

SPDR GOLD TRUST  
Form 10-Q  
May 02, 2018  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
for the quarterly period ended March 31, 2018**

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 001-32356**

**SPDR® GOLD TRUST**  
**SPONSORED BY WORLD GOLD TRUST SERVICES, LLC**  
**(Exact Name of Registrant as Specified in Its Charter)**

**New York**  
**(State or Other Jurisdiction of**  
**Incorporation or Organization)**

**81-6124035**  
**(I.R.S. Employer**  
**Identification No.)**

**c/o World Gold Trust Services, LLC**

**685 Third Ave. 27<sup>th</sup> Floor**

**New York, New York 10017**

**(Address of Principal Executive Offices)**

**(212) 317-3800**

**(Registrant's Telephone Number, Including Area Code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 1, 2018, the Registrant had 293,900,000 Shares outstanding.



Table of Contents**SPDR® GOLD TRUST****INDEX**

	<b>Page</b>
<b><u>PART I - FINANCIAL INFORMATION</u></b>	<b>1</b>
Item 1. <u>Financial Statements (unaudited)</u>	1
<u>Statements of Financial Condition at March 31, 2018 (unaudited) and September 30, 2017</u>	1
<u>Schedules of Investment at March 31, 2018 (unaudited) and September 30, 2017</u>	2
<u>Unaudited Statements of Operations for the three and six months ended March 31, 2018 and 2017</u>	3
<u>Unaudited Statements of Cash Flows for the three and six months ended March 31, 2018 and 2017</u>	4
<u>Statements of Changes in Net Assets for the six months ended March 31, 2018 (unaudited) and year ended September 30, 2017</u>	5
<u>Notes to the Unaudited Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	15
Item 4. <u>Controls and Procedures</u>	15
<b><u>PART II - OTHER INFORMATION</u></b>	<b>16</b>
Item 1. <u>Legal Proceedings</u>	16
Item 1A. <u>Risk Factors</u>	16
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	16
Item 3. <u>Defaults Upon Senior Securities</u>	17
Item 4. <u>Mine Safety Disclosures</u>	17
Item 5. <u>Other Information</u>	17
Item 6. <u>Exhibits</u>	17
<b><u>SIGNATURES</u></b>	<b>19</b>

Table of Contents**SPDR® GOLD TRUST****PART I FINANCIAL INFORMATION:****Item 1. Financial Statements (Unaudited)  
Statements of Financial Condition**

at March 31, 2018 (unaudited) and September 30, 2017

(Amounts in 000 s of US\$ except for share data)	Mar-31, 2018 (unaudited)	Sep-30, 2017
<b>ASSETS</b>		
Investment in Gold, at fair value (cost \$34,157,979 and \$34,720,945 at March 31, 2018 and September 30, 2017, respectively)	\$ 36,013,428	\$ 35,669,225
<b>Total Assets</b>	<b>\$ 36,013,428</b>	<b>\$ 35,669,225</b>
<b>LIABILITIES</b>		
Accounts payable to Sponsor	\$ 12,156	\$ 11,720
<b>Total Liabilities</b>	<b>12,156</b>	<b>11,720</b>
<b>Net Assets</b>	<b>\$ 36,001,272</b>	<b>\$ 35,657,505</b>
Shares issued and outstanding <sup>(1)</sup>	286,800,000	292,500,000
Net asset value per Share	\$ 125.53	\$ 121.91

(1) Authorized share capital is unlimited and the par value of the Shares is \$0.00.  
See notes to the unaudited financial statements.

**Table of Contents****SPDR® GOLD TRUST****Schedules of Investment**

(Amounts in 000 s except for percentages)

March 31, 2018

(unaudited)

	<b>Ounces of gold</b>	<b>Cost</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
Investment in Gold	27,203.6	\$ 34,157,979	\$ 36,013,428	100.03%
Total Investments		\$ 34,157,979	\$ 36,013,428	100.03%
Liabilities in excess of other assets			(12,156)	(0.03)%
Net Assets			\$ 36,001,272	100.00%

September 30, 2017

Investment in Gold	27,799.3	\$ 34,720,945	\$ 35,669,225	100.03%
Total Investments		\$ 34,720,945	\$ 35,669,225	100.03%
Liabilities in excess of other assets			(11,720)	(0.03)%
Net Assets			\$ 35,657,505	100.00%

*See notes to the unaudited financial statements.*

**Table of Contents****SPDR® GOLD TRUST****Unaudited Statements of Operations**

For the three and six months ended March 31, 2018 and 2017

(Amounts in 000 s of US\$, except per share data)	Three Months Ended Mar-31, 2018 (unaudited)	Three Months Ended Mar-31, 2017 (unaudited)	Six Months Ended Mar-31, 2018 (unaudited)	Six Months Ended Mar-31, 2017 (unaudited)
<b>EXPENSES</b>				
Sponsor fees	\$ 35,233	\$ 31,847	\$ 70,221	\$ 67,765
Total expenses	35,233	31,847	70,221	67,765
Net investment loss	(35,233)	(31,847)	(70,221)	(67,765)
<b>Net realized and change in unrealized gain/(loss) on investment in gold</b>				
Net realized gain/(loss) from investment in gold sold to pay expenses	1,918	(898)	2,508	(830)
Net realized gain/(loss) from gold distributed for the redemption of shares	148,686	(71,852)	187,077	(277,748)
Net change in unrealized appreciation/(depreciation) on investment in gold	591,410	2,317,536	907,169	(2,362,015)
Net realized and change in unrealized gain/(loss) on investment in gold	742,014	2,244,786	1,096,754	(2,640,593)
<b>Net income/(loss)</b>	<b>\$ 706,781</b>	<b>\$ 2,212,939</b>	<b>\$ 1,026,533</b>	<b>\$ (2,708,358)</b>
Net income/(loss) per share	\$ 2.49	\$ 7.95	\$ 3.60	\$ (9.27)
Weighted average number of shares (in 000 s)	283,379	278,457	284,909	292,177

*See notes to the unaudited financial statements.*

**Table of Contents****SPDR® GOLD TRUST****Unaudited Statements of Cash Flows**

For the three and six months ended March 31, 2018 and 2017

(Amounts in 000 s of US\$)	Three Months Ended Mar-31, 2018 (unaudited)	Three Months Ended Mar-31, 2017 (unaudited)	Six Months Ended Mar-31, 2018 (unaudited)	Six Months Ended Mar-31, 2017 (unaudited)
<b>INCREASE/DECREASE IN CASH FROM OPERATIONS:</b>				
Proceeds received from sales of gold	\$ 34,694	\$ 31,250	\$ 69,784	\$ 69,735
Expenses paid	(34,694)	(31,250)	(69,784)	(69,735)

Increase/(Decrease) in cash resulting from operations

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period	\$	\$	\$	\$
--	----	----	----	----

**SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:**

<i>Value of gold received for creation of shares net of gold receivable</i>	\$ 2,908,789	\$ 3,106,702	\$ 4,003,820	\$ 4,705,042
---	--------------	--------------	--------------	--------------

<i>Value of gold distributed for redemption of shares net of gold payable</i>	\$ 2,512,680	\$ 2,643,951	\$ 4,686,586	\$ 8,992,170
---	--------------	--------------	--------------	--------------

(Amounts in 000 s of US\$)	Three Months Ended Mar-31, 2018 (unaudited)	Three Months Ended Mar-31, 2017 (unaudited)	Six Months Ended Mar-31, 2018 (unaudited)	Six Months Ended Mar-31, 2017 (unaudited)
<b>RECONCILIATION OF NET INCOME/(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Net income/(loss)	\$ 706,781	\$ 2,212,939	\$ 1,026,533	\$ (2,708,358)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities				
Proceeds from sales of gold to pay expenses	34,694	31,250	69,784	69,735
Net realized (gain)/loss from investment in gold sold to pay expenses	(1,918)	898	(2,508)	830



Edgar Filing: SPDR GOLD TRUST - Form 10-Q

Net realized (gain)/loss from gold distributed for the redemption of shares	(148,686)	71,852	(187,077)	277,748
Net change in unrealized (appreciation)/depreciation on investment in gold	(591,410)	(2,317,536)	(907,169)	2,362,015
Increase/(Decrease) in accounts payable to Sponsor	539	597	437	(1,970)
Net cash provided by operating activities	\$	\$	\$	\$

*See notes to the unaudited financial statements.*

**Table of Contents****SPDR® GOLD TRUST****Statements of Changes in Net Assets**

For the six months ended March 31, 2018 (unaudited) and year ended September 30, 2017

(Amounts in 000 s of US\$)	<b>Six Months Ended Mar-31, 2018 (unaudited)</b>	<b>Year Ended Sep-30, 2017</b>
Net Assets - Opening Balance	\$ 35,657,505	\$ 40,293,447
Creations	4,003,820	11,161,181
Redemptions	(4,686,586)	(13,903,151)
Net investment loss	(70,221)	(136,084)
Net realized gain/(loss) from investment in gold sold to pay expenses	2,508	252
Net realized gain/(loss) from gold distributed for the redemption of shares	187,077	(222,162)
Net change in unrealized appreciation/(depreciation) on investment in gold	907,169	(1,535,978)
Net Assets - Closing Balance	\$ 36,001,272	\$ 35,657,505

*See notes to the unaudited financial statements.*

**Table of Contents**

**SPDR® GOLD TRUST**

**Notes to the Unaudited Financial Statements**

**1. Organization**

The SPDR® Gold Trust (the Trust) is an investment trust formed on November 12, 2004 (Date of Inception) under New York law pursuant to a trust indenture (the Trust Indenture). The fiscal year end for the Trust is September 30th. The Trust holds gold and is expected from time to time to issue shares (Shares) (in minimum denominations of 100,000 Shares, also referred to as Baskets) in exchange for deposits of gold and to distribute gold in connection with redemption of Baskets. The investment objective of the Trust is for the Shares to reflect the performance of the price of gold bullion, less the Trust's expenses. World Gold Trust Services, LLC, or WGTS is the sponsor of the Trust, or Sponsor.

The Shares trade on the NYSE Arca, Inc. (NYSE Arca) under the symbol GLD, providing investors with an efficient means to obtain market exposure to the price of gold bullion. The Shares are also listed on the Hong Kong Exchanges and Clearing Limited, the Mexican Stock Exchange (*Bolsa Mexicana de Valores*), the Singapore Exchange Limited, and the Tokyo Stock Exchange.

BNY Mellon Asset Servicing, a division of The Bank of New York Mellon (the Trustee) does not actively manage the gold held by the Trust. This means that the Trustee does not sell gold at times when its price is high, or acquire gold at low prices in the expectation of future price increases. It also means that the Trustee does not make use of any of the hedging techniques available to professional gold investors to attempt to reduce the risk of losses resulting from price decreases. Any losses sustained by the Trust will adversely affect the value of the Shares.

The statement of financial condition and schedule of investment at March 31, 2018, the statements of operations and of cash flows for the three and six months ended March 31, 2018 and 2017, and the statement of changes in net assets for the six months ended March 31, 2018 have been prepared on behalf of the Trust without audit. In the opinion of management of the Sponsor of the Trust, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of and for the three and six months ended March 31, 2018 and for all periods presented have been made.

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's Annual Report on Form 10-K for the fiscal year ended September 30, 2017. The results of operations for the three and six months ended March 31, 2018 are not necessarily indicative of the operating results for the full fiscal year.

**2. Significant Accounting Policies**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires those responsible for preparing financial statements to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Trust.

**2.1. Basis of Accounting**

The Trust is an investment company and, therefore, applies the specialized accounting and reporting guidance in Accounting Standards Codification Topic 946, Financial Services Investment Companies.

**2.2. Fair Value Measurement**

FASB Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, provides a single definition of fair value, a hierarchy for measuring fair value and expanded disclosures about fair value adjustments.

**Table of Contents**

The Trust does not hold any derivative instruments, and its assets only consist of allocated gold bullion and, from time to time, (i) gold receivable, representing gold covered by contractually binding orders for the creation of Shares where the gold has not yet been transferred to the Trust's account and (ii) cash, which is used to pay expenses.

U.S. GAAP defines fair value as the price the Trust would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Trust's policy is to value its investments at fair value.

Various inputs are used in determining the fair value of assets and liabilities. Inputs may be based on independent market data ( observable inputs ) or they may be internally developed ( unobservable inputs ). These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes. The level of a value determined for an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not considered to be active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 Inputs that are unobservable for the asset or liability, including the Trust's assumptions used in determining the fair value of investments.

The following table summarizes the Trust's investments at fair value:

**(Amounts in 000 s of US\$)**

<b>March 31, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investment in Gold	\$ 36,013,428	\$	\$
Total	\$ 36,013,428	\$	\$

**(Amounts in 000 s of US\$)**

<b>September 30, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investment in Go			