,821
Number of shares outstanding <sup>1</sup>	<b>31,113</b>	141,146	398,975
Management expense ratio <sup>2</sup>	<b>1.95%</b>	1.75%	1.63%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>1.95%</b>	1.85%	1.63%
Trading expense ratio <sup>4</sup>	<b>0.03%</b>	0.04%	0.11%
Portfolio turnover rate <sup>5</sup>	<b>54.20%</b>	160.94%	79.47%
Net asset value per share <sup>1</sup>	<b>\$9.20</b>	\$8.85	\$9.58

Series T	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) <sup>1</sup>	<b>\$153</b>	\$230	\$544
Number of shares outstanding <sup>1</sup>	<b>17,159</b>	26,584	57,191
Management expense ratio <sup>2</sup>	<b>2.90%</b>	2.71%	2.69%
Management expense ratio before waivers or absorptions <sup>3</sup>	<b>2.90%</b>	2.85%	2.69%
Trading expense ratio <sup>4</sup>	<b>0.03%</b>	0.04%	0.11%
Portfolio turnover rate <sup>5</sup>	<b>54.20%</b>	160.94%	79.47%
Net asset value per share <sup>1</sup>	<b>\$8.90</b>	\$8.64	\$9.51

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.

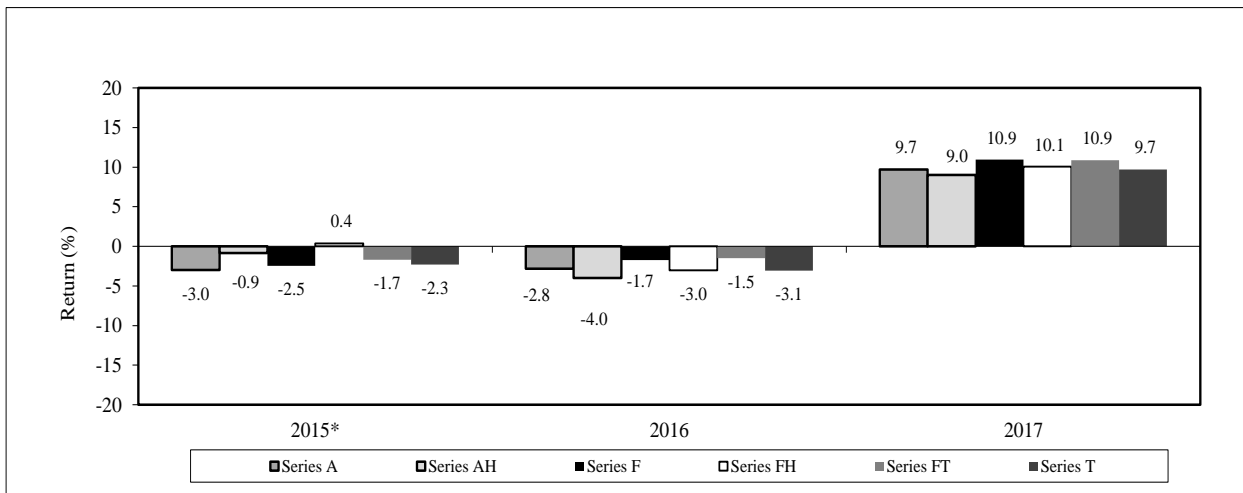
5 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio 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. The performance shown for Series AH and Series FH is in Canadian Dollar terms.



\* Return from the period from July 23, 2015 (launch date) for Series A and F, July 24, 2015 for Series FT and T, September 17, 2015 for Series AH and September 21, 2015 for Series FH to December 31, 2015 (not annualized).

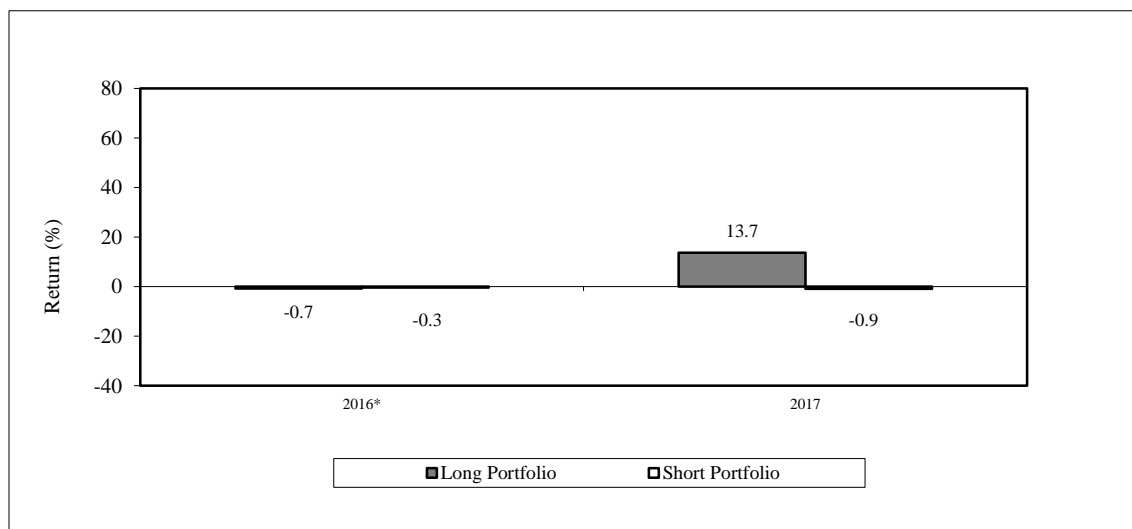


# Sprott Enhanced U.S. Equity Class

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## Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund by the long portfolio and the short portfolio of the Fund (before the impact of Fund expenses) 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 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. The returns shown for Series AH and Series FH are in Canadian Dollar terms.

	1-Year	Since Inception*
Sprott Enhanced U.S. Equity Class – Series A	9.7%	1.4%
S&P 500 Total Return Index	21.8%	12.5%
Sprott Enhanced U.S. Equity Class – Series AH	9.0%	1.6%
S&P 500 Total Return Index	21.8%	16.2%
Sprott Enhanced U.S. Equity Class – Series F	10.9%	2.6%
S&P 500 Total Return Index	21.8%	12.5%
Sprott Enhanced U.S. Equity Class – Series FH	10.1%	3.1%
S&P 500 Total Return Index	21.8%	16.9%
Sprott Enhanced U.S. Equity Class – Series FT	10.9%	3.0%
S&P 500 Total Return Index	21.8%	13.3%
Sprott Enhanced U.S. Equity Class – Series T	9.7%	1.6%
S&P 500 Total Return Index	21.8%	13.3%
Long Portfolio	13.7%	
Short Portfolio	-0.9%	

\* Since launch date of July 23, 2015 for Series A and F, July 24, 2015 for Series FT and T, September 17, 2015 for Series AH and September 21, 2015 for Series FH.

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## Summary of Investment Portfolio

As at December 31, 2017

### Portfolio Allocation

	% of Net Asset Value
Long Positions	
Financials	14.4
Energy	9.5
Utilities	8.9
Industrials	6.9
Real Estate	6.4
Health Care	5.6
Information Technology	5.5
Consumer Discretionary	4.4
<b>Total Long Positions</b>	<b>61.6</b>
Cash	35.3
Other Net Assets	3.1
<b>Total Net Asset Value</b>	<b>100.0</b>

### All Long Positions

Issuer	% of Net Asset Value
Cash	35.3
Brookfield Infrastructure Partners LP	8.9
Brookfield Property Partners LP	6.4
Intercontinental Exchange, Inc.	6.0
Northrop Grumman Corp.	5.6
Fiserv Inc.	5.5
UnitedHealth Group Inc.	4.7
AltaGas Ltd.	4.5
Bank of America Corp.	3.7
Citigroup Inc.	3.3
Canadian Natural Resources Ltd.	3.1
Comcast Corp.	2.2
The Home Depot Inc.	2.2
Inter Pipeline Ltd.	1.9
Manulife Financial Corp.	1.4
Union Pacific Corp.	1.2
Danaher Corp.	1.0
<b>Suncor Energy Inc.</b>	<b>0.0</b>
<b>All long positions as a percentage of net asset value</b>	<b>96.9</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

### Corporate Address

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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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