




JANUARY 2024

Reasons to Own Silver

Sprott

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"For yet another year and the third in a row now, silver demand massively exceeded supply in 2023. Industrial demand rose in 2023, posting another record high. This was mainly due to the structural gains from green economy applications, particularly in the photovoltaic (PV) sector."

– The Silver Institute, World Silver Survey 2024

Headdresses worn by the Akha women of Southeast Asia are spectacular, and their style defines the age or marital status of the wearer. Silver coins are often used to decorate this unique head gear.

Reasons to Own Silver

Silver has been used throughout the ages as a medium of exchange. Today, as governments continue to debase fiat currencies, silver's hard asset and store of value qualities should help protect investor wealth. Silver also has many industrial uses and is critical in manufacturing many of the technologies of tomorrow. This makes silver not just an attractive store of value, but one that stands to benefit alongside major technological shifts.

1 Silver is one of the world's oldest forms of currency.

Silver has been widely used as currency throughout history. Currency is a medium of exchange for goods and services, and historically it has represented physical money in the form of coins and paper. Silver's earliest known use in a currency was in the Mesopotamian Shekel nearly 5,000 years ago. Since then, silver has touched nearly every major civilization's currency.

2 Silver may be a great entry point for first-time precious metals investors.

Silver is often viewed as a suitable first option for investors looking to venture into the world of precious metals investing. Silver's lower relative price makes it a more accessible currency and savings vehicle for smaller transactions.

Silver, also known as "the people's money", is less expensive per ounce than other precious metals and shares many of the same desirable qualities. As shown in the table below, silver has traded at an average of \$19.18 per ounce over the past 10 years, far lower than the per ounce prices of gold, platinum or palladium.

Price per Ounce	Silver	Gold	Platinum	Palladium
10-YR Average	\$19.18	\$1,491.40	\$1,003.31	\$1,360.21
Current	\$23.80	\$2,062.98	\$991.90	\$1,100.24

Source: Bloomberg. Data is for the 10-YR period ended 12/31/2023. Prices reflect spot prices in USD. Silver measured by XAG Currency, Gold measured by GOLDS Comdty, Platinum measured by XPT Currency and Palladium measured by XPD Currency.

American Silver Eagle

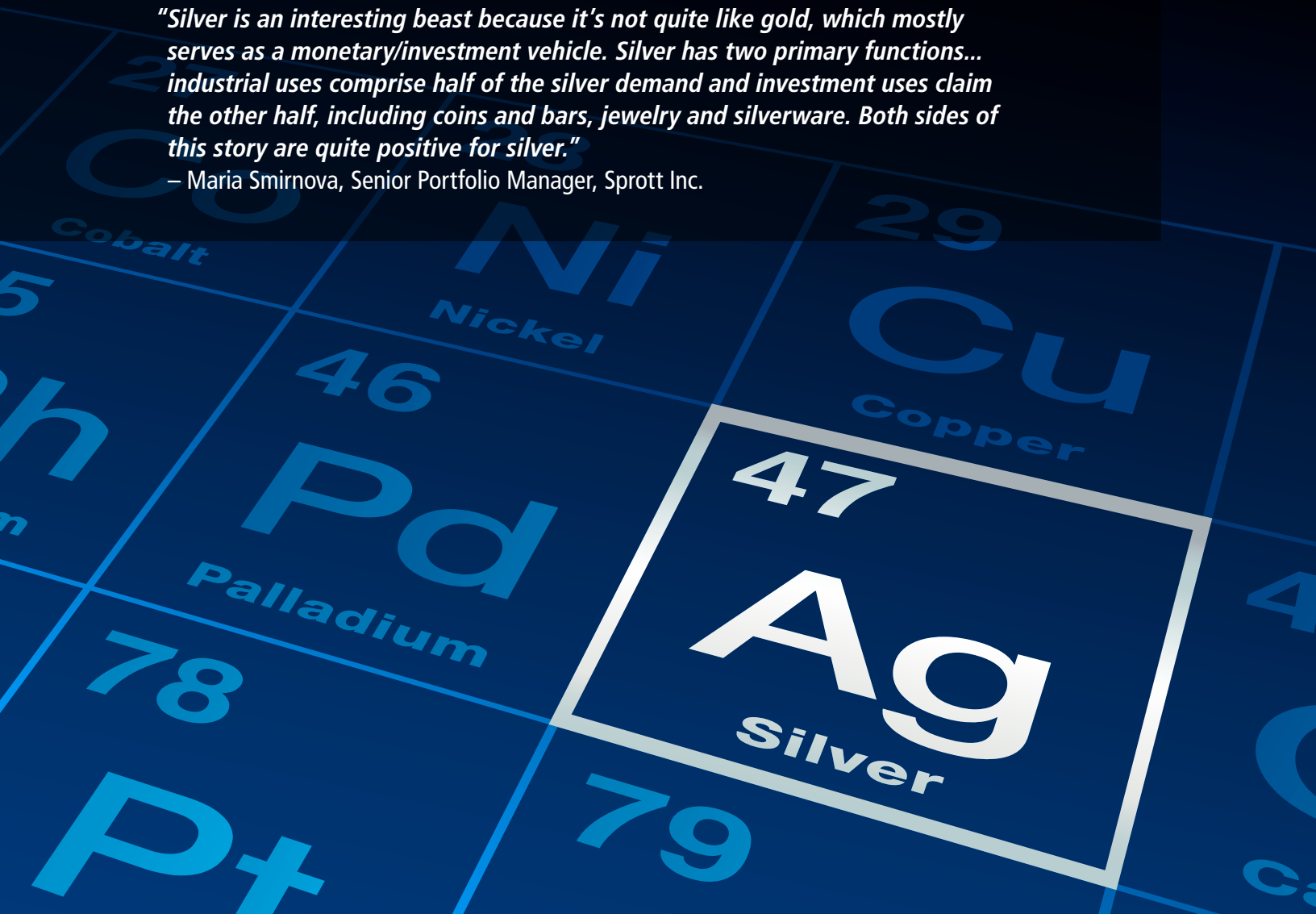


First issued in 1986, American Silver Eagle 1-ounce coins are the best-selling silver coin in the world.

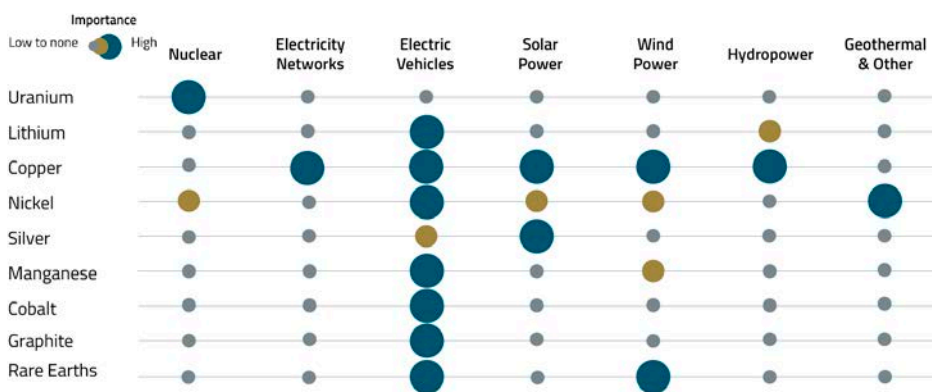
The American Silver Eagle is the official silver bullion coin of the United States of America. First released by the United States Mint on November 24, 1986. It is struck only in the one-troy ounce, which has a nominal face value of one dollar and is guaranteed to contain one troy ounce of 99.9% pure silver. Its content, weight and purity are certified by the United States Mint.

"Silver is an interesting beast because it's not quite like gold, which mostly serves as a monetary/investment vehicle. Silver has two primary functions... industrial uses comprise half of the silver demand and investment uses claim the other half, including coins and bars, jewelry and silverware. Both sides of this story are quite positive for silver."

— Maria Smirnova, Senior Portfolio Manager, Sprott Inc.



Silver is a Critical Mineral for the Global Energy Transition



Source: Critical raw materials for strategic technologies and sectors in the EU, A foresight study, European Commission, March 9, 2020; The role of critical minerals in clean energy transitions, IEA, May 2021; McKinsey analysis.



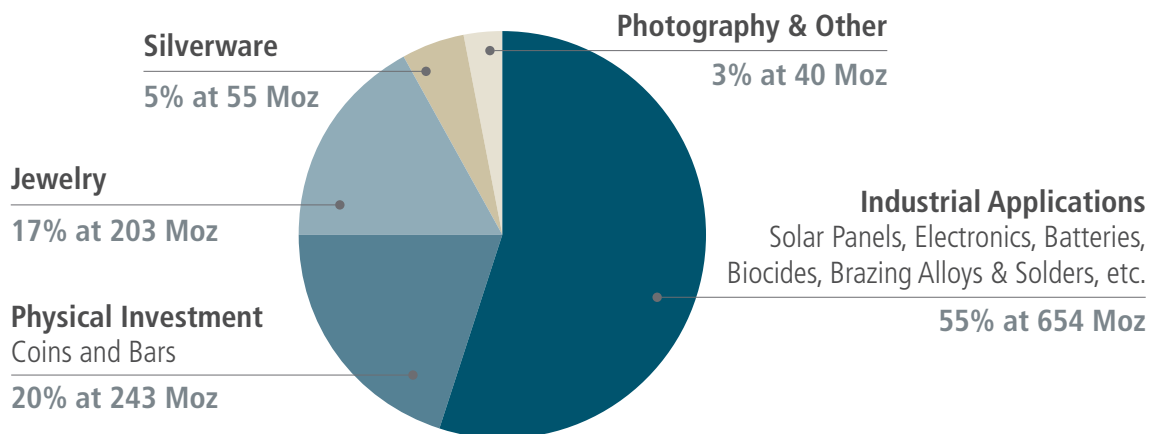
3 Industrial applications garner the most silver demand.

Silver (Ag) is a white metallic element that is resistant to corrosion, moisture and alkalis, and it is basically indestructible on a molecular level. Silver is moldable and malleable as well, making it ideal to create a variety of goods. Silver is the second most used commodity on earth, lagging behind only oil.*

In 2023, industrial silver demand reached a new record high of 654 million ounces (Moz), driven largely by structural gains in clean energy technologies, particularly in the photovoltaic sector; industrial applications totaled 55% of demand. By comparison, coins and bars for investment, jewelry, silverware and photography combined account for 45% of demand. The white metal's unique properties make it nearly impossible to substitute and its uses span a wide range of applications. For example, silver is used in many industrial applications, from electrical switches and solar panels to chemical-producing catalysts, and is critical in new innovations helping to build a clean-energy future. Silver is a highly useful commodity with a steady demand stream.

*Source: SD Bullion.

Industrial Uses Dominate Silver Demand




Source: Metals Focus, Silver Institute. Data as of 12/31/2023. The Silver Institute: World Silver Survey 2024. Included for illustrative purposes only.

An Industrial Metal



Silver is second only to oil as the most widely used commodity and has more than 10,000 uses due to its unique characteristics, including:

- Most reflective of all the metals
- Good conductor of heat and electricity
- Strongly resists corrosion and oxidation
- Second most malleable and tactile next to gold
- Antibacterial and antimicrobial properties



"The continued growth of electricity demand, renewable energy aspirations and falling costs all point to rising solar power penetration in the foreseeable future, with some projections of silver demand growing 85% to ~185 million ounces in 10 years."

– BMO Capital Markets

Silver Attributes



What makes silver useful in electric vehicles?

Silver makes electric vehicles (EVs) more efficient. In an electric vehicle, silver is used to establish lightweight but strong electrical connections between the batteries and other car components. This helps EVs maximize battery capacity and reduce weight, which helps vehicles to achieve greater mileage.



Why is silver used in solar panels?

Silver helps solar panels maximize efficiency. Within a photovoltaic cell, silver paste is used to capture the electrons produced from sunlight striking cells. Being such a strong conductor of electricity, silver is the most effective metal for this job.

4 Silver plays an integral role in technology, especially innovations critical to fostering a more environmentally-friendly future.

	Silver's Role	Current	Future
Electric Vehicles	Battery electric vehicles use between 25 and 50 grams of silver per vehicle. Note: 28 grams is equal to 1 ounce; 35,274 ounces is equal to 1 metric ton (tonne).	The number of electric cars on the road today worldwide is roughly 40 million, with more than 14 million added in 2023 alone. China is, by far, the largest EV market accounting for 8.4 million units in 2023, or 59% of global EV sales. Source: https://www.ev-volumes.com/ .	Electric vehicle car sales are expected to reach 350 million by the year 2030. It is estimated that there will be 875 million electric passenger vehicles and 90 million electric commercial vehicles on the roads by 2050.
Solar Panels	The average solar panel uses 20 grams of silver.	Solar panels continue to experience exponential efficiency improvements, garnering growing adoption.	The U.S. solar industry predicts installations of solar panels will quadruple by 2030.
Cell Phones	The average cell phone contains 0.34 grams of silver.	Worldwide smartphone mobile network subscriptions reached nearly 8.9 billion by the end of 2023. Source: https://www.statista.com/statistics/262950/global-mobile-subscriptions-since-1993 .	It is estimated that by 2025, smartphone mobile network subscriptions will exceed 7.5 billion. Source: https://www.statista.com/statistics/218984/number-of-global-mobile-users-since-2010/ .
Medicine	While silver has been used for over six millennia to prevent microbial infections, silver is playing a growing role in the medical field.	Silver is being placed within artificial bones, ointments, bandages, breathing tubes, surgical equipment and even in everyday items within healthcare facilities such as door knobs and furniture. Silver has also shown promising effectiveness in combating antibiotic-resistant bacteria, such as MRSA (Methicillin-resistant Staphylococcus aureus).	Rapidly growing populations in third-world countries coupled with aging populations in the west present a need for increasing and more effective medical technology. Silver may play a critical role in combating against the pathogens of tomorrow where antibiotics and existing technologies may fall short.

Sources: Wood MacKenzie, Statista, BBC, the Silver Institute & IEA. Note: 28 grams is equal to 1 ounce; 35,274 ounces is equal to 1 metric ton (tonne).



What makes silver useful in electronics?

Silver is the most conductive metal in existence and is highly ductile. Just one ounce of silver, is capable of stretching into a wire 1.5 miles long and while being able to conduct large amounts of electricity. These qualities are highly useful in technology, especially those which are small and compact, such as cell phones and wearable technology.



Why is silver useful in the medical field?

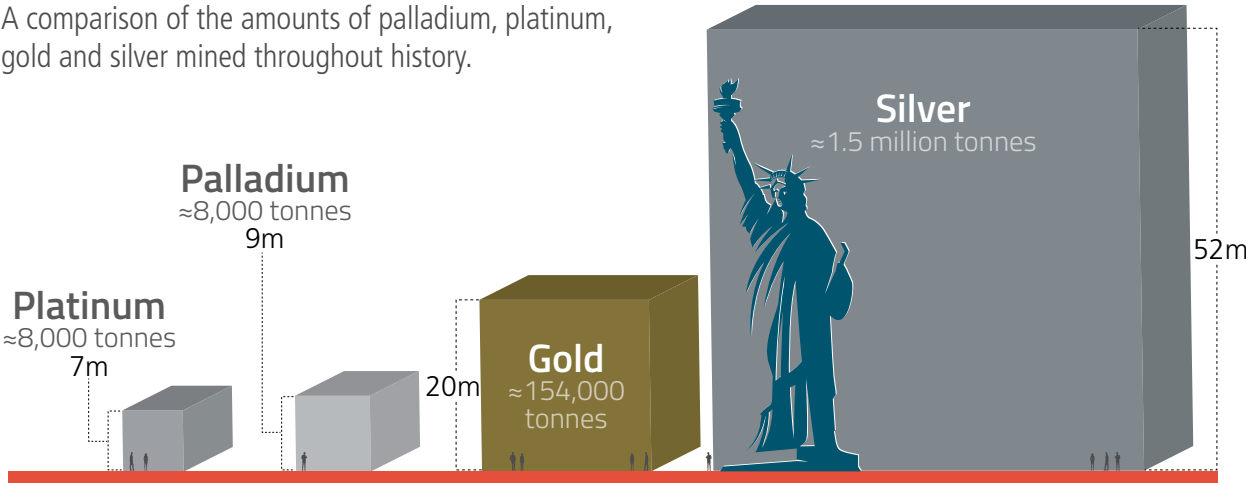
Silver is antibacterial, antiviral and antifungal, and can destroy more than 650 different pathogens. Silver ions can penetrate and destroy bacterial and viral cell walls without injuring human cells. This makes silver highly effective in a number of medical applications.

"Silver plays a critical role in all energy transition discussions."
– Maria Smirnova, Senior Portfolio Manager, Sprott Inc.



How Much Silver Has Been Mined?

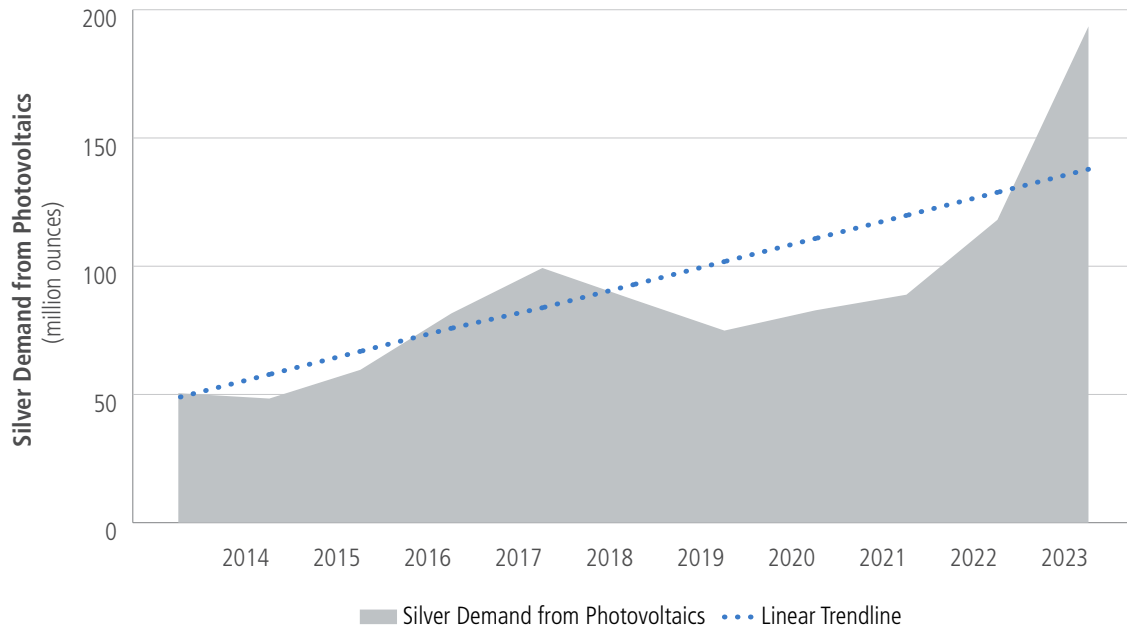
A comparison of the amounts of palladium, platinum, gold and silver mined throughout history.



Source: World Platinum Institute; World Gold Council; Visual Capitalist; Sprott Inc. Note: "m" refers to meters. For instance, approximately 1.5 million tonnes of silver would fit inside a cube 52 meters in length, width and height. This diagram is for illustration purposes only.

5 Silver demand is growing with renewables taking a greater share.

Industrial demand for silver continues to grow. Silver demand from photovoltaics, the technology for light conversion to electricity within solar panels, has grown at a rate of 16% per annum since 2014. As a percent of total silver demand worldwide, demand from photovoltaics alone was 16% in 2023 compared to just 5% in 2014.



Source: The Silver Institute: World Silver Survey 2024. Data as of 12/31/2023.

6 Silver is a physical asset which cannot be hacked, erased or inflated away.

Silver 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.

Critical Minerals Across Three Functions: Generation, Transmission, Storage

GENERATION

Uranium
Silver
Rare Earths



TRANSMISSION

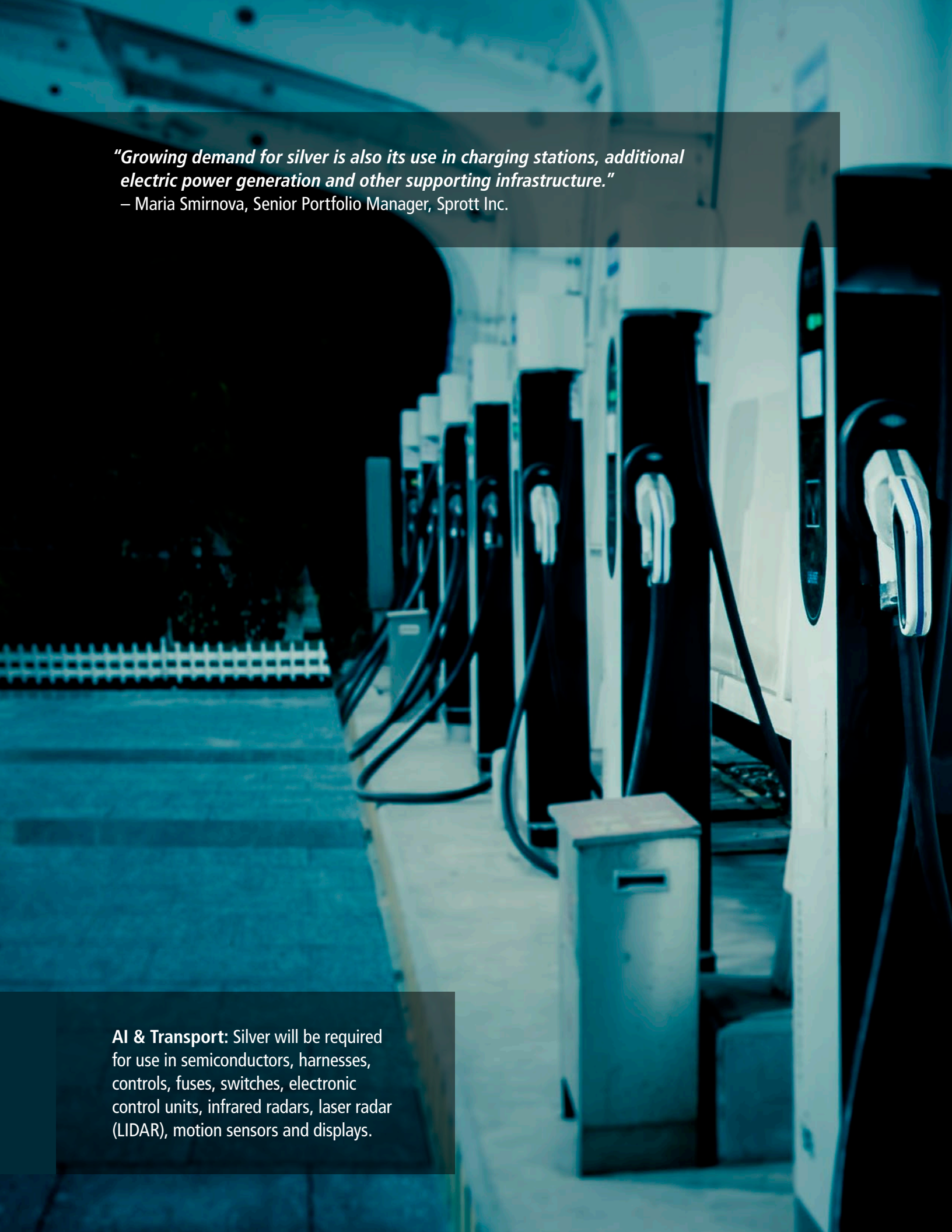
Copper



STORAGE

Lithium
Nickel
Manganese
Cobalt
Graphite





"Growing demand for silver is also its use in charging stations, additional electric power generation and other supporting infrastructure."

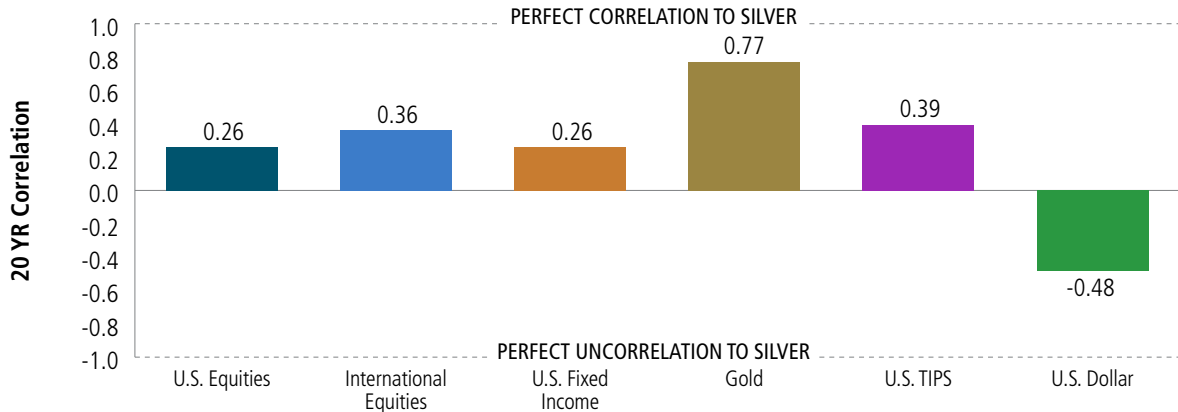
– Maria Smirnova, Senior Portfolio Manager, Sprott Inc.

AI & Transport: Silver will be required for use in semiconductors, harnesses, controls, fuses, switches, electronic control units, infrared radars, laser radar (LIDAR), motion sensors and displays.

7 Silver has a low correlation to other asset classes.

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 silver is driven by different factors than many major assets, leading to a low correlation.* In other words, silver's performance moves independently and may help serve as a return diversifier within a broader multi-asset portfolio.

Silver's Correlation to Other Assets

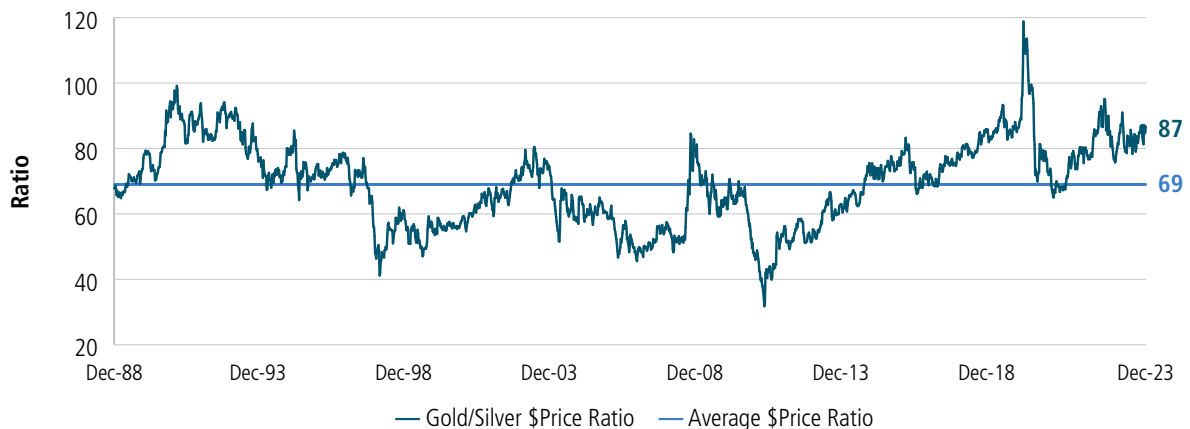


*A correlation of 1.00 indicates perfect correlation. Numbers below 1 indicate that the asset class is not fully correlated and will not move in tandem with silver. The lower the number, the lower the correlation.


Source: Bloomberg. Period reflects the past 20 years: 12/31/2003 to 12/31/2023. Silver is measured by the XAG Currency Index; U.S. Equities are measured by the S&P 500 Index (SPX); International Equities are measured by the MSCI EAFE (MXEA Index); U.S. Fixed Income is measured by the LBUSTRUU Index; Gold is measured by the GOLDS Comdty, U.S. TIPS are measured by the LBUTTRUU Index; and the U.S. Dollar is measured by the DXY Currency.

8 Silver is inexpensive relative to gold.

The gold/silver ratio has been a long used method to determine the relative value between gold and silver. Because gold and silver share many of the same investment qualities, investors either tend to hold both or use them interchangeably. Currently, gold is trading at a premium to silver and is well-above the long-term average, which tends to be around 69 — which means that gold generally trades at 69 times the cost of silver. This gives silver a compelling value relative to gold.



Source: Sprott Asset Management LP, Bloomberg. Data as of 12/31/2023. The gold-silver ratio is an expression of the price relationship between gold and silver, and indicates the number of ounces of silver it takes to equal the value of one ounce of gold.



"Two generations are meeting. Traditional silver stackers, who have been accumulating silver bullion for decades, are getting together with young millennials."

– J Rotbart & Co.

Did You Know? Silver iodide has been used to make clouds produce rain in an attempt to control hurricanes.

9 Silver has been attracting new investors.

A common perception is that precious metals investors tend to be conservative, looking to preserve accumulated wealth and hedge against certain market risks. While silver also has these investors, it has recently garnered a unique and much different type of investor. In 2020, the phrase #silversqueeze hit the press as retail investors from Reddit and Twitter piled into the metal in an attempt to push up prices. We believe the #silversqueeze community may be the proverbial “silver bugs” of the younger generation.

Silver Prices Past 50 Years (1973-2023)



Source: Bloomberg as of 12/31/2023. Silver price measured by XAG Curncy, monthly data.

10 Silver may be a strong complement to gold.

There have been times throughout history where precious metals have performed well, namely during periods of fiat currency debasement, excessive money printing and inflation. For those investors with a strong conviction, adding silver alongside gold may help boost returns. Over precious metals bull markets, silver has produced 2.1x the returns of gold, on average.

Precious Metals Rallies	Time Period	Silver Performance	Gold Performance	Silver/Gold Performance
Russia-Ukraine War	2023 (Year)	30.09%	14.71%	2.0x
Post-COVID Reflation	2020-2022	143.13%	40.26%	3.6x
2019 Monetary Easing	2018-2019	39.99%	43.12%	0.9x
GFC and Era of Quantitative Easing	2007-2012	440.74%	166.79%	2.6x
Pre-GFC Commodity Boom	2001-2008	412.68%	292.45%	1.4x
1970s Inflationary Era	1974-1980	1,418.73%	721.26%	2.0x
Average		414.23%	213.10%	2.1x

Source Bloomberg. Data as of 12/31/2023. Silver reflects Silver Spot Price (XAG CURRENCY). Gold reflects Gold Spot Price (GOLDS COMDTY). Measures the percent change between silver and gold's respective lows and highs during each period.

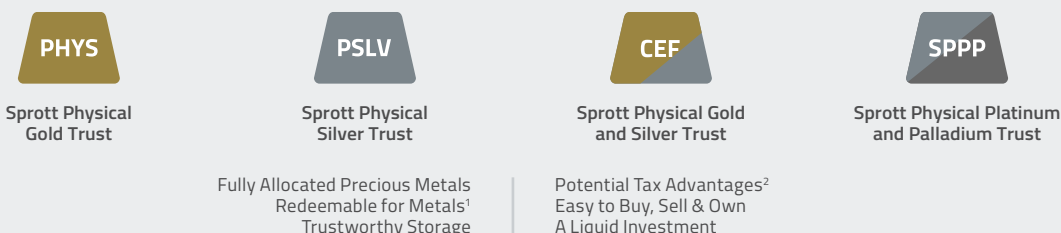


Silver can occur naturally in its pure, native form in the right conditions. In this image, untarnished native silver is seen along with calcite and quartz minerals in a hydrothermal ore system.

Ways to Invest in Silver

Investors have a number of options for gaining exposure to silver 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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Sprott Asset Management LP does not offer tax advice.

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