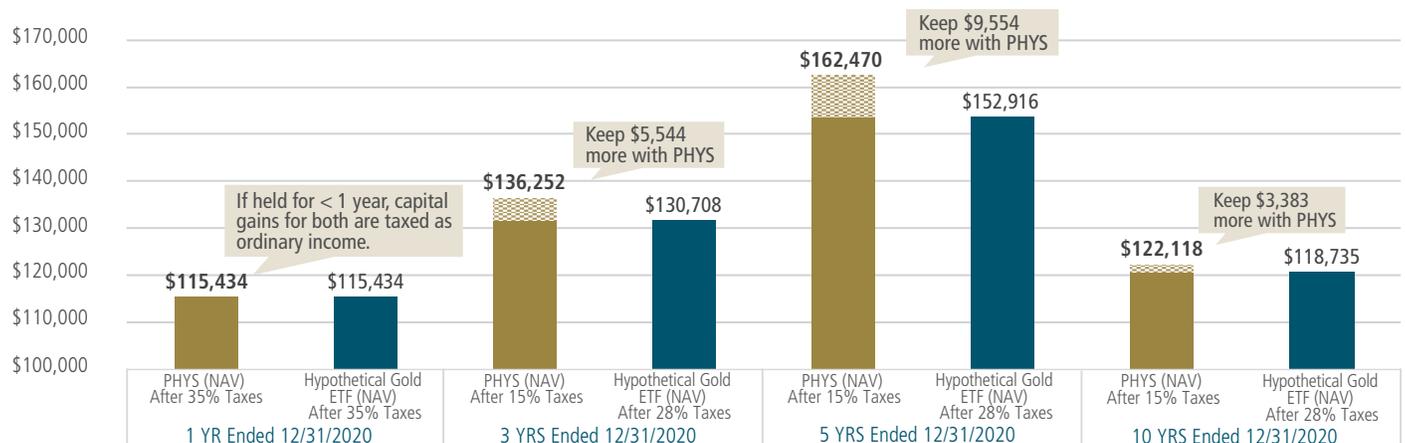


Sprott Physical Gold Trust (NYSE Arca: PHYS) lets you own physical gold in a convenient and secure way that has potentially favorable tax advantages for U.S. non-corporate investors, versus owning gold through ETFs or directly through coins or bullion.

U.S. Tax Treatment if Held Over 1 Year	Sprott Physical Gold Trust¹ 15% or 20%² Taxed at Long-Term Capital Gains Tax Rate	Coins, Gold ETFs, Coins, Bullion 28% Taxed at Collectibles Tax Rate
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The PHYS Tax Advantage for U.S. Investors

This bar chart compares the after-tax returns of hypothetical investments of \$100,000 in PHYS and a hypothetical gold ETF,³ for the 1-, 3-, 5- and 10-year periods ending 12/31/2020. For the PHYS example, we assume a **35% short-term capital gains tax rate⁴** for the 1 YR period and a **15% long-term capital gains tax rate** for periods longer than one year. For the Hypothetical Gold ETF, we apply the **35% short-term capital gains tax rate⁴** for the 1 YR period and the **28% collectibles tax rate** for periods longer than one year.



Precious Metals are Usually Taxed as Collectibles at 28%

The IRS considers precious metals to be collectibles like art, rare books and fine wine. Provided you hold it for more than 1 year, the capital gains tax on your net gain from selling a **collectible is 28%**. This level of tax is considerably higher than the tax rate on most net capital gains, which is an average of 15% for most taxpayers, according to the IRS.⁵ For U.S. investors who purchase and sell a collectible in less than one year, short-term capital gains will be treated as ordinary income and will be taxed 10% to 37% depending on income level.

PHYS Provides a Tax Advantage as a PFIC

Special U.S. federal income tax rules apply to holders of the Sprott Physical Gold Trust because it is classified as Passive Foreign Investment Corporation (PFIC) by the IRS. If a U.S. non-corporate holder makes a timely QEF election each year by filing IRS Form 8621 with their federal income tax return, it will generally mitigate the otherwise adverse U.S. federal income tax consequences of owning precious metals via coins, bullion or ETFs. Capital gains will be **taxed at either 15% or 20%** depending on the holder's tax situation.⁶ For U.S. investors who purchase and sell PHYS in less than one year, short-term capital gains will be treated as ordinary income and will be taxed 10% to 37% depending on income level.

¹ Requires the timely filing of IRS Form 8621 with your tax return.
² 15% long-term capital gains tax rate for single filers earning between \$40,000 to \$441,450 per year; 20% long-term capital gains tax rate for married filers earning over \$496,600 per year.
³ The performance of the "Hypothetical Gold ETF" is based on the historical performance of Sprott Physical Bullion Trust (PHYS) and treating it as an investment subject to the 28% collectibles tax.
⁴ For U.S. investors who purchase and sell PHYS in less than one year, short-term capital gains will be treated as ordinary income and will be taxed 10% to 37%, depending on income level. As an example, 35% applies to U.S. single filers earning between \$207,351 to \$518,400.
⁵ Source: How Are Collectibles Taxed? Investopedia.
⁶ 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.
⁷ For U.S. non-corporate investors only; requires the timely filing of IRS Form 8621; units must be held for at least one year.
⁸ Applicable only if the shares are held for more than one year; the tax rates for capital gains recognized upon the sale of assets held by an individual U.S. shareholder for one year or less are generally the same as those at which ordinary income is taxed.
⁹ As of 12/31/2020.

PHYS

Keep More of What You Earn

NYSE ARCA
PHYS

PHYS Offers Other Advantages

In addition to tax considerations, PHYS can offer several advantages when compared to other gold ETFs, including:

	PHYS	Hypothetical Gold ETF
Product & Tax Structure	Closed-End Exchange Listed Trust <ul style="list-style-type: none"> Trade at premium or discount to NAV (net asset value) Passive Foreign Investment Company (PFIC) 	Example: Open-Ended ETF such as Grantor Trust
Redemptions	Fully Redeemable for Physical Bullion	Example: Physical Redemption Restricted to Authorized Participant Institutions
Storage/Custody (Counter Party)	Gold Stored at Royal Canadian Mint <ul style="list-style-type: none"> Crown Corporation backed by the full faith of the Government of Canada, AA+ rated sovereign 	Example: Gold Stored in Commercial Bank Vaults such as HSBC or J.P.Morgan
Sub-Custodians (Counter Party)	N/A; the Mint shall not assign or transfer its obligations	Example: Commercial bank vaults can use sub-custodians for storage and other duties. These sub-custodians may themselves select sub-custodians to perform their duties, creating additional and unknown counterparty risks
Tax Treatment if Held > 1 Year	Taxed at Long-Term Capital Gains Tax Rate ⁷ <ul style="list-style-type: none"> 15% or 20% depending on holder's filing status 	Taxed at 28% Collectibles Tax Rate ⁸
Fees⁹	Total Annual Operating Expense Ratio of 0.45%	Example: Total Annual Operating Expense Ratios typically range between 0.25% to 0.40%

The "Keep More" Math Explained

As of December 31, 2020 in \$US	1 YR	3 YRS	5 YRS	10 YRS
Sprott Physical Gold Trust (PHYS): Based on NAV				
Original Investment	\$100,000	\$100,000	\$100,000	\$100,000
Investment Value at End of Period	\$123,744	\$142,649	\$173,494	\$126,021
Tax Payable %	Ordinary Income; ST Capital Gains Tax (35%)	Capital Gains Tax (LT 15%)	Capital Gains Tax (LT 15%)	Capital Gains Tax (LT 15%)
Tax Payable \$	\$8,311	\$6,397	\$11,024	\$3,903
Investment Value After Taxes	\$115,434	\$136,252	\$162,470	\$122,118
PHYS Before-Tax Return*	23.74%	12.57%	11.65%	2.34%
PHYS After-Tax Return*	15.43%	10.86%	10.19%	2.02%
Hypothetical Gold ETF³				
Original Investment	\$100,000	\$100,000	\$100,000	\$100,000
Investment Value at End of Period	\$123,744	\$142,649	\$173,494	\$126,021
Tax Payable %	Ordinary Income; ST Capital Gains Tax (35%)	Collectibles Tax 28%	Collectibles Tax 28%	Collectibles Tax 28%
Tax Payable \$	\$8,311	\$11,942	\$20,578	\$7,286
Investment Value After Taxes	\$115,434	\$130,708	\$152,916	\$118,735
Hypothetical Gold ETF Before-Tax Return*	23.74%	12.57%	11.65%	2.34%
Hypothetical Gold ETF After-Tax Return*	15.43%	9.34%	8.87%	1.73%

*Average annual total returns for the period.

The before-tax rates of return for PHYS are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any unitholder that would have reduced returns. The hypothetical examples, including percentages and amounts of taxes payable and after-tax rates of return, are shown for illustrative purposes only and not intended to reflect future investment returns. The tax treatment outlined herein applies to U.S. non-corporate investors and may not result in the same outcome for investors taxable in Canada or other jurisdictions. This information is not to be relied upon as investment or tax advice. Please consult a tax professional for advice before taking any action.

The Trust is generally exposed to the following risks. See the prospectus of the Trust for a description of these risks: fluctuation in gold price, fund expense risk, cash redemption risk, risk of losing London Good Delivery status, future gold 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-U.S. 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, regulatory risk, competition from other gold buyers, market risk, forced asset sales, regulatory status of the trust, official sector sale of gold, reliance on the manager, obligation to reimburse certain liabilities, no management of the trust by unitholders, limited unitholder rights, changes in investment objective and restrictions, substantial redemption risk, currency risk, taxation risks, unitholder may be liable for the trust's obligations, unenforceable actions or judgments.

Past performance is not an indication of future results. The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting or professional advice. Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action. Sprott Asset Management LP is the investment manager to the Sprott Physical Gold Trust (the "Trust"). Important information about the Trust, including the investment objectives and strategies, applicable management fees, and expenses, is contained in the prospectus. Please read the document carefully before investing. There are ongoing fees and expenses associated with owning units of a Trust. The Trust must prepare disclosure documents that contain key information about the Trust. You can find more detailed information about the Trust in these documents. Investment funds are not guaranteed, their values change frequently. This communication does not constitute an offer to sell or solicitation to purchase securities of the Trust. The information contained herein does not constitute an offer or solicitation to anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Sprott Asset Management LP. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell.