Sprott | Key Information Document ("KID")
Sprott Physical Gold Trust

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product:	Sprott Physical Gold Trust
Issuer Name:	Sprott Asset Management LP (the "Manager")
Trustee:	RBC Investor & Treasury Services
Custodian:	The Royal Canadian Mint
ISIN:	CA85207H1047
Website:	sprottphysicalbullion.com
Telephone Number:	+1.888.622.1813
Regulator:	Ontario Securities Commission

This document is dated January 31, 2021.

Caution: You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

The Sprott Physical Gold Trust (the "Trust") is a closed-end mutual fund trust established under the laws of the Province of Ontario, Canada. Each trust unit represents an equal, fractional, undivided ownership interest in the net assets of the Trust attributable to the particular class of trust units. The Trust was created to invest and hold substantially all of its assets in physical gold bullion. The Trust is listed on the New York Stock Exchange Arca (the "NYSE Arca") under the symbol "PHYS" and on the Toronto Stock Exchange (the "TSX") under the symbol "PHYS.U" (in U.S. dollars) and "PHYS" (in Canadian dollars).

Objectives

The Trust was created to invest and hold substantially all of its assets in physical gold bullion. The Trust seeks to provide a secure, convenient and exchange-traded investment alternative for investors interested in holding physical gold bullion without the inconvenience that is typical of a direct investment in physical gold bullion. The Trust invests primarily in long-term holdings of unencumbered, fully allocated, physical gold bullion and will not speculate with regard to short-term changes in gold prices. The Trust has only purchased and expects only to own "London Good Delivery" bars as defined by the London Bullion Market Association (the "LBMA"), with each bar purchased being verified against the LBMA source. The Trust does not anticipate making regular cash distributions to unitholders.

The return on your investment is directly related to the price of gold, less costs (see the "What are the costs?" section). The price of gold fluctuates daily and may be driven by various factors such as industrial use, political and economic situations, natural disasters and use as an investment commodity. There are a number of other factors that may affect your return, which are considered under "What are the risks and what could I get in return?" and "How long should I hold it and can I take my money out early?"

Intended retail investor

This product is intended for retail investors who are looking for exposure to physical metals in a liquid format, and are able to bear the potential risk of loss of capital up to the amount invested in the Trust.

Insurance benefits

The Trust does not offer any insurance benefits.

Term

The Trust does not have a fixed termination date but will be terminated if:

- there are no trust units outstanding;
- the Trustee resigns or is removed and no successor trustee is appointed;
- the Manager resigns and no successor manager is appointed and approved by unitholders;
- the Manager is in material default of its obligations under the Trust Agreement and such default continues for 120 days from the date that the Manager receives notice of such default from the Trustee and no successor manager has been appointed by the unitholders of the Trust pursuant to the Trust Agreement; or
- the Manager experiences certain insolvency events.

In addition, the Manager may, in its discretion, terminate the Trust without unitholder approval by giving the Trustee and each current holder of trust units at least 90 days' notice. To the extent such termination in the discretion of the Manager may involve a matter that would be a "conflict of interest matter" as set forth under applicable Canadian securities legislation, the matter will be referred by the Manager to the Independent Review Committee established by the Manager for its recommendation.

In connection with the termination of the Trust, the Trust will, to the extent possible, convert its assets to cash and, after paying or making adequate provision for all of the Trust's liabilities, distribute any available net assets of the Trust to unitholders, on a pro rata basis, as soon as practicable after the termination date.

What are the risks and what could I get in return?



The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified the risk of this product as 4 out of 7, which is a medium risk class. This classification rates the potential losses from future performance at a medium level, and poor market conditions could affect the value of your investment.

Be aware of currency risk. The currency of the Trust may be different from that of your country. As you may receive payments in a different currency, your final return may depend on the exchange rate between these two currencies. This risk is not considered in the indicator shown above.

This product does not include any protection from future market performance so you could lose some or all of your investment.

The insolvency of third parties providing services to the Trust – including, for example, the Custodian – may give rise to a risk of financial loss.

If the Trust is not able to pay you what is owed, you could lose your entire investment.

Performance scenarios

Investment USD $10,000				
Scenarios		**1 year**	**3 years**	**5 Years** *(Recommended holding period)*
Stress	What you might get back after costs	USD $3,947	USD $5,325	USD $4,335
	Average return each year	-60.53%	-18.95%	-15.40%
Unfavourable	What you might get back after costs	USD $9,171	USD $9,759	USD $10,833
	Average return each year	-8.29%	-0.81%	1.61%
Moderate	What you might get back after costs	USD $11,045	USD $13,462	USD $16,409
	Average return each year	10.45%	10.42%	10.41%
Favourable	What you might get back after costs	USD $13,283	USD $18,545	USD $24,820
	Average return each year	32.82%	22.86%	19.94%

This table shows the money you could get back over 5 years, assuming that you invest USD $10,000.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios are an estimate of future performance based on evidence from the past, and are not an exact indicator. Your return will vary depending on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Trust is unable to pay you. The figures shown above include all costs of the product itself but they do not include the costs you may pay to your broker, financial advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if the Sprott Physical Gold Trust is unable to payout?

The underlying precious metal of the Trust is held in safekeeping by the Trust's Custodian, the Royal Canadian Mint, and/or any sub-custodians appointed by the Custodian. In the event of the insolvency of the Manager or Trustee, the Trust's underlying metal held by the Custodian will be not be affected.

In the event of the insolvency of the Custodian or sub-custodian, the underlying metal should be protected from such insolvency provided that it is held in an allocated account that is held separately and distinctly from the assets of the Custodian, any sub-custodian and any other clients. As such, provided that the underlying metal has been held separately and distinctly from the assets of the Custodian or sub-custodian as described above the underlying metal should not be affected by such events.

In accordance with the conditions outlined in the Prospectus and with the prior approval of the Canadian Securities Authorities, the Manager may temporarily suspend redemption rights. The suspension shall terminate on the first business day on which the condition(s) giving rise to such suspension has ceased to exist or when the Manager has determined that such condition(s) no longer exists. In the event of either a suspension of redemption rights or termination of such suspension, the Manager shall issue a press release.

Compensation will not be available under any applicable investor compensation or guarantee scheme in the event of insolvency of the Manager, the Trustee, the Custodian and/or any sub-custodian.

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest USD $10,000. The figures are estimates and may change in the future.

Please note that advisors, distributors or any other person advising on, or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and the impact that all costs will have on your investment over time.

Costs Over Time			
Investment USD $10,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total costs	USD $45	USD $135	USD $230
Impact on return (RIY) per year	0.45%	0.45%	0.46%

Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

Composition of Costs			
This table shows the impact on return per year			
One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of your exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.00%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0.45%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	None	Performance fees are not charged by the Fund.
	Carried interests	None	The impact of carried interests.

How long should I hold it and can I take my money out early?

Recommended holding period: 5 years

Whilst the recommended holding period is for 5 years, any investment decisions should be considered against your specific investment needs and risk appetite. The recommended holding period is an estimate and must not be taken as a guarantee or indication of future performance, returns or risk levels. Sprott Asset Management has not considered the suitability of this product for your personal needs and circumstances. If you are in any doubt about the suitability of this product for your needs, you should seek appropriate professional advice. You are able to sell the trust units on the NYSE ARCA or TSX through a broker.

If you cash-in before the recommended holding period, you may receive less than expected (see the "What are the costs?" section above) and it may affect the risk profile of this product (see the "What are the risks and what could I get in return?" section).

How can I complain?

In the event that you are not entirely satisfied by the level of service you have received in respect of this product and you wish to complain, you may do so by contacting Sprott Asset Management directly:

Postal address: **ATTN:** Chief Compliance Officer, Sprott Asset Management
Royal Bank South Tower, 200 Bay Street, Suite 2600
Toronto, ON, M5J 2J1, Canada

Email: SAMCompliance@sprott.com

Sprott Asset Management will handle your complaint and provide you with feedback as soon as reasonably possible.

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