



JANUARY 2024

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.

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 total 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 2023, 1/100 oz of gold can buy 10.2 loaves of bread while US\$1 can buy just one-half a loaf of bread.

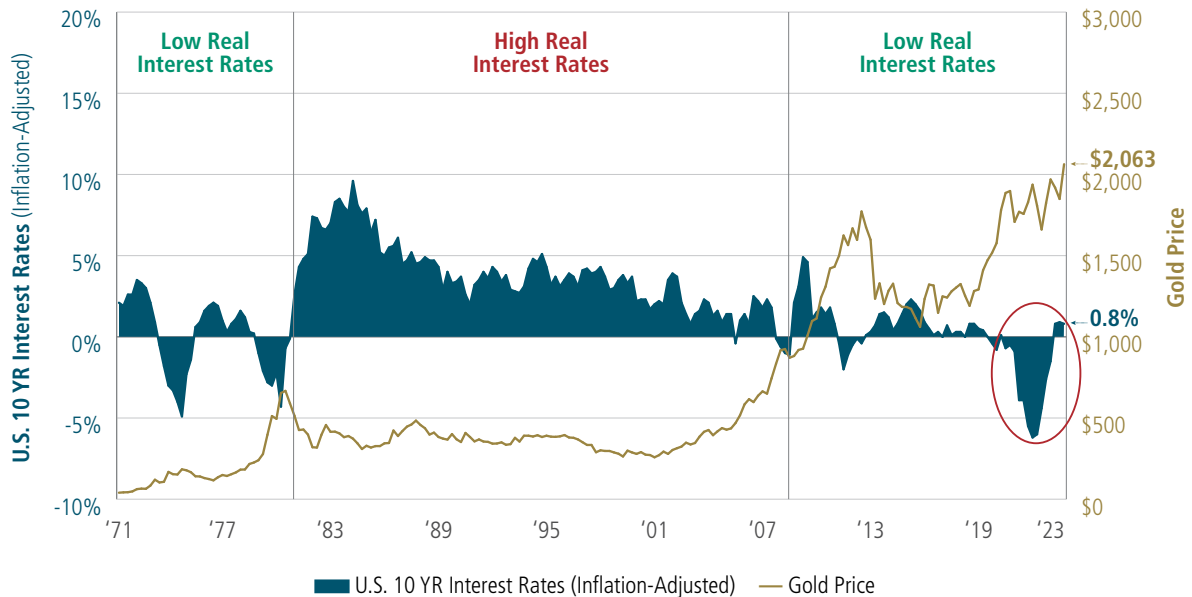


US\$1



3 Gold may be a good investment option when *real* interest rates are low.

During periods when interest rates adjusted for inflation are low (*real interest rates*), gold has historically performed well. Today, the price of everyday goods and services in the U.S. economy is increasing quickly, leaving traditional savers with potentially less purchasing power.



Source: Sprott Asset Management, Bloomberg. Data as of 12/31/2023. 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.

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

– Jim Grant

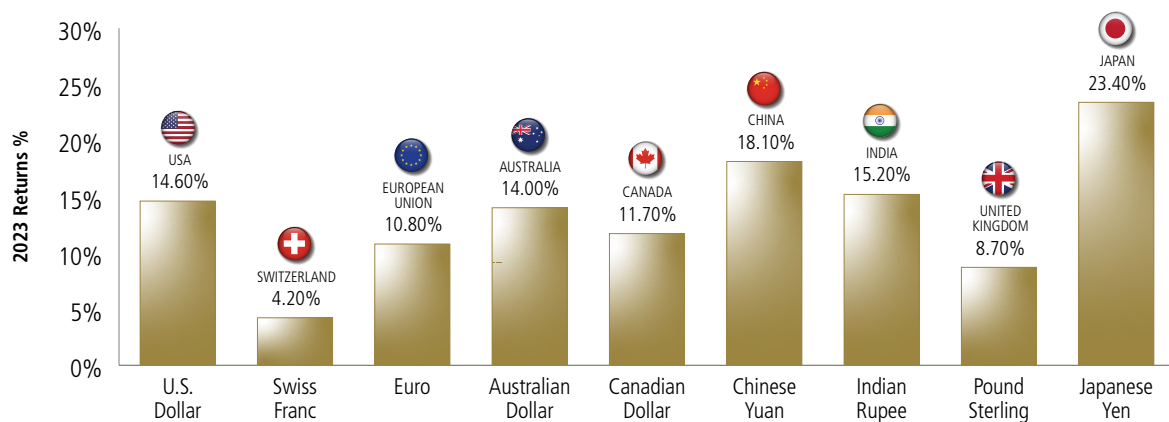
Most western currencies were backed by gold until U.S. President Nixon ended the gold standard in 1971.

4 The power of gold versus currencies.

Since the gold standard was abandoned in 1971, gold has performed as a universal reserve asset that central banks, investors and private individuals return to, especially in times of crisis. In 2023, the gold spot price rose 13.10% for the 12-month period and posted strong gains against other currencies as shown here. The year was characterized by rising interest rates as central banks attempted to combat inflation that was markedly higher than government targets, which undermined confidence in government reserve currencies. We believe gold will continue to gain acceptance as a reserve currency in many countries and will establish itself as an anchor of confidence and purchasing power.

Visualizing Gold Return Across Currencies, in 2023

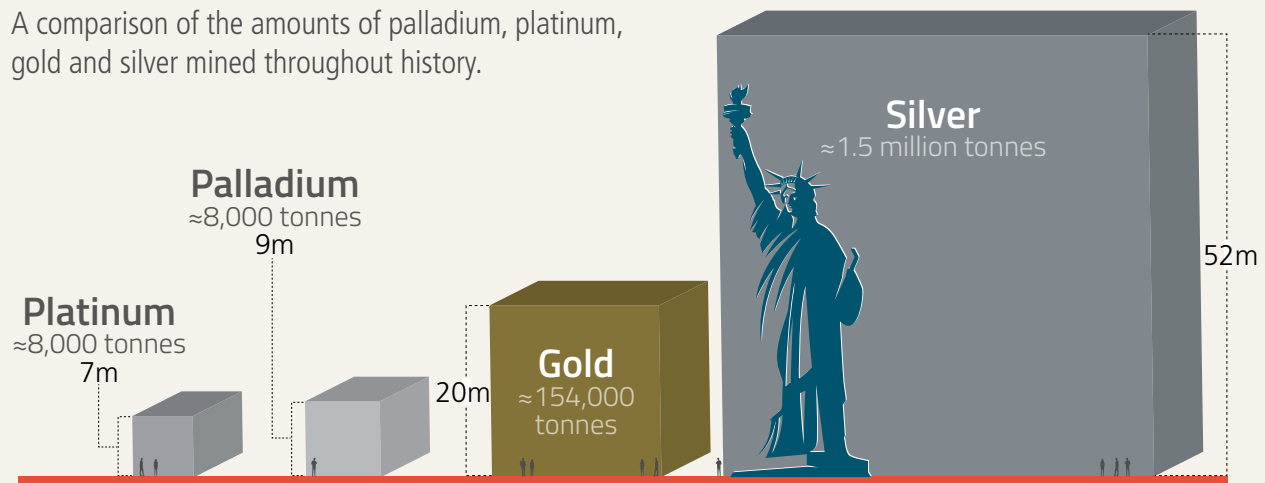
Gold posted significant gains against other currencies.



Source: Bloomberg. ICE Benchmark Administration. World Gold Council. Data as of 12/31/2023. Based on the LBMA Gold Price PM in local currencies.

How Much Gold Has Been Mined?

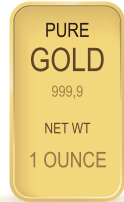
A comparison of the amounts of palladium, platinum, gold and silver mined throughout history.



Source: World Platinum Institute; World Gold Council; Visual Capitalist; Sprott Inc. 12/31/2023. Note: "m" refers to meters. For instance, approximately 154,000 tonnes of gold would fit inside a cube 20 meters in length, width and height. This diagram is for illustration purposes only.

5 Gold is a physical asset that cannot be hacked, erased or degraded.

Gold has served as a store of value and medium of exchange for millennia due to its fixed supply, broad adoption and safe haven-like characteristics. Fiat currencies, such as the U.S. dollar, are also widely used as a medium of exchange but can be printed at the will of governments. Rising money supply and inflation can mean that over the long run, fiat currencies may lose relative purchasing power.



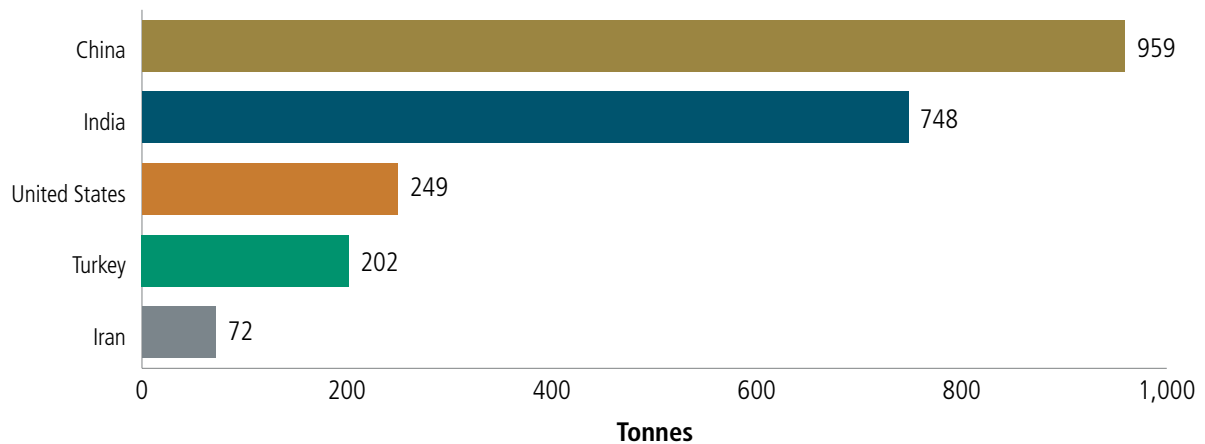
"We expect the confluence of central bank policies, Treasury liquidity impairment, inflationary pressures and geopolitical factors to have positive effects on gold prices in 2024." – Paul Wong

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

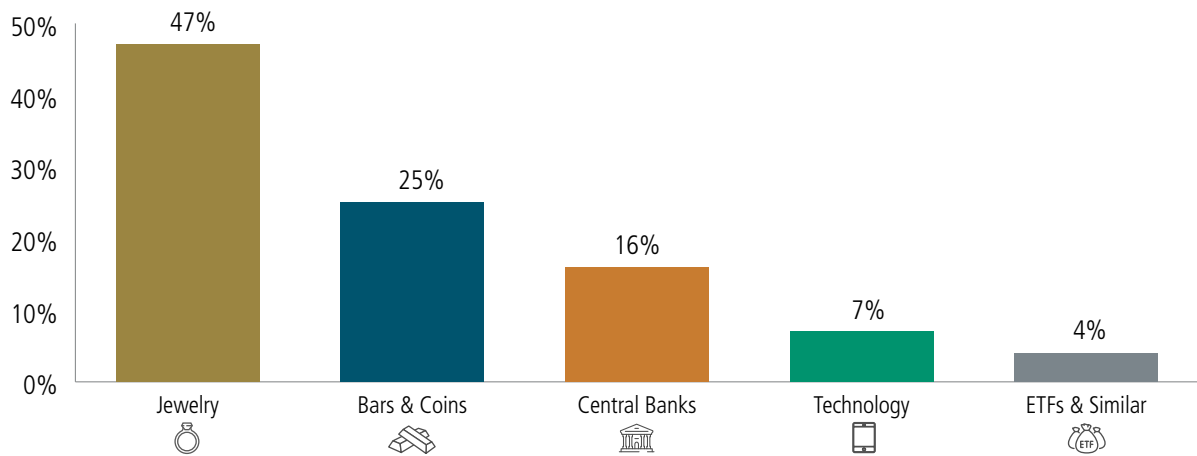
6 Gold demand may increase alongside growing middle classes in Asia.

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 may increase as demographic trends point to growing middle classes and wealth in eastern countries while western economies age.

Top Five Gold-Consuming Countries in 2023



How Gold Is Used (2019-2023)



Source: World Gold Council. As of 12/31/2023.

Note: "Top Five Gold Consuming Countries" reflects only consumer demand, which is the sum of jewelry consumption and total bar and coin investment occurring within a country; i.e., the amount (in fine weight) of gold purchased directly by individuals. "How is Gold Used" reflects the five-year averages over calendar years 2019-2023.

At 1,037 tons purchased, 2023 represented the second straight year central banks added more than 1,000 tons to total reserves. 2022 marks the highest record in decades, with central banks purchasing 1,136 tons of gold worth ~\$70 billion.

Source: The World Gold Council.



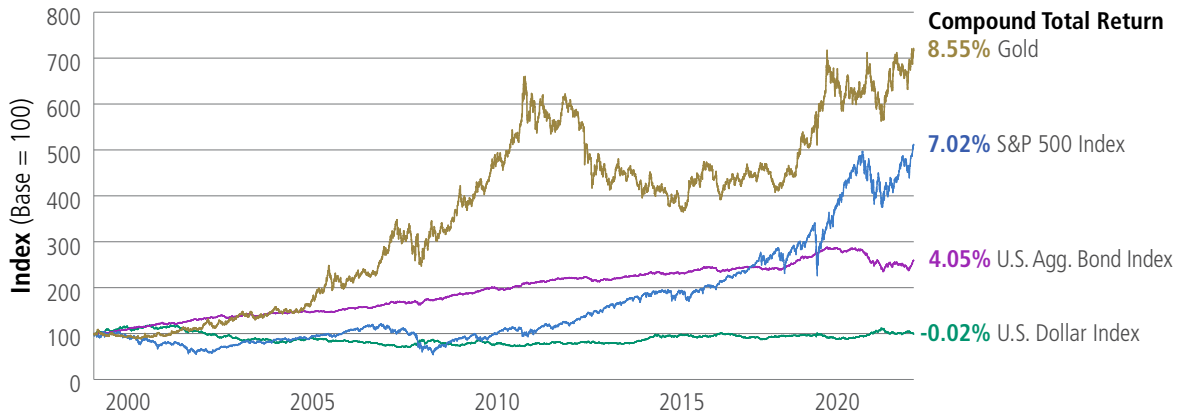
A close-up photograph of a hand holding a gold medal. The hand is positioned in the upper left, with fingers wrapped around the medal's ribbon. The medal is circular and has a textured, gold-colored surface. The ribbon is blue with red, white, and yellow stripes. The background is a soft, out-of-focus light blue and white gradient.

"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.

7 Gold has outperformed other asset classes.

Gold has outperformed major asset classes over the past 23 years, historically enhancing returns and increasing diversification.

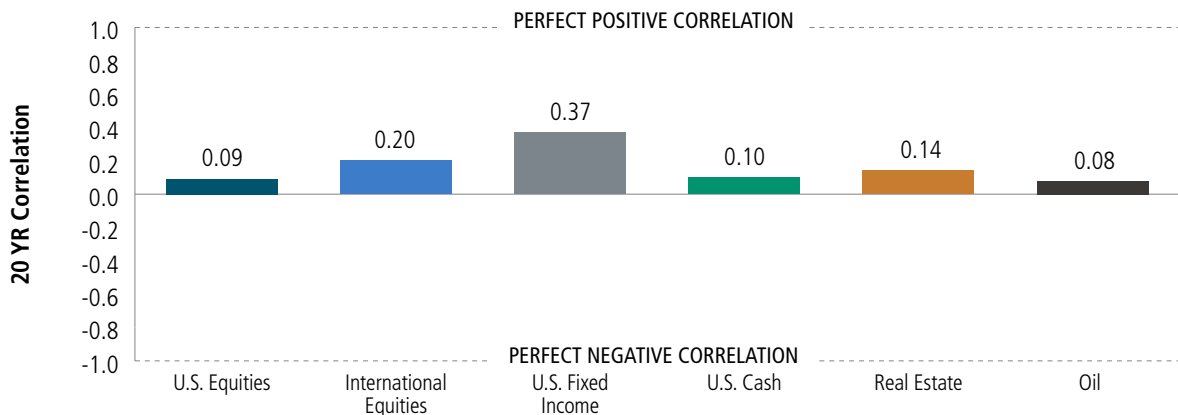


Source: Sprott Asset Management, Bloomberg. Period from 12/31/1999-12/31/2023. Gold is measured by GOLDS Comdty Spot Price; S&P 500 TR is measured by the SPX; US Agg Bond Index is measured by the Bloomberg Barclays US Agg Total Return Value Unhedged USD (LBUSTRUU Index); and the U.S. Dollar is measured by DXY Currency. You cannot invest directly in an index. **Past performance is not indicative of future results.**

8 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.

Gold's Correlation to Other Assets



*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 the number, the lower the correlation.

Source: Bloomberg. Period reflects the past 20 years: 12/31/2003 to 12/31/2023. 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.

A large, ornate golden Buddha statue is the central focus of the image. The statue is seated in a meditative posture, with its hands resting on its lap. It has a serene expression and is adorned with a tall, pointed crown. The background features a patterned wall with a repeating diamond shape in green and gold, and ornate golden arches. The lighting is warm, highlighting the metallic sheen of the statue.

"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 ~\$400 million (gold price of \$2,000 per ounce).

9 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. Most recently, gold outperformed stocks and bonds in 2022, which was marked by the Russia-Ukraine War, and gold outperformed during the height of the COVID-19 pandemic crisis.¹ 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	Years	S&P 500 TR Index	U.S. Treasuries	Gold Bullion
Russia-Ukraine War to Israel-Hamas War	2022-2023	14.69%	-5.78%	8.36%
COVID-19 Pandemic	2019-2020	18.40%	8.00%	25.12%
Fed Hike/U.S. China Trade War	2018	-19.34%	2.45%	5.14%
China Yuan Devaluation	2015-2016	-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	2007-2009	-54.46%	15.80%	25.61%
Average Return		-11.34%	4.58%	12.72%

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

The beginning and ending periods selected are our best estimate of the highest impact periods of each crisis and does not necessarily indicate the exact beginning or ending of the specific crisis event. This information is presented for illustrative purposes only. Data as of 12/31/2023. Source: Sprott Asset Management, Bloomberg. Dates used: Global Financial Crisis: 10/11/2007-3/6/2009; Eurozone Crisis: 4/20/2010-7/1/2010; U.S. Sovereign Debt Downgrade: 7/25/2011-8/9/2011; China Yuan Devaluation: 8/18/2015-2/11/2016; Fed Rate Hike & China Trade War: 9/20/2018-12/24/2018; COVID-19 Pandemic: 12/31/2019-12/31/2020; Russia-Ukraine War: 2/24/2022-12/31/2023; Israel-Hamas War: 10/7/2023-12/31/2023. S&P 500 TR Index is measured by the SPXTR; U.S. Treasuries are measured by Bloomberg Barclays US Treasury Total Return Unhedged USD (LUATTRUU); and Gold Bullion is measured by spot gold (Bloomberg GOLDS Comdty). You cannot invest directly in an index. **Past performance is not indicative of future results.** This table contains **hypothetical performance** results and certain inherent limitations. Unlike an actual performance record, hypothetical results do not represent actual trading. Since the trades have not been actually executed, the published results may have under- or over-compensated for the impact of certain market factors such as lack of liquidity and other market factors.

10 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 48% currently, the ratio of the gold price to U.S. stock prices is quite low.



Source: Sprott Asset Management, Bloomberg as of 12/31/2023. 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. You cannot invest directly in an index. **Past performance is not indicative of future results.**

"Implementing an outright or supplemental position to gold reduces risk without diminishing long-term expected returns."

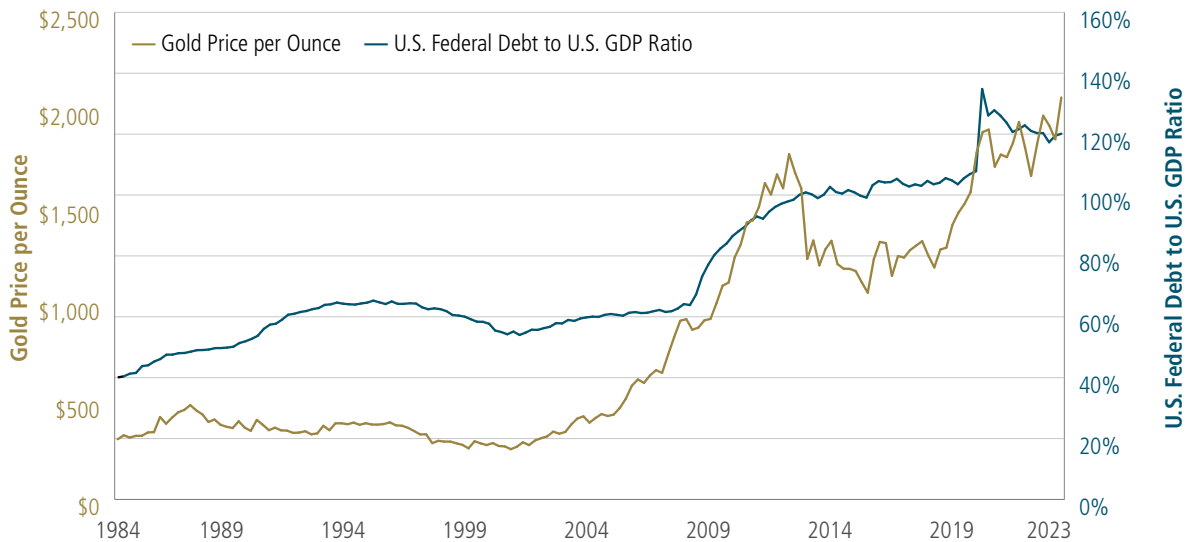
– The World Gold Council

← 22-51
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The average lifespan of a fiat currency is about 35 years, with hyperinflation being the most common precursor before collapse or reform.

11 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 20% 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 have helped 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: Sprott Asset Management, Bloomberg. Gold Price as of 12/31/2023. U.S. Federal Debt to U.S. GDP as of 9/30/2023, latest available data at time of publishing. 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. **Past performance is not indicative of future results.**

"I think the first big influence in my life was certainly my parents and my father who worked as a hoist driver in the North West Province [South Africa] in a gold mine and growing up I had many opportunities to spend some time with him, accompanying him to work I often talk about the smell of the place, a little bit of the ore coming out from underground and I think there is an energy that stayed with me in those visits that really interested me tremendously."

– Natascha Viljoen, Executive Vice President and Chief Operating Officer of Newmont Corporation



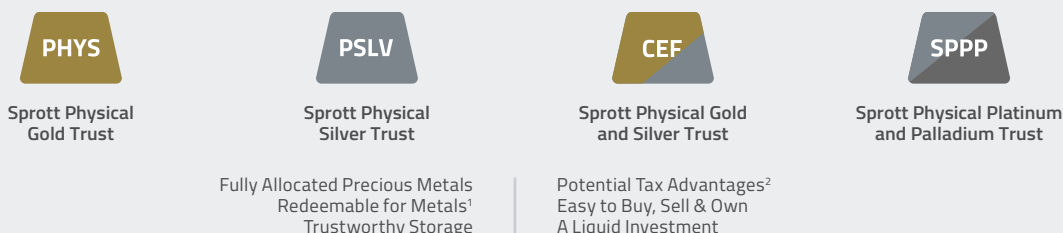


Resting on Manhattan bedrock, the Federal Reserve Bank of New York's gold vault contains the largest known monetary-gold reserve in the world (~6,200 short tons in 2019).

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. Sprott offers several physical bullion investment options. The Sprott Physical Bullion Trusts provide liquidity, convenience and cost efficiency of exchange-traded funds along with a number of compelling advantages, which include the ability to redeem for physical metal¹, the potential for more favorable tax treatment for U.S. investors² and lower counterparty risk by not storing the metals with a non-corporate U.S. bullion bank.

Sprott Physical Bullion Trusts



Listed on NYSE Arca³ and TSX.

¹ Subject to certain minimums.

² 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.

³ The Trusts are closed-end funds established under the laws of the Province of Ontario in Canada and are available to U.S. investors by way of listings on the NYSE Arca pursuant to the U.S. Securities Exchange Act of 1934. The Trusts are not registered as investment companies under the U.S. Investment Company Act of 1940.

The Sprott Physical Bullion Trusts are generally exposed to multiple risks that have been both identified and described in the Prospectus. Please refer to the Prospectus for a description of these risks. This material must be preceded or accompanied by a prospectus. For an additional copy of the prospectus please visit <https://sprott.com/investment-strategies/physical-bullion-trusts/>.

Precious metals investments are more volatile on a daily basis and have higher headline risk than other sectors as they tend to be more sensitive to economic data, political and regulatory events as well as underlying commodity prices. Precious metals investments have price fluctuations based on short-term dynamics partly driven by demand/supply and also by investment flows. Precious metals investments tend to react more sensitively to global events and economic data than other sectors.

Sprott Asset Management LP is the investment manager to the Sprott Physical Bullion Trusts (the "Trusts"). Important information about the Trusts, including the investment objectives and strategies, purchase options, applicable management fees, and expenses, is contained in the prospectus. Please read the prospectus carefully before investing. You will usually pay brokerage fees to your dealer if you purchase or sell units of the Trust on the Toronto Stock Exchange ("TSX") or the New York Stock Exchange ("NYSE"). If the units are purchased or sold on the TSX or the NYSE, investors may pay more than the current net asset value when buying units or shares of the Trust and may receive less than the current net asset value when selling them. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. This communication does not constitute an offer to sell or solicitation to purchase securities of the Trusts.

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