

On September 6th before market open, Enbridge Inc. and Spectra Energy announced a definitive agreement under which Enbridge would buy Spectra in an all-stock deal. The proposed transaction has been approved by the boards of both companies and is expected by both management teams to close in the first quarter of 2017 subject to regulatory and shareholders' approval. Under terms of the agreement, Spectra Energy's shareholders would receive 0.984 shares of the combined company for every share held which implies a value of \$40.33/ share, a premium of 11.5% to September 2nd closing price. Shareholders of Spectra Energy would cumulatively own approximately 43% of the combined company. At the time of the announcement, our positions in these stocks was 4.38% and 3.24% respectively.

In our view, there will be further deals in the pipeline space as MLP securities are attempting to both improve balance sheet metrics and lowering leverage while undertaking capital projects with accretive/positive returns. While we saw signs of improved capex opportunities in 2Q16, G&P project delays continue due to greater flexibility, whereas pipelines and terminals are less likely. Generally speaking, the capex in the industry will continue to see a downwards trajectory as well as higher regulatory issues.

Utilities have reached near-record levels of correlation within the sector, but relative valuations have still proven important. Since the beginning of August, regulated utilities with higher P/Es have sold off significantly more than those with the lowest. On a fundamental level, the growth in wind and power installations, even when adjusted for capacity factors, should easily outpace the growth in power demand in the US, resulting in a growing oversupply of electric markets, both unregulated and regulated utilities.

Top contributors to performance in the month were Spectra Energy Corp. and Anadarko Petroleum. Spectra Energy Corp. owns and operates a portfolio of natural gas-related energy assets in North America. It operates through four segments: Spectra Energy Partners, Distribution, Western Canada Transmission & Processing, and Field Services. It was announced that Enbridge Corp. will acquire the company in a stock deal valued at \$28 billion. Anadarko Petroleum Corporation engages in the exploration, development, production, and marketing of oil and gas properties. The company announced that they had acquired \$2.0 billion in Gulf of Mexico assets from Freeport-McMoran .

Detractors to performance in the month were Kansas City Southern Corp. and Grupo Aeroportuario del Sureste ADR. Kansas City Southern provides freight rail transportation services. The company operates north/south rail route between Kansas City, Missouri, and various ports along the Gulf of Mexico in Alabama, Louisiana, Mississippi, and Texas. Adverse weather conditions in many of the service areas of the company may impact quarterly performance. Grupo Aeroportuario del Sureste, S. A. B. de C. V. holds concessions to operate, maintain, and develop airports in the southeast region of Mexico. Volatility in the Mexican Peso during the month impacted the all Mexican equities.

COMPOUNDED RETURNS (%) AS AT SEPTEMBER 30, 2016¹

	1 MTH	YTD	3 MTH	6 MTH	1 YR	3 YR	5 YR	ANNUALIZED INCEPTION (09/20/11)
SPROTT GLOBAL INFRASTRUCTURE FUND, SERIES A	3.1	11.5	5.0	12.8	9.4	4.5	6.6	6.5
MACQUARIE GLOBAL INFRASTRUCTURE 100 INDEX (CAD)	1.7	8.0	0.4	6.4	11.5	16.8	13.4	14.2

SPROTT GLOBAL INFRASTRUCTURE FUND

September 2016 Commentary



www.sprott.com

¹ All returns and fund details are a) based on Series A units; b) net of fees; c) annualized if period is greater than one year; d) as at September 30, 2016; e) 2011 annual returns are from 09/20/11 to 12/31/11. The index is 100% Macquarie Global Infrastructure 100 Index (CAD) and is computed by Sprott Asset Management LP based on publicly available index information.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital depletion risk; concentration risk; credit risk; currency risk; derivatives risk; exchange traded funds risk; foreign investment risk; income trust risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; series risk; short selling risk; small company risk; specific issuer risk; tax risk.

Effective March 31, 2014, Sprott Asset Management LP became the successor manager to the Fund. Formerly Exemplar Global Infrastructure Fund. The Sprott Global Infrastructure Fund is a portfolio of global infrastructure investments sub-advised by Capital Innovations, LLC of Wisconsin.

Sprott Asset Management LP is the investment manager to the Sprott 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 A units of the Fund for the period ended September 30, 2016 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 Sprott Asset Management LP ("SAM") and are subject to change without notice. SAM makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, SAM assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. SAM 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 Sprott Asset Management LP. 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 Sprott Asset Management LP is or will be invested. SAM LP 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. SAM LP 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, SAM LP 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.

Sprott Asset Management LP: Toll Free: 1.866.299.9906. DEALER SERVICES: RBC Investor & Treasury Services: Tel: 416.955.5885; Toll Free: 1.877.874.0899.