



10 Reasons to Own **Gold**

Sprott
Contrarian. Innovative. Aligned.®

"If you don't own gold, you know neither history nor economics."
– Ray Dalio



The first known use of gold in transactions dates back over 6,000 years. Pictured above is a handmade gold coin for Roman Emperor Trajan Decius, who ruled from 249-251 AD.

10 Reasons to Own Gold

Gold is one of the oldest assets in existence. From its use as a currency in ancient times to its investment use and utility today, gold has always served as a store of value. The 21st century has been marked as an age of excessive leverage and money printing, bringing into question the full faith and credit of fiat currencies and government bonds, which once offered investors and savers greater security and value. Given gold's unique ability to hedge against such risks, offer diversification benefits versus other asset classes and deliver superior returns, investors should strongly consider the yellow metal as part of any investment allocation.

1 Throughout history, gold has been an unparalleled long-term store of value.

In Roman times, one ounce of gold was enough to buy one toga and accessories. Today, one ounce of gold can buy a tailored suit or a wedding dress.



Ancient Rome



Today

2 Gold has kept up with inflation and its purchasing power has increased, while the U.S. dollar has lost value and purchasing power.

1930

In 1930, 1/100 oz of gold could buy 2.3 loaves of bread while US\$1 could buy 11 loaves of bread.



Gold 1/100 oz



Today

In 2021, 1/100 oz of gold can buy 8.3 loaves of bread while US\$1 can buy just one-half a loaf of bread.



US\$1

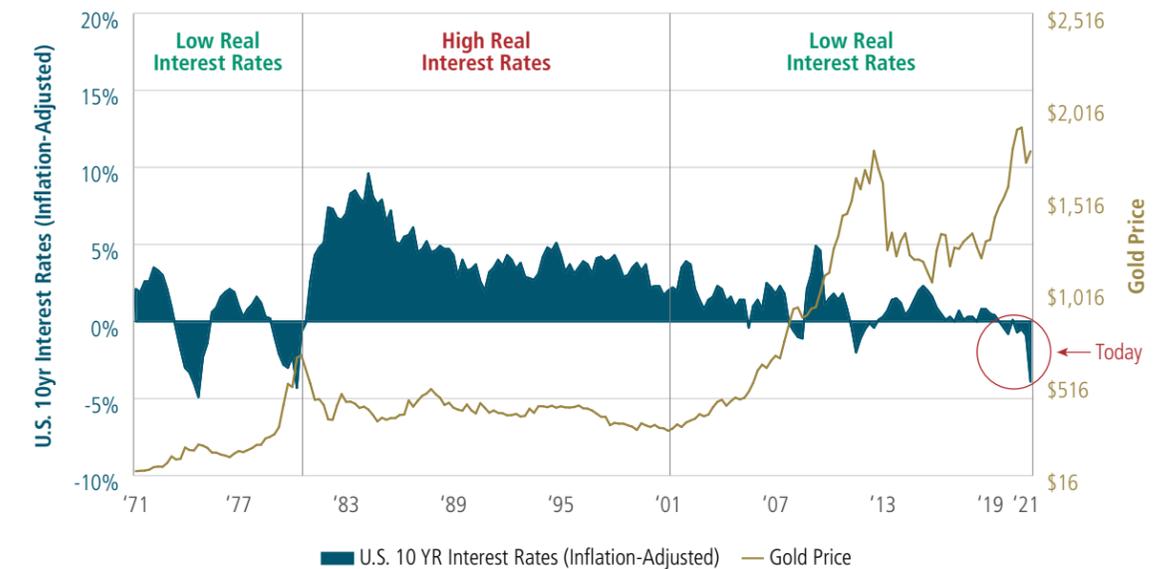


"Over the sweep of a reasonable investment horizon, gold protects against the deprecations of the stewards of our currencies. That's its purpose."

– Jim Grant

3 Gold can be a good substitute for bonds and cash when interest rates are low.

During periods like today when interest rates are low, gold has historically performed well while bonds or cash have delivered little income or return. Today, the price of everyday goods and services in the U.S. economy is increasing at a faster rate than interest can accrue in government bonds and savings accounts, leaving traditional savers with less purchasing power.



Source: Bloomberg. Data as of 6/30/2021. U.S. 10 YR Interest Rates (Inflation-Adjusted) represents the U.S. 10 YR Treasury Interest Rate less the Year-over-Year change in the Consumer Price Index, as measured by USGG10 YR Index minus the CPI YOY index, respectively. Gold price represents the Gold Spot Price in U.S. dollars, measured by GOLDS Comdty.

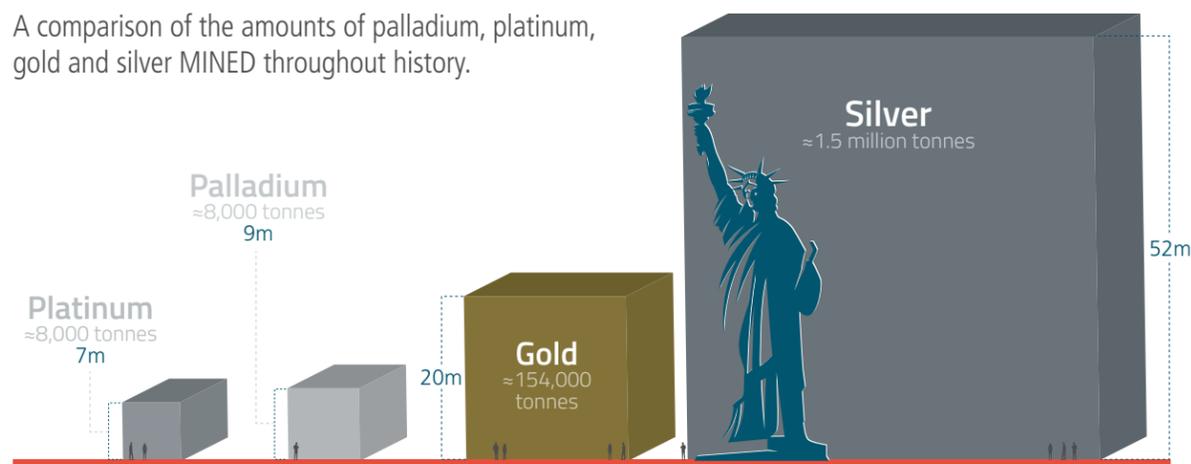
4 Gold is a physical asset which cannot be hacked, erased or degraded.

Gold has served as a critical store of value and medium of exchange for millennia due to its fixed supply, broad adoption and safe haven quality. While fiat currencies, such as the U.S. dollar, are widely used and offer price stability, they do not have a fixed supply and can be printed at the will of governments. An increasing money supply means that over the long-term, fiat currencies may lose purchasing power relative to inflation.

Crypto currencies, such as Bitcoin, have gained significant popularity in recent years due to meteoric price returns. While Bitcoin has a fixed supply and can be an alternative to fiat currencies, like gold, the price volatility of Bitcoin is likely too high for it to be considered a reliable store of value. Cybersecurity may also pose unforeseeable risks given all cryptocurrency assets are held digitally.

How Much Gold Has Been Mined?

A comparison of the amounts of palladium, platinum, gold and silver MINED throughout history.



Source: World Platinum Institute; World Gold Council; Visual Capitalist; Sprott Inc.



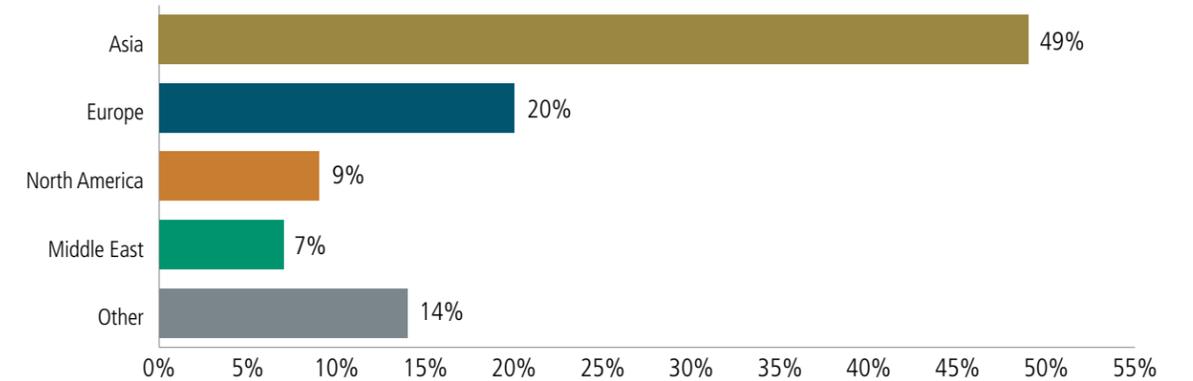
"Long term, the fundamental macro outlook for gold remains the strongest in decades. We are currently in a state of unprecedented expansion and reach of monetary and fiscal policies, akin to a grand experiment." – Paul Wong

China and India are the world's largest consumers of gold, mainly used in jewelry.

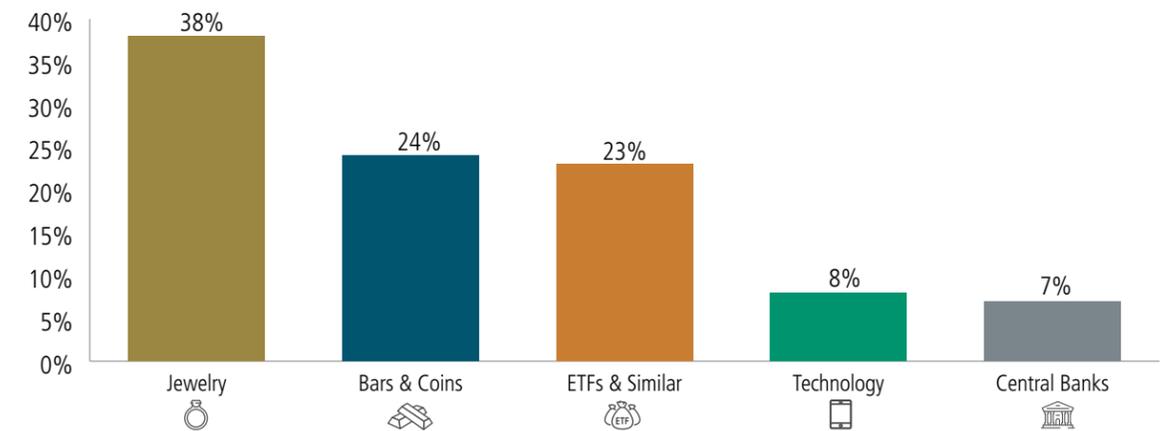
5 Gold demand should increase alongside growing middle classes in Asia.

In many eastern countries, such as China and India, gold is a highly sought after asset and often has sentimental value. For example, gold, typically in the form of jewelry, is an integral part of a wedding dowry in India. Chinese investors tend to have a preference for real assets, such as gold and real estate, over financial assets like stocks and bonds which are often preferred by western investors. Demand for gold should increase as demographic trends point to growing middle classes and wealth in eastern countries while western economies age.

Where Gold is Used



How is Gold Used



Source: World Gold Council. As of 12/31/2020.

"Gold has been a splendid hedge against financial and economic disruption."
 – Danielle DiMartino Booth

Olympic gold medals must contain a minimum of 6 grams of gold, but are predominately made of silver.

6 Gold has outperformed other asset classes

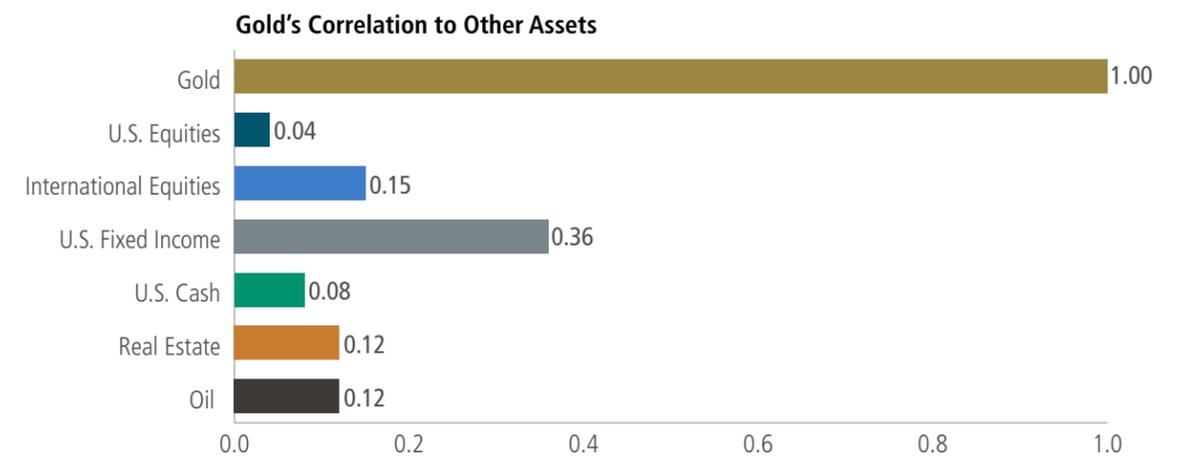
Gold has outperformed major asset classes over the past 20 years, historically enhancing returns and increasing diversification.



Source: Bloomberg. Period from 12/31/1999-6/30/2021. Gold is measured by GOLDS Comdty Spot Price; S&P 500 TR is measured by the SPX; US Agg Bond Index is measured by the Bloomberg Barclays US Agg Total Return Value Unhedged USD (LBUSTRUU Index); and the U.S. Dollar is measured by DXY Currency. You cannot invest directly in an index. Past performance is no guarantee of future results.

7 Gold can be a powerful investment portfolio diversifier.

Many major asset classes are highly correlated, which means that they tend to move in the same direction at the same time. This is because many assets, like stocks, real estate or commodities, all tend to rise and fall with economic performance and investor sentiment. The price of gold is driven by different factors than many major assets, leading to a low correlation.* In other words, gold's performance moves independently and may help serve as a return diversifier within a broader multi-asset portfolio.



*A correlation of 1.00 indicates perfect correlation. Numbers below 1 indicate that the asset class is not fully correlated and will not move in tandem with gold. The lower number, the lower the correlation.

Source: Bloomberg. Period from 12/31/2000-6/30/2021. Gold is measured by GOLDS Comdty Spot Price; U.S. Equities by the S&P 500 Index; International Equities by the MSCI EAFE Index; U.S. Fixed Income by the Bloomberg Barclays US Aggregate Bond Index; U.S. Cash by the S&P US Treasury Bill 0-3 Month Index; Real Estate by the Dow Jones US Select REIT Index; and Oil by the S&P GSCI Crude Oil Total Return CME Index.

"To help build a diversified portfolio, investors should keep 5-10% of their portfolios in gold investments."

– John Hathaway

Bangkok's Wat Traimit temple is home to the world's largest pure gold Buddha statue, the Phra Phuttha Maha Suwana Patimakon. Four meters tall and three meters wide, the statue's origins date back to the 1200s-1400s. Weighing in at a staggering five-and-a-half tons, this Buddha is valued at ~\$320 million (gold price of \$1,800 per ounce).

8 Gold has been a safe haven during economic and political instability.

Investors seek out gold for its safe haven quality during periods of economic and political instability. During the height of the COVID-19 pandemic crisis,¹ gold outperformed both stocks and bonds. According to the World Gold Council,^{*} gold's performance during periods of crisis has risen to become the "top reason for central banks to hold gold".

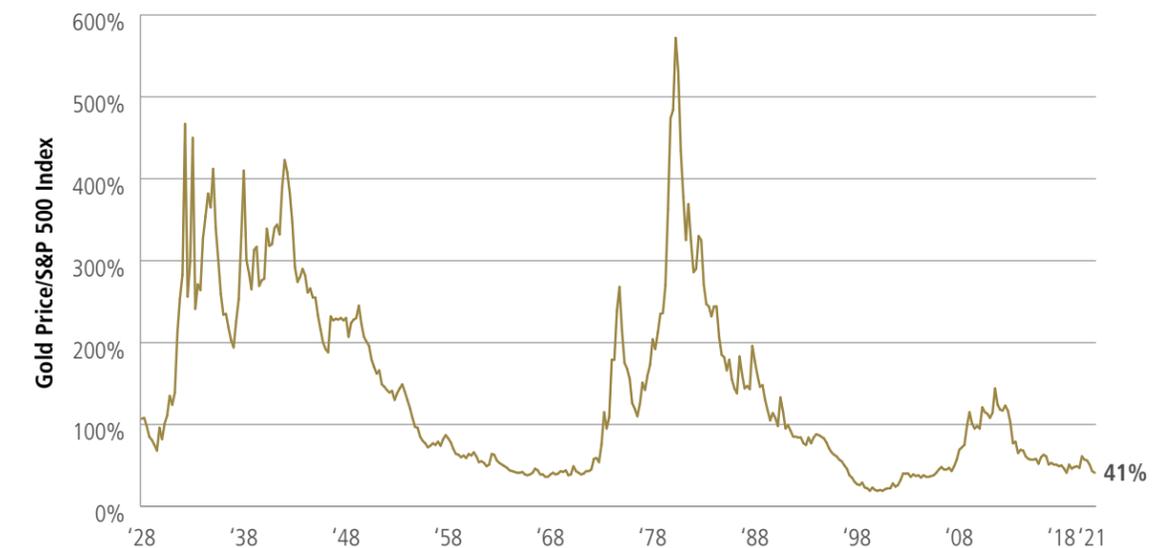
Crisis Period	Year	S&P 500 TR Index	U.S. Treasuries	Gold Bullion
COVID-19 Pandemic	2020	18.40%	8.00%	25.12%
Fed Hike/U.S. China Trade War	2018	-19.34%	2.45%	5.14%
China Yuan Devaluation	2015	-11.85%	3.50%	11.54%
U.S. Sovereign Debt Downgrade	2011	-12.27%	3.64%	7.86%
Eurozone Crisis/Flash Crash	2010	-14.53%	4.47%	5.44%
Global Financial Crisis	2008	-54.46%	15.80%	25.61%
Average Return		-15.68%	6.31%	13.45%

*Source: World Gold Council's 2021 Central Bank Gold Reserves Survey.

Data as of 12/31/2020. Source: Sprott Asset Management. Dates used: ¹COVID-19 Pandemic: 12/31/2019-12/31/2020; Fed Rate Hike & China Trade War: 9/20/2018-12/24/2018; China Worries: 8/18/2015-2/11/2016; U.S. Sovereign Debt Downgrade: 7/25/2011-8/9/2011; Eurozone Crisis: 4/20/2010-7/1/2010; Global Financial Crisis: 10/11/2007-3/6/2009. S&P 500 TR Index is measured by the SPXTR; Treasuries are measured by Bloomberg Barclays US Treasury Total Return Unhedged USD (LUATTRUU); and Gold Bullion is measured by the Bloomberg GOLDS Comdty Spot Price.

9 Gold is undervalued versus stocks.

In a world of high stock valuations and low bond yields, gold may be one of the only undervalued asset classes. At just 41% currently, the ratio of the gold price to U.S. stock prices is near record lows.



Source: Bloomberg as of 6/30/2021. Gold price represents the Gold Spot Price measured by GOLDS Comdty. S&P 500 represents the closing price of the S&P 500 measured by SPX Index.

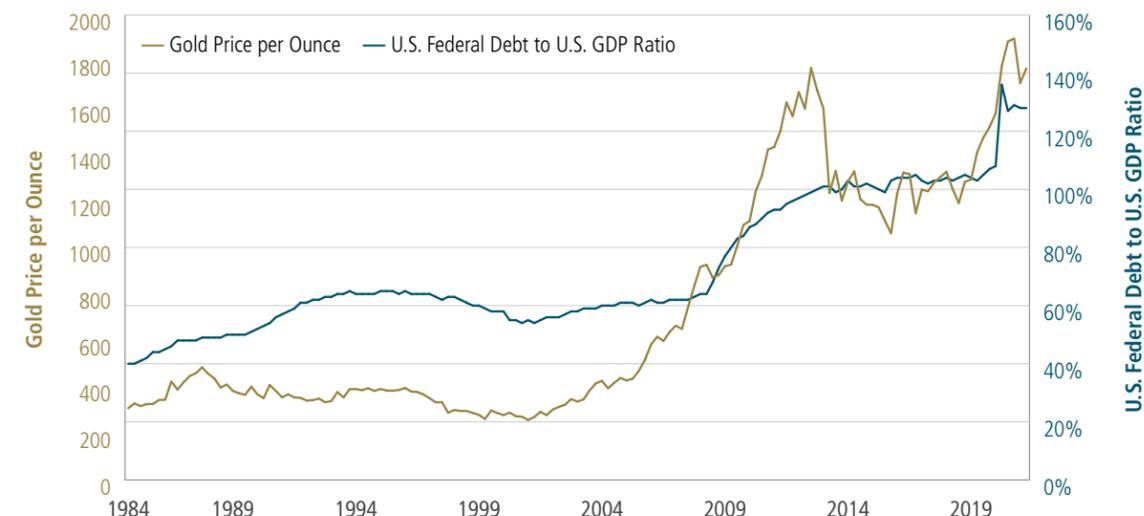
"Whether it's more Quantitative Easing or Modern Monetary Theory, it's going to require a substantial amount of money printing that's not going to be good for the value of the U.S. dollar. That's probably best expressed by being long gold." – Stephanie Pomboy

← 22-51
WALL ST

The average lifespan of a fiat currency is about 35 years, with hyperinflation being the most common precursor before collapse or reform.

10 Gold has appreciated alongside exploding government debts.

Gold has historically appreciated as U.S. Federal Debt levels have risen. U.S. Federal Debt is now 28% greater than the size of the entire U.S. economy (as measured by U.S. Gross Domestic Product or "GDP"). During disruptive periods like the COVID-19 crisis, the U.S. government tends to issue massive debt to help stimulate the economy. While this may help support economic recovery in the near-term, the U.S., along with many other countries, has accumulated debt at a faster pace than its economy has grown. The crushing global debt burden is likely to weaken major fiat currencies (like the U.S. dollar) and gold can help protect investor wealth.



Source: Bloomberg as of 6/30/2021. Gold price represents the Gold Spot Price measured by GOLDS Comdty. U.S. Federal Debt to U.S. GDP Ratio represents the total U.S. Federal debt divided by total U.S. Nominal GDP, measured by FDTGATPD Index.

"Implementing an outright or supplemental position to gold reduces risk without diminishing long-term expected returns. In particular, strategic allocations ranging from 2-10% can significantly improve and protect the performance of an investment portfolio, while providing the exposure desired by the commodities investment itself."

– The World Gold Council 2021



Resting on Manhattan bedrock, the Federal Reserve Bank of New York's gold vault contains the largest known monetary-gold reserve in the world (~6,200 short tons in 2019).

Ways to Invest in Gold

Investors have a number of options for gaining exposure to gold and other precious metals – bars and coins, ETFs, closed-end funds, precious metals certificates and digital precious metals. Bars and coins provide direct bullion ownership, but can be costly and inconvenient to buy and sell. Certificates are more convenient to hold but do not guarantee exchange for bullion and carry counterparty risk. ETFs are liquid and cost effective but do not offer beneficial bullion ownership and cannot be redeemed for metal.

We believe that closed-end funds with physical redemption features, such as the Sprott Physical Bullion Trusts offer a great way to gain exposure to precious metals. They have the liquidity, convenience and cost efficiency of exchange-traded funds along with a number of compelling advantages which include the ability to redeem for physical metal*, the potential for more favorable tax treatment for U.S. investors** and lower counterparty risk by not storing the metals with a non-corporate U.S. bullion bank.

Sprott Physical Bullion Trusts



Sprott Physical Gold and Silver Trust



Sprott Physical Gold Trust



Sprott Physical Silver Trust



Sprott Physical Platinum and Palladium Trust

Fully Allocated Precious Metals
Redeemable for Metals*
Trustworthy Storage

Potential Tax Advantages**
Easy to Buy, Sell & Own
A Liquid Investment

* Subject to certain minimums.

** For more information, please see "Tax Considerations-U.S. Federal Income Tax Considerations" in the Prospectus and always consult your tax accountant regarding your particular situation.

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