

As of May 31, 2018

The goal of the **Sprott Physical Silver Trust** (the “Trust”) is to provide a secure, convenient and exchange-traded investment alternative for investors who want to hold physical silver. The Trust offers a number of compelling advantages over traditional exchange-traded silver funds.

NYSE Arca: PSLV

TSX: PSLV.U

The Trust

The Sprott Physical Silver Trust (PSLV) is a closed-end trust that invests in unencumbered and fully-allocated London Good Delivery (“LGD”) silver bars.

Trust Details (as of May 31, 2018)

Assets Under Management:	\$931.0 Million
Issuer:	Sprott Physical Silver Trust
Fund Type:	Closed-End Trust
Management Fee:	45 bps of NAV per annum payable monthly
Units Outstanding:	150,536,856
Recent NAV:	\$6.18 USD
Total Ounces Held:	56,287,351

1. Storage in Canada

The Trust’s physical silver bullion is fully allocated and stored at a secure third party storage location in Canada. The physical silver bullion is subject to periodic inspection and audits.

2. Silver assets not held with a bank owned custodian

Unlike most traditional exchange-traded silver funds, the Trust holds its silver bullion assets in custody at a Federal Crown Corporation of the Government of Canada. There is no levered financial institution between the unitholders and the trust’s physical silver, and no risk of financial loss in the event of a bankruptcy or nationalization of the financial institution.

3. Potential Tax Advantage For Certain U.S. Investors

For U.S. non-corporate investors who hold units for one year or more and timely file a QEF form, gains realized on the sale of the Trust’s units are currently taxed at a capital gains rate of 15% (20% for married filers earning over \$450,000 and single filers earning over \$400,000 per year), versus 28% applied against most precious metals ETF’s and physical silver coins.

For more information, please see “Tax Considerations – U.S. Federal Income Tax Considerations – U.S. Federal Income Taxation of U.S. Holders” in the prospectus and always consult your tax accountant regarding your particular situation.

4. Ability to Redeem Units for Physical Silver Bullion

Unitholders who hold certain minimum dollar value equivalent have the ability to redeem their units for physical silver bullion on a monthly basis. Please see “Redemption of Units” in the prospectus for details.

The silver Custodian can deliver the bars almost anywhere in the world via an Armored Transportation Service Carrier. Physical redemptions will never dilute remaining unitholders. All physical redemptions are equal to 100% of the NAV of the redeemed units, less redemption and delivery expenses, including the handling of the notice of redemption and the applicable silver storage in-and-out fees.

5. Investment in Physical Silver Bullion Only

With the exception of cash held by the Trust to pay expenses and anticipated redemptions, the Trust exclusively invests in London Good Delivery physical silver bullion. At any given time, the Manager intends to hold 97% of the total net assets of the Trust in physical silver bullion in LGD bar form. The Trust does not invest in precious metals certificates or other financial instruments that represent silver or that may be exchanged for silver.

6. Fully Allocated Physical Silver Bullion – No Exceptions

The Trust’s silver bullion holdings are fully allocated. Unlike other bullion funds, the Trust does not have an unallocated account that is used to facilitate transfers of silver between financial institutions that act as authorized participants. Without exception, all of the silver bullion owned by the Trust is held in the Trust’s allocated accounts in physical silver bar form.

7. Potential to Trade at a Premium to Net Asset Value

Because of its unique features and favourable tax treatment, the Trust has the potential to trade at a premium to its net asset value. This offers investors a unique opportunity to profit from higher silver prices as well as any market price increases relative to the NAV. The Trust may also trade at a discount.

Reasons To Own Silver

Silver bullion may assist in protecting a portfolio from currency devaluation and inflation. Silver has been used throughout human history as a store of monetary value, and as such enjoys investment demand for its monetary utility. Silver's qualities also make it useful in a large number of industrial applications, thus making it one of the few monetary metals that also enjoys a commodity-driven demand profile.

Increasing Instability In The U.S. Dollar

The U.S. dollar is generally viewed as the world's reserve currency and thus anchors the world's monetary system. If you consider the U.S. federal government debt of \$18 trillion and continuing budget deficits, it would appear that this currency, along with other nations' currencies, may not be as stable as once believed. In addition, the implementation of zero interest rate policies and quantitative easing (i.e. unfettered money printing) has been adding to instability concerns.

Disproportionate Silver Investment in Relation To Gold

Recent silver purchases by investors have been disproportionately high in relation to silver's relative supply vs. that for gold. Silver coin sales from major dealers are nearly one for one with gold, despite there being more than 100 times the investable gold available in US dollar terms.

Significant Short Positions

The silver futures and options market have high "open interest" in contracts for silver, both long and short. The short positions may not have the physical inventory required to cover their contracts, which would result in significant buying demand if the "longs" demand physical delivery.

Limited Physical Supply

Despite over 42 billion ounces being mined throughout history, there is surprisingly little physical silver currently available for investment purposes. Much of the silver used in industrial applications is thrown out and never recycled. Based on the best industry estimates available, the current physical silver supply available for investment, in US dollars terms, is worth less than 1% of the equivalent value for investable gold. Expressed another way, for every \$1 available in physical gold bullion and coins, there is less than 1 cent available in investable silver. This supply discrepancy is not being reflected in the current silver price.

Limited Silver Backing of Paper Silver Products

Some investors have strong reservations about silver ETF's, silver pooled accounts and silver certificates where the silver is unallocated and thus not specifically accounted for.

Increasing Investment Demand For Physical Silver

We believe that investors are increasingly seeking silver as an alternative monetary asset. Silver's relative affordability in relation to gold make it the ideal portfolio diversifier for individual investors seeking precious metals exposure.

Silver's Fundamentals

Silver enjoys a fundamental supply/demand scenario unlike any other metal. It serves as both a commodity AND a monetary metal. Its utility as a store of value, coupled with its numerous industrial uses, make silver a compelling investment in the current economic environment. The current bull market in silver has the potential to be long-lasting as increasing numbers of investors seek to own it in physical form.

Sprott

The Trust is generally exposed to the following risks. See the prospectus of the Trust for a description of these risks: fluctuation in silver price, fund expense risk, cash redemption risk, market price impact due to purchases by the trust, risk of losing London good delivery status, secondary offering at below trading price, unpredictable trading price, future silver price may be lower, risk of asset sale to pay expenses, uninsured losses, invalid insurance claim, inadequate insurance held by service providers, currency risk for non-US unitholders, limited insurance recovery, losses relating to physical redemption, speculative investment, liquidity risk, limited recourse against bullion custodian, investment risk, redemption risk, bullion custodian risk, trust termination, premium/discount of trading price, suspension of redemption, competition from other silver buyers, sale of trust assets, regulatory status of the trust, reliance on the manager, obligation to reimburse certain liabilities, no management of the trust by unitholders, limited unitholder rights, investment in the trust by affiliates of the manager and the trust, changes in investment objective and restrictions, substantial redemption risk, currency risk, taxation risk, unitholder may be liable for the trust's obligations, unenforceable actions or judgments.

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