

December 4, 2017

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO
(the Jurisdiction)**

and

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE
JURISDICTIONS**

and

**IN THE MATTER OF
NINEPOINT PARTNERS LP
(the Manager)**

and

**SPROTT FOCUSED GLOBAL BALANCED CLASS
SPROTT FOCUSED U.S. BALANCED CLASS
(each, a Terminating Fund and collectively, the Terminating Funds,
and with the Manager, the Filers)**

DECISION DOCUMENT

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving the mergers (the **Mergers**) of the Terminating Funds into Sprott Focused Global Dividend Class and Sprott Focused U.S. Dividend Class (the **Continuing Funds** and collectively with the Terminating Funds, the **Funds**) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Manager has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada, other than the province of Ontario (**Other Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

The Manager

1. The Manager is a corporation governed by the laws of Canada with its head office in Toronto, Ontario.
2. The Manager is the investment fund manager of the Funds and is registered under the securities legislation: (i) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as an adviser in the category of portfolio manager; (ii) in Ontario, Newfoundland and Labrador and Quebec as an investment fund manager; and (iii) in British Columbia, Alberta, Quebec, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as a dealer in the category of exempt market dealer. The Manager is also registered in Ontario as a commodity trading manager.

The Funds

3. The Funds are a separate class of securities of Sprott Corporate Class Inc. (**Corporation**), a mutual fund corporation governed under the laws of Ontario.
4. Securities of the Funds are currently qualified for sale under a simplified prospectus, annual information form and fund facts dated April 25, 2017, as amended on August 9, 2017 (collectively, the **Offering Documents**).
5. Each of the Funds is a reporting issuer under the applicable securities legislation of the Province of Ontario and the Other Jurisdictions (the **Legislation**).
6. Neither the Manager nor the Funds is in default under the Legislation.
7. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under NI 81-102.
8. The net asset value for each series of the Funds is calculated on a daily basis in accordance with the Funds' valuation policy and as described in the Offering Documents.

Reason for Approval Sought

9. Regulatory approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. The pre-approval criteria are not satisfied in the following ways:

- (a) The investment objectives of the Continuing Funds are not, or may be considered not to be, “substantially similar” to the investment objectives of their corresponding Terminating Funds;
- (b) The fee structures of the Continuing Funds are not, or may be considered not to be, “substantially similar” to the fee structures of their corresponding Terminating Funds; and
- (c) The Mergers will not be completed as a “qualifying exchange” under the *Income Tax Act* (Canada) (**Tax Act**).

10. The investment objectives of the Terminating Funds and the Continuing Funds are as follows:

Terminating Fund	Investment Objective	Continuing Fund	Investment Objective
Sprott Focused Global Balanced Class	The investment objective of Sprott Focused Global Balanced Class is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of global equities and fixed-income securities.	Sprott Focused Global Dividend Class	The investment objective of Sprott Focused Global Dividend Class is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of dividend yielding global equities.
Sprott Focused U.S. Balanced Class	The investment objective of Sprott Focused U.S. Balanced Class is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of U.S. equities and fixed-income securities.	Sprott Focused U.S. Dividend Class	The investment objective of Sprott Focused U.S. Dividend Class is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of dividend yielding U.S. equities.

- 11. The annual management fee rate is higher in each of the Continuing Funds than it is in the applicable Terminating Fund; however, the management expense ratio before waivers or absorptions is lower in each of the Continuing Funds than it is in the applicable Terminating Fund.
- 12. The Mergers will not be completed as a “qualifying exchange” under the Tax Act, since a tax-deferred merger is not possible under the Tax Act given the corporate structure of the Funds.
- 13. Except as described in this decision, the proposed Mergers comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Mergers

- 14. The Manager intends to reorganize the Funds as follows:
 - (a) Sprott Focused Global Balanced Class will merge into Sprott Focused Global Dividend Class; and

- (b) Sprott Focused U.S. Balanced Class will merge into Sprott Focused U.S. Dividend Class.
15. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure (NI 81-106)*, a press release announcing the proposed Mergers was issued and filed via SEDAR on October 16, 2017 and a material change report with respect to the proposed Mergers was filed via SEDAR on October 17, 2017.
 16. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, an Independent Review Committee (the **IRC**) has been appointed for the Funds. The Manager presented the potential conflict of interest matters related to the proposed Mergers, including the difference in fee structures to the IRC for a decision. The IRC reviewed the potential conflict of interest matters related to the proposed Mergers and on October 11, 2017 provided its positive decision for each of the Mergers, after determining that each proposed Merger, if implemented, would achieve a fair and reasonable result for each applicable Fund.
 17. Securityholders of the Terminating Funds approved the Mergers at special meetings held on December 1, 2017.
 18. In accordance with corporate law requirements, securityholders of the Continuing Funds approved an amendment to the articles of the Corporation in connection with the exchange of securities relating to the Mergers at special meetings held on December 1, 2017.
 19. The Mergers have also been approved by the sole common voting shareholder of the Corporation, as required under applicable corporate law.
 20. If all required approvals for the Mergers are obtained, it is intended that the Mergers will occur after the close of business on or about December 4, 2017 (the **Effective Date**). The Manager therefore anticipates that each securityholder of each Terminating Fund will become a securityholder of the applicable Continuing Fund after the close of business on the Effective Date. Each Terminating Fund will be wound-up as soon as reasonably possible following its Merger.
 21. By way of order dated October 27, 2016, the Manager was granted relief (the **Notice and-Access Relief**) from the requirement set out in paragraph 12.2(2)(a) of NI 81-106 to send a printed management information circular to securityholders while proxies are being solicited, and, subject to certain conditions, instead allows a notice-and-access document (as described in the Notice-and-Access Relief) to be sent to such securityholders.
 22. Pursuant to the requirements of the Notice-and-Access Relief, a notice-and-access document and applicable proxies in connection with the special meetings, along with the fund facts of the Continuing Funds, as applicable, were mailed to securityholders commencing on October 26, 2017 and were concurrently filed via SEDAR. The management information circular, which the notice-and-access document provides a link to, was also filed via SEDAR at the same time.

23. The tax implications of the Mergers, differences between the investment objectives as well as the differences between the fee structures of the Terminating Funds and the Continuing Funds and the IRC's recommendation of the Mergers were described in the meeting materials so that the securityholders of the Terminating Funds could consider this information before voting on the Mergers. The meeting materials also described the various ways in which investors could obtain a copy of the simplified prospectus, annual information form and fund facts for the Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance.
24. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately before the Effective Date.
25. Prior to effecting the Mergers, the Corporation will liquidate securities in the portfolio underlying each Terminating Fund, including any securities that do not meet the investment objective and investment strategies of the applicable Continuing Fund. As a result, the Corporation will realize capital gains and capital losses. It is expected that the Corporation will have sufficient losses and loss carryforwards to shelter any net capital gains realized on such liquidation of securities in the Terminating Funds. The transfer of the assets in the portfolio of each Terminating Fund to the portfolio of the applicable Continuing Fund will not result in a disposition of those assets or in a capital gain or loss to the Corporation.
26. The Corporation may pay ordinary dividends or capital gains dividends to securityholders of the Terminating Funds and/or the Continuing Funds, as determined by the Manager at the time of the Mergers. The tax consequences of receiving such dividends are described in the simplified prospectus and annual information form for the Funds.

Benefits of Mergers

27. The Manager believes that the Mergers are beneficial to securityholders of each Terminating Fund and Continuing Fund for the following reasons:
 - (a) the Mergers will eliminate the administrative and regulatory costs of operating each Terminating Fund and Continuing Fund as separate funds;
 - (b) the Mergers provide securityholders of the Terminating Funds with options to (a) switch to another investment, (b) redeem their investment, and (c) maintain an investment with the Manager in the Continuing Fund without having to initiate a switch with the advisor, which provides the securityholders of the Terminating Funds with flexibility, convenience and potential cost savings;
 - (c) securityholders of the Terminating Funds will receive securities of the applicable Continuing Fund that have a management expense ratio before waivers or absorptions that is lower than the management expense ratio before waivers or absorptions charged in respect of the securities of the Terminating Fund that they currently hold;

- (d) following the Mergers, each Continuing Fund will have a portfolio of greater value, which may allow for increased portfolio diversification opportunities if desired; and
- (e) each Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Approval Sought is granted.

“Vera Nunes”

Vera Nunes, Manager
Investment Funds and Structured Products Branch
Ontario Securities Commission

SEDAR Project # 2685190