

**SIMPLIFIED PROSPECTUS**

*Offering Series A, F and I Units of*

**SPROTT GLOBAL EQUITY FUND**

March 30, 2007

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The Fund and the securities of the Fund under this simplified prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance upon exemptions from registrations.

## TABLE OF CONTENTS

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INTRODUCTION .....	3
WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?.....	4
GENERAL INVESTMENT RISKS.....	4
PURCHASES, SWITCHES AND REDEMPTIONS.....	7
OPTIONAL SERVICES.....	9
FEES AND EXPENSES.....	9
IMPACT OF SALES CHARGES .....	11
DEALER COMPENSATION .....	11
DEALER COMPENSATION FROM MANAGEMENT FEES.....	11
INCOME TAX CONSIDERATIONS FOR INVESTORS .....	12
WHAT ARE YOUR LEGAL RIGHTS?.....	13
SPECIFIC INFORMATION ABOUT THE FUND.....	14
<i>SPROTT GLOBAL EQUITY FUND</i> .....	14

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## INTRODUCTION

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In this document, “we”, “us”, “our” and “the Manager” refers to Sprott Asset Management Inc., the manager and portfolio adviser to the Sprott Global Equity Fund (the “Fund”). A reference in this document to “you” refers to everyone who invests in the Fund.

The Fund offers three series of units (each a “Series”). Series A units are available to all investors. Series F units are designed for investors who participate in fee-based programs. Series I units are special purpose units generally available only to institutional investors or as determined by the Manager on a case-by-case basis. Generally, an investor in Series I units negotiates a separate fee that may be paid directly to the Manager by the investor or by the Fund.

This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor. This document contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund. This document is divided into two parts:

- Pages 4 to 13 contains general information applicable to the Fund; and
- Pages 14 to 17 contain specific information about the Fund described in this document.

Additional information about the Fund is available in the Annual Information Form, the Fund’s most recently filed annual financial statements, any interim financial statements of the Fund filed after those annual financial statements, the most recently filed annual management report of fund performance (MRFP) and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You may obtain copies of these documents, including a statement of portfolio transactions, upon request, and at no charge, by calling toll free at 1-(866)-299-9906, or from your investment adviser directly, or via email at *invest@sprott.com*, or from our website at *www.sprott.com*.

These documents and other information about the Fund are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at *www.sedar.com*.

## **WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?**

### **What is a Mutual Fund?**

A mutual fund is an investment vehicle that pools money of many individuals who have similar investment goals, and invests it in a variety of securities in an effort to achieve a specific investment objective over time. Individuals who contribute money become unitholders of the mutual fund. Where a mutual fund issues more than one Series, unitholders share in the mutual fund's income, expenses and the gains and losses allocated to the unitholders' Series generally in proportion to the units of that Series they own. The value of an investment in a mutual fund is realized upon redeeming units held. Mutual funds are managed by professional money managers who invest on behalf of the whole group.

Mutual funds are available in many varieties that are designed to meet the differing needs of investors. A fund may own different types of investments such as stocks, bonds, cash, derivatives or any combination of these investments, depending upon its investment objectives.

### **What are the risks of investing in a Mutual Fund?**

Every individual has a different tolerance for risk. Some investors are more conservative than others. It is important to evaluate your personal tolerance for risk, as well as the amount of risk suitable for your financial goals and time horizon when making investment decisions. The risks associated with investing in a mutual fund depend on the securities in which the mutual fund invests, based upon the mutual fund's particular objectives.

Investors should take into account that the value of these investments will change from day to day, reflecting changes in interest rates, exchange rates, economic conditions, market, and company news. As a result, the value of a mutual fund's units may go up or down, and the value of your investment in a mutual fund may be worth more or less upon redemption, than when the units were first purchased.

The Manager does not guarantee that the full amount of your original investment in the Fund will be returned to you. Unlike bank accounts or GICs, mutual funds are not insured under the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. Please see page 8 "Redemptions for all Series of Units" for more information.

### **GENERAL INVESTMENT RISKS**

Listed below are some risks that can affect the value of an investment. To find out which of these risks apply to an investment in the Fund, please refer to "What are the Risks of Investing in the Fund" on page 16.

#### ***Interest rate risk***

Interest rates affect the value of fixed-income securities, including bonds, mortgages, treasury bills and commercial paper. These securities will generally rise if interest rates fall and fall if interest rates rise. Therefore, values of mutual funds which invest in fixed-income securities will change with fluctuating interest rates. Changes in interest rates may also affect the value of equity securities as investors shift between investment vehicles.

#### ***Inflation risk***

Mutual funds are investment vehicles which generally have a long-term horizon. Many investors use them for retirement purposes. As a result of the long-term outlook for a mutual fund investment, the effects of inflation could significantly erode the value of an investor's money over time. Managing inflation risks involves a diversified mix of investments with emphasis on equity securities, which have historically out-performed all other types of investments over the long-term.

#### ***Market risk***

The value of equity securities will change based on specific company developments and stock market conditions. Market value also varies with changes in the general economic and financial conditions in countries where investments are made.

***Legal risk***

Companies that provide products or services to consumers may face the financial risk from uncertainty in laws, regulations or legal actions.

***Regulatory risk***

Regulatory risk is the potential revenue impact on a company due to laws, regulation and policies of regulatory agencies. Governmental or regulatory permits and approvals may be required to proceed with planned projects. Any delay or failure in achieving the required permits or approvals would reduce the company's growth prospects.

***Liquidity risk***

Liquidity is how quickly a security can be sold at a fair price and converted to cash. Mutual fund values will be affected by those securities that are difficult to sell because they may be small companies with limited outstanding shares or they may be unknown to investors and are not traded regularly. Difficulty in selling securities may result in a loss or a costly delay.

***Currency risk***

Those mutual funds that invest in securities denominated in a currency other than Canadian dollars will be affected by the changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Thus the value of securities within a mutual fund may be worth more or less depending on their susceptibility to foreign exchange rates.

***Derivatives risk***

A derivative is a contract between two parties whose value is "derived" from the value of an underlying asset, such as a stock, or a market index. Mutual funds may use derivatives to limit potential losses associated with currencies, stock markets and interest rates. This process is called hedging. Mutual funds may also use derivatives for non-hedging purposes – to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes.

Although derivatives may be used by mutual funds to minimize risk, derivatives still have risks associated with their use and do not guarantee a gain or loss. Some examples of risks associated with the use of derivatives are:

- hedging strategies may not be effective
- a market may not exist when the fund wants to close out its position in a derivative
- the fund may experience a loss if the other party to a derivative is unable to fulfill its obligations
- the derivative may not perform the way the manager expects it to perform, causing the fund to lose value
- costs of the derivative contracts with counterparties could rise

***Foreign investment risk***

Mutual funds that invest in securities of foreign issuers will be affected by world economic factors and in many cases by the value of the Canadian dollar as measured against foreign currencies. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements. Political climates may differ, affecting stability and volatility in foreign markets. As a result, mutual fund prices may fluctuate to a greater degree by investing in foreign equities than if the funds limited their investments to Canadian securities.

***Foreign currency risk***

The net asset value of the Fund is calculated in Canadian dollars. Most foreign investments are purchased in currencies other than the Canadian dollar. As a result, the value of those investments will be affected by the value of the Canadian dollar relative to the value of the foreign currency. If the Canadian dollar rises in value relative to the other currency but the value of the investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the value of the Canadian dollar has fallen in value relative to the other currency, the Fund's investment will have increased.

### ***Securities lending risk***

Mutual funds may lend their securities as permitted by securities legislation. The Fund may lend securities to a third party for a fee in exchange for collateral, and can demand the return of the securities at any time. Collateral can include cash, qualified securities or securities that can be immediately converted into the securities that are on loan.

There is a risk that the other party to the transaction may not live up to its obligations under the transaction, leaving the Fund holding collateral which could be worth less than the loaned securities if the value of the loaned securities increases relative to the value of the cash or other collateral, resulting in a loss to the Fund. To limit this risk:

- (i) the Fund must hold collateral equal to no less than 102% of the value of the loaned securities (where the amount of collateral is adjusted each trading day to make sure that the value of the collateral does not go below the 102% minimum level);
- (ii) the collateral to be held may consist of cash, qualified securities or securities that can be immediately converted into securities that are on loan; and
- (iii) the Fund cannot loan more than 50% of the total value of its assets (not including the collateral held by the Fund) through securities lending transactions.

### ***Series risk***

The Fund is available in more than one Series of units. Each Series has its own fees and expenses which the Fund tracks separately. If the Fund cannot pay the expenses of one Series using that Series' proportionate share of the assets of the Fund, the Fund will have to pay those expenses out of the other Series' proportionate share of the assets, which would lower the investment return of those other Series.

### ***Short selling risk***

A short sale by the Fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the Fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on the difference (less any interest the Fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for the Fund. Securities sold short may instead appreciate in value creating a loss for the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that are intended to offset these risks by short selling only liquid securities and by limiting the amount of exposure for short sales. The Fund will also deposit collateral only with Canadian lenders that are regulated financial institutions or regulated dealers and only up to certain limits.

### ***Substantial unitholder risk***

A single investor may buy or sell large amounts of units of the Fund. As a result the Fund may have to alter its portfolio significantly to accommodate large fluctuations in assets.

## **PURCHASES, SWITCHES AND REDEMPTIONS**

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The Fund is permitted to issue an unlimited number of Series of units and may issue an unlimited number of units of each Series. The Fund has created three Series of units:

Series A units: Available to all investors.

Series F units: Available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F agreement with us, investors for whom we do not incur distribution costs, or individual investors approved by us.

You may only buy Series F units if we and your broker, dealer or adviser approve the order first. Your broker, dealer or financial adviser's participation in the Series F program is subject to our terms and conditions.

Series I units: Available to institutional investors at the discretion of the Manager.

Although the money which you and other investors pay to purchase units of any Series is tracked on a Series-by-Series basis in the Fund's administrative records, the assets are combined in a single pool to create one portfolio for investment purposes.

The Fund is available in each of the provinces and territories of Canada. You may purchase, switch or redeem units of the Fund by contacting your investment adviser. For accounts held directly with Sprott Asset Management Inc., you may contact us at:

Royal Bank Plaza, South Tower, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1, or you may call (866)-299-9906 toll free, or 416-943-6707, or by fax at 416-943-6497 or send an email to *invest@sprott.com*.

The purchase or redemption price of a unit of the Fund is the net asset value per unit of a Series prevailing at the time of purchase, switch or redemption. The net asset value per unit for each Series of units of the Fund is based on the net asset value of the Series' proportionate share of the assets of the Fund less the proportionate share of common expenses allocated to that Series and less any Series expenses attributable to that Series, divided by the total number of units of that Series outstanding. The price for a Fund unit is calculated at the end of each business day.

All requests for any purchases, switches or redemptions of the applicable Series of units in the Fund must be received by RBC Dexia Investor Services Trust prior to 4:00 p.m. (Eastern Standard time) on a regular business day in Toronto in order to receive that business day's unit price for that Series, which is calculated as the net asset value as of close of business on that day. If your request is received after 4:00 p.m. (Eastern Standard time) or on a day that is not a regular business day in Toronto, the unit price applied to your request will be determined at the close of business on the following regular business day in Toronto. You and your adviser are responsible for the completeness and accuracy of your order. Orders will only be processed if complete.

Your dealer may seek reimbursement from you for any of its losses caused by you in connection with a failed settlement of either a purchase or redemption of the applicable Series of units of the Fund where such dealer has the contractual right to do so.

The Fund is valued in Canadian dollars. Further information on the calculation of the net asset value of the Fund is described in the Fund's Annual Information Form. Please see page 3 to find out how to obtain a copy.

Please note that if units are available for purchase or redemption through registered dealers approved by Sprott Asset Management Inc., investors may be required to pay different fees and expenses. Please refer to "Fees and Expenses" on page 9.

## **Purchases**

### **Purchases of Series A Units**

The minimum initial investment in Sprott Global Equity Fund is \$5,000 (\$250,000 if purchased directly from Sprott Asset Management Inc.). The minimum subsequent investment in the Fund is \$500. These minimum investment amounts may be adjusted or waived in the absolute discretion of Sprott Asset Management Inc. Investors pay no fees at the time of purchase if purchased through Sprott Asset Management Inc., but may pay a fee if purchased through another dealer. Please see “Fees and Expenses” on page 9.

You must include payment with your purchase order. If you purchase units directly through Sprott Asset Management Inc., please make your cheque payable to “Sprott Asset Management Inc.”.

Purchase orders which are deposited with a dealer will be forwarded by the dealer to RBC Dexia Investor Services Trust on the same day on which the purchase order is received, or if received after 4:00 p.m. (Eastern Standard time), on the next business day. The dealer must send an investor’s purchase order by courier, priority post or telecommunications facility *without charge to the investor*. As a security measure, Sprott Asset Management Inc. may, in its discretion, refuse to accept a purchase order placed by telephone, fax or electronic transmission directly from an investor.

Sprott Asset Management Inc. has the right to accept or reject any purchase order, but must make a decision to reject an order within one business day after receiving the order. The payment received with that order would be refunded immediately.

No certificates are issued for units purchased, but an investor receives, following each purchase of units, a written statement indicating all relevant details of the purchase transaction, including the dollar amount of the purchase order, the net asset value per unit applied to the purchase order and the number of units purchased.

### **Purchases of Series F Units**

Series F units are available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with us, investors for whom we do not incur distribution costs, or individual investors approved by us.

If you cease to be eligible to hold Series F units of the Fund, we may exchange your units to Series A units of the Fund after providing you with 5 days notice, unless you notify us during the notice period and we agree that you are once again eligible to hold Series F units.

### **Purchases of Series I Units**

Series I units are available to institutional investors at the discretion of Sprott Asset Management Inc. If you cease to be eligible to hold Series I units, we may change your Series I units into Series A units of the Fund after giving you 5 days prior notice, unless you notify us during the notice period and we agree that you are once again eligible to hold Series I units.

## **Switches**

You can switch your investment from the Fund into another mutual fund managed by us and offered for sale under a simplified prospectus dated April 26, 2006, as amended. A switch is a redemption of units of the Fund that you own and a purchase of units of another fund.

## **Redemptions for all Series of Units**

You may redeem your units of the Fund by completing a redemption request and depositing it with your registered dealer approved by Sprott Asset Management Inc. Sprott Asset Management Inc. may require that an investor’s signature on any redemption request be guaranteed by a bank, trust company, and credit union or otherwise to its satisfaction. A redemption request received by RBC Dexia Investor Services Trust before 4:00 p.m., (Eastern Standard time) on a regular business day will receive the redemption price for the applicable Series of units established at close of business on that day. A redemption request received after 4:00 p.m. (Eastern Standard time)

or on a day which is not a regular business day in Toronto, Ontario will receive the redemption price for the applicable Series of units as of close on the next regular business day. A dealer which receives a redemption request is required to transmit the redemption request to RBC Dexia Investor Services Trust *without charge to the investor* and where practicable, by courier, priority post or telecommunications facility.

RBC Dexia Investor Services Trust will pay redemption proceeds within three business days of receipt of a signed and properly completed redemption request.

Sprott Asset Management Inc. has the right, upon 30 days written notice to the investor, to redeem units owned by the investor if the value of those units is less than \$5,000. An investor may prevent the automatic redemption by purchasing additional units to increase the value of the units to an amount equal to or greater than \$5,000 before the end of the 30-day notice period.

Under extraordinary circumstances, the rights of investors to redeem units of the Fund may be suspended. This would likely occur if market trading were suspended on stock exchanges where the Fund holds its investments. The Manager may also suspend the redemption of units of the Fund with the consent of any securities commission or regulatory body having jurisdiction.

## **OPTIONAL SERVICES**

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### **Pre-authorized chequing plan**

The Fund offers an automatic investment plan to allow investors to make regular bi-weekly, monthly or quarterly purchases of units. The minimum initial investment in the Fund is \$5,000 (\$250,000 if purchased directly from Sprott Asset Management Inc.) and the minimum amount of each subsequent bi-weekly, monthly or quarterly purchase is \$500. An investor may change the dollar amount of his or her investment, the frequency of payment or discontinue the plan by giving prior written notice to their registered dealer.

### **Averaging the cost of your investments**

Making regular investments through our pre-authorized purchase plan can reduce the cost of investing, through a technique called dollar cost averaging. Investing equal amounts of money at regular intervals on an ongoing basis ensures that an investor buys fewer units when prices are high and more units when prices are low. Over time, this can mean a lower average cost per unit than by making one lump sum purchase.

### **Registered tax plans**

Units of the Fund are expected to be qualified investments for registered tax plans. Sprott Asset Management Inc. offers registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), life income funds (LIFs), locked-in retirement income funds (LRIFs) or locked-in retirement accounts (LIRAs). Investors should consult their tax advisers for full particulars of the tax implications of establishing, amending and terminating registered plans.

## **FEES AND EXPENSES**

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This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, and as a result will reduce the value of your investment in the Fund.

<b>Fees and Expenses payable by the Fund<sup>1</sup></b>	
<b>Management Fees</b>	<p>The Fund pays the Manager an annual management fee of up to 2.5%, subject to GST, to cover management expenses. The management fee is calculated and accrued daily and is paid on the last day of each month based on the average daily net asset value of the Fund. This fee differs among the Series of units. The management fee for Series I units is negotiated by the investor and may be paid by the Fund or directly by the investor.</p> <p>To encourage large purchases in the Fund and to achieve effective management fees that are competitive for these investments, the Manager may reduce the management fee payable by the Fund with respect to a particular investor, based on a number of factors including the type of</p>

	<p>investor and the number and value of units held by an investor. At a minimum, an investor must purchase and hold \$15,000,000 of investments in the Fund in order to be eligible for this management fee reduction, although this minimum amount may be waived in the absolute discretion of the Manager. Investors who are entitled to the benefit of a lower management fee may receive a proportionately larger distribution (a “fee distribution”) from the Fund so that those investors receive the benefit of the lower management fee. Refer to the “Distribution Policy” for the Fund on page 17.</p>
<b>Operating Expenses</b>	<p>The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager.</p> <p>Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit and legal fees, safekeeping, trustee and custodial fees, interest expenses, operating and administrative costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses. Operating expenses and other costs of the Fund are subject to applicable taxes.</p>
<b>Incentive Fee<sup>2</sup></b>	<p>The Fund will pay its Portfolio Adviser annually an incentive fee, subject to GST, 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 the net asset value per unit of the applicable Series of the Fund from January 1 (or inception date for the purposes of the 2007 incentive fee) to December 31 exceeds the percentage return of the Morgan Stanley Capital International (“MSCI”) World Index (or any successor index) expressed in Canadian dollars for the same period. The MSCI World Index is a market capitalization-weighted index comprised of equity securities available in developed markets globally. The index is comprised of companies from 23 countries, with the assumption that all dividends paid are reinvested in the stocks in proportion to their index weights.</p> <p>If the performance of a Series of the Fund in any year is less than the performance of the MSCI World Index described above (the “Deficiency”), then no incentive fee will be payable in any subsequent year until the performance of the applicable Series of the Fund, on a cumulative basis calculated from the first of such subsequent years, has exceeded the amount of the Deficiency.</p> <p>The Portfolio Adviser may reduce the incentive fee payable by the Fund with respect to a particular investor. Investors who are entitled to the benefit of a lower incentive fee may receive a fee distribution from the Fund so that those investors receive the benefit of the lower incentive fee. Refer to the “Distribution Policy” for the Fund on page 17. Additionally, investors in Series I units may negotiate a different incentive fee than the one described above.</p>
<b>Fees and expenses payable directly by you</b>	
<b>Sales Charges</b>	<p>The sales charges do not apply if you purchase units of the Fund through Sprott Asset Management Inc. A sales charge of 0-2% of the amount you invest may be charged if you purchase your units through another dealer. You can negotiate this amount with the dealer.</p>
<b>Switch Fees</b>	<p>The sales charges, as described above, apply when you switch between the Fund and other mutual funds managed by Sprott Asset Management Inc.</p>
<b>Redemption Fees</b>	<p>There are no redemption fees payable upon the redemption of units of the Fund (subject to a short-term trading fee, when applicable).</p>
<b>Short-Term Trading Fee</b>	<p>The Fund will impose a short-term trading fee payable by the unitholder to the Manager of up to 3% of the aggregate net asset value of the units redeemed if such units are redeemed within 180 days of their date of purchase. A short term trading fee will not be charged for a redemption of units (i) acquired through automatic reinvestment of all distributions of net income or capital gains by the Fund; (ii) through the exercise of statutory redemption rights; (iii) as a result of switching between funds managed by us; or (iv) in the absolute discretion of the Manager. For purposes of this short-term trading fee, units will be considered to be redeemed or switched on a first-in first-out basis.</p>
<b>Pre-Authorized Chequing Plan</b>	<p>No fee is charged to open, close or administer an account.</p>

<b>Registered Tax Plan Fees</b>	No fee is charged to open, close or administer an account. However, for self-directed retirement savings plans holding other investments in addition to units of the Fund, an annual trustee fee may apply. Please consult your adviser regarding this fee.
<b>Other Expenses</b>	No other charges apply. If applicable, you may be subject to fees and expenses by your distributor or broker.

<sup>1</sup> Although you will not be asked to approve any changes to the basis of the calculation of a fee or expense charged to the Fund or to the Fund's unitholders which could result in an increase in charges to the Fund or to the Fund's unitholders, you will receive a written notice at least 60 days before the effective date of the change.

<sup>2</sup> The net asset value per unit includes all expenses and is calculated before income and capital gains are distributed. The incentive fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to GST.

## **IMPACT OF SALES CHARGES**

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

When you buy units of the Fund directly through Sprott Asset Management Inc., you pay no fees when you purchase or redeem units. If applicable, sales charges may apply if you purchase or redeem units through other dealers. These fees can be negotiated between you and the dealer.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option	\$20 <sup>1</sup>	N/A	N/A	N/A	N/A
Redemption Option	N/A	N/A	N/A	N/A	N/A
No Load Option <sup>2</sup>	Nil	Nil	Nil	Nil	Nil

<sup>1</sup> If you purchase units from another dealer other than Sprott Asset Management Inc.

<sup>2</sup> "No Load Option" refers to a purchase of units through Sprott Asset Management Inc. rather than another dealer. However, a short-term trading fee may be applicable if units are redeemed within 180 days of their date of purchase. See "Short-Term Trading Fee", in the chart on page 10.

## **DEALER COMPENSATION**

Your dealer may receive two types of compensation – sales commissions and service fees.

### **Sales Commissions**

A dealer which distributes units of the Fund may receive a sales commission of up to 2.0% (\$20 for each \$1,000 investment) of sales of the Fund by the dealer. Payments are calculated and paid quarterly to the dealer by the Manager for sales of the Fund made during the quarter.

### **Service Fees**

A dealer that distributes units of the Fund may receive an annual service fee of 1.0% (\$10.00 for each \$1,000 investment) of the value of assets held in the Fund by the dealer's clients. This service fee will be paid monthly as long as the total asset value is at least \$100,000 during that month. Payments are calculated and paid monthly at the rate of up to 1/12 of 1.0% (0.083%) of the value of assets held in the Fund by the dealer's clients.

These service fees are paid by the Manager from management fees and are not paid by the Fund directly. Sprott Asset Management Inc. may, at its discretion, negotiate, change the terms and conditions of, or discontinue the service fees with dealers.

## **DEALER COMPENSATION FROM MANAGEMENT FEES**

The Manager paid dealers compensation of approximately 27.9% of the total management fees the Manager received from all the Sprott mutual funds (Sprott Canadian Equity Fund, Sprott Gold and Precious Minerals Fund,

Sprott Energy Fund and Sprott Growth Fund) during the financial year that ended December 31, 2006. This includes amounts the Manager paid to dealers for service fees. The Manager did not pay any sales commissions in respect of units of the Sprott mutual funds during the financial year ended December 31, 2006.

## **INCOME TAX CONSIDERATIONS FOR INVESTORS**

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This summary assumes that you are an individual (other than a trust) and that you are resident in Canada and hold units of the Fund as capital property for the purposes of the Income Tax Act (Canada) (the "Act"). This summary is based on the current provisions of the Act and the regulations thereunder, specific proposals to amend the Act and regulations that have been publicly announced by the Minister of Finance (Canada) ("Minister") prior to the date hereof and the published administrative practices and policies of the Canada Revenue Agency. This summary is not exhaustive of all tax considerations and is not intended to constitute legal or tax advice to an investor. You should seek independent advice regarding the tax consequences of investing in units, based on your own particular circumstances.

### **For Units Held in a Registered Tax Plan**

If units of the Fund are held in a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan ("DPSP") or registered education savings plan ("RESP"), distributions from the Fund and capital gains from a disposition of the units are generally not subject to tax under the Act until withdrawals are made from the plan.

### **Contributions**

You should be careful not to contribute more to your registered plan than allowed under the Act or you may have to pay a penalty tax.

### **For Units Not Held in a Registered Tax Plan**

If you hold units of the Fund outside of a RRSP, RRIF, DPSP or RESP, you must include in computing your income for tax purposes the amount of the net income and the taxable portion of the net realized capital gains paid or payable to you by the Fund in the year (including fee distributions), computed in Canadian dollars, whether you receive these distributions in cash or the amounts are reinvested in additional units. Gains realized by the Fund from short selling transactions will be on income account and may result in distributions of income, rather than capital gains. To the extent that the Fund so designates under the Act, distributions of net taxable capital gains, taxable dividends on shares of taxable Canadian corporations and foreign source income of the Fund paid or payable to you by the Fund will effectively retain their character in your hands and be subject to the special tax treatment applicable to income of that character. To the extent that the distributions (including fee distributions) paid or payable to you by the Fund in a year exceed your share of the net income and net capital gains of the Fund allocated to you for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not generally be taxable to you in the year of receipt but will reduce the adjusted cost base of your units in the Fund.

You will be taxed on distributions of income and capital gains by the Fund, even if the income and capital gains accrued to the Fund or were realized by the Fund before you acquired the units and were reflected in the purchase price of the units. This may be of particular relevance to you if you purchase units late in a calendar year.

The Fund's portfolio turnover rate indicates how actively the Fund's investment adviser manages 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 chance that you will receive a distribution from the Fund that must be included in computing your income for tax purposes for the year.

Management fees paid directly to the Manager by holders of Series I units will not be deductible by those unitholders.

If you dispose of your units, whether by switching to units of another mutual fund managed by us, redemption or otherwise, you will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, less any costs of disposition, are greater (or less) than the adjusted cost base of the units. The adjusted cost base of your units

of a series is generally calculated by adding all your investments in that series (along with sales charges) and any reinvested distributions, and then subtracting any returns of capital and the adjusted cost base attributed to any previous redemptions. Generally, one-half of a capital gain must be included in your income as a taxable capital gain and one-half of a capital loss may be used to offset taxable capital gains in accordance with the provisions of the Act. A change of one series of units of the Fund into another series of units of the Fund will not, by itself, result in a disposition of the units being changed.

Capital gains and dividends may result in a liability for alternative minimum tax.

#### **WHAT ARE YOUR LEGAL RIGHTS?**

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Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and receive your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

## SPECIFIC INFORMATION ABOUT THE FUND

### *SPROTT GLOBAL EQUITY FUND*

## ORGANIZATION AND MANAGEMENT OF THE FUND

<p><b>Manager</b> Sprott Asset Management Inc. Royal Bank Plaza, South Tower Suite 2700, P.O. Box 27 Toronto, Ontario M5J 2J1</p> <p>Tel: 416-943-6707 Fax: 416-943-6497 Email: invest@sprott.com Website: www.sprott.com</p> <p>Toll Free: 1-866-299-9906</p>	<p>Sprott Asset Management Inc. acts as the manager to the Fund and is responsible for the day-to-day operations of the Fund including accounting and administration for units of the Fund.</p>
<p><b>Portfolio Adviser</b> Sprott Asset Management Inc. Toronto, Ontario</p>	<p>The Portfolio Adviser conducts research, selects, purchases, sells, and makes all investment decisions with regard to the portfolio securities of the Fund.</p>
<p><b>Trustee</b> RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>The Fund is organized as a trust. The Trustee holds title to the securities owned by the Fund on behalf of the unitholders. The Trustee and Manager have exclusive authority over the assets and affairs of the Fund and have a fiduciary responsibility to act in the best interest of the unitholders.</p>
<p><b>Custodian</b> RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>The Custodian holds the Fund's cash and securities on behalf of the Fund and is responsible for ensuring that they are safe and secure. In some cases, for example securities lending, some of the assets of the Fund are not held by the Custodian. The Custodian is only responsible for the Fund's assets that are directly held by it, its affiliates or appointed subcustodians.</p>
<p><b>Recordkeeper</b> RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>The Recordkeeper keeps a register of the owners of units for the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information.</p>

<p><b>Auditor</b> Ernst &amp; Young LLP Toronto, Ontario</p>	<p>The Auditors annually audit the financial statements of the Fund to determine whether they fairly present, in all material respects, the Fund's financial position, results of operations and changes in net assets in accordance with Canadian generally accepted accounting principles. Although you will not be asked to approve any change of auditor, you will receive written notice of any proposed auditor change at least 60 days prior to the change.</p>
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In certain circumstances, you may not be required under securities legislation to approve a fund merger. In these circumstances, you will receive written notice of any proposed fund merger at least 60 days prior to the change.

## FUND DETAILS

Type of Fund:	Global Equity Fund
Inception:	Series A: March 30, 2007* Series F: March 30, 2007* Series I: March 30, 2007*
Nature of Securities Offered:	Series A, Series F and Series I units of a mutual fund trust.
Registered Tax Plan Status:	Eligible as an investment for RRSPs, RRIFs, DPSPs, RESPs, LIFs, LIRAs and LRSPs
Management Fees:	Series A: Up to 2.5% Series F: Up to 1.5% Series I: negotiated by the unitholder

\* The Fund's securities will not be offered for sale until April 25, 2007.

## WHAT DOES THE FUND INVEST IN?

### *Investment Objectives*

The objective of the Sprott Global Equity Fund is to achieve long term capital growth by investing primarily in equity and equity-related securities of companies around the world.

**Unitholder approval is required prior to a change in the fundamental investment objective of the Fund.**

### *Investment Strategies*

To achieve the Fund's investment objective, the Portfolio Adviser will use a proprietary quantitative model to identify investment opportunities with the potential for capital appreciation over the long term. This is accomplished by seeking out medium to large capitalization companies with a relative change in fundamental factors anywhere in the world. The portfolio will be broadly diversified by sector and with geographical exposure across the globe. The Fund will invest primarily in global companies with a minimum market capitalization at the time of investment of approximately \$1 billion U.S.

The Fund's portfolio weighting may differ substantially from the weightings of the MSCI World Index or its successor index.

The Fund may also choose other permitted investments such as cash when considered appropriate. The Fund's investments will include global and Canadian medium to large capitalization equities.

The Fund may also choose to:

- Engage in securities lending as permitted by securities regulations to generate additional income. Please see "Securities lending risk" on page 6;
- Use warrants and derivatives, such as options, forward contracts and swaps to:
  - hedge against losses from change in prices of the Fund's investment and from exposure to foreign currencies; and
  - gain exposure to individual securities and markets instead of buying the securities directly.

Portfolio turnover rates vary from year to year. A higher portfolio turnover rate in a year will result in greater trading costs payable by the Fund, and a greater chance that an investor will receive a distribution that must be included in a taxable investor's income for tax purposes. There isn't necessarily a relationship between the turnover rate and the Fund's performance.

The Fund will make an application to the Canadian securities regulatory authorities for exemptive relief to engage in short selling (the "Exemptive Relief"). Generally speaking, short selling can provide the Fund with opportunities for gains when markets are volatile or declining. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), the Portfolio Adviser will utilize the same fundamental analysis in determining whether securities of a particular issuer should be sold short. When the analysis produces a favourable outlook, the investment opportunity is considered for purchase. When the analysis produces an unfavourable outlook, the investment opportunity is considered for a short sale. Only if the Exemptive Relief is granted, the Fund will engage in short selling and only within certain limits and conditions as prescribed by the Canadian securities regulatory authorities. It is important to note that there is no guarantee that the Fund will obtain the Exemptive Relief.

## **WHAT ARE THE RISKS OF INVESTING IN THE FUND?**

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The Fund will be exposed to the following risks:

- Foreign currency risk
- Foreign investment risk
- Inflation risk
- Interest rate risk
- Liquidity risk
- Market risk
- Securities lending risk;
- Series risk
- Substantial unitholder risk
- Short selling risk
- Legal risk
- Regulatory risk
- Derivatives risk

You may refer to pages 4 to 6 for descriptions of these risks.

## **WHO SHOULD INVEST IN THIS FUND?**

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The Fund is suitable for those investors seeking long-term capital growth with a medium to high tolerance for risk and volatility, wanting to share in the opportunities offered by the global economy, and with the expectation of growth potential of equity securities of global and Canadian companies. Investors should be investing for the longer term.

## **DISTRIBUTION POLICY**

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In each calendar year, the Fund will distribute to its investors a sufficient amount of the Fund's net investment income and net realized capital gains so that the Fund will not pay any income tax. The net investment income and the net realized capital gains of the Fund will be distributed annually in December to the Fund's investors. All distributions paid to an investor of the Fund will be reinvested automatically in additional units of the Fund at the net asset value without any fee.

## **FUND EXPENSES INDIRECTLY BORNE BY INVESTORS**

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This information is not available as the Fund is new and its costs are not yet known.

See "Fees and Expenses" on page 9 for more information about the costs of investing in the Fund.

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**Additional information about the Fund is available in the Fund's Annual Information Form, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.**

**You can get a copy of these documents, at your request, and at no cost, by calling toll free 1-866-299-9906, or from your investment adviser, or via email at [invest@sprott.com](mailto:invest@sprott.com).**

**These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at [www.sedar.com](http://www.sedar.com).**

**Sprott Global Equity Fund  
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