

SPDR GOLD TRUST  
Form FWP  
August 04, 2010

**Filed Pursuant To Rule 433**  
**Registration No. 333-167132**  
**August 4, 2010**

### **Real Assets**

Inflation Protection Solutions with Exchange Traded Products

**BY ROB GUILIANO, SENIOR PORTFOLIO MANGER, US MULTI ASSET CLASS SOLUTIONS, STATE STREET GLOBAL ADVISORS AND TOM ANDERSON, CFA, HEAD OF STRATEGY AND RESEARCH, INTERMEDIARY BUSINESS GROUP, STATE STREET GLOBAL ADVISORS**

Global demand for commodities and energy has reemerged and the stage has been set for a classic inflationary environment. In the US, Fed has kept policy rates artificially low while the money supply continues to grow. As the world economy recovers, it could lead to heightened demand, especially from emerging countries such as China and India. While supply is adequate for now, concerns still exist if asset preferences shift.

Inflation will inevitably become an issue. One indicator of possible global reflation could be the growing global middle class. The World Bank estimates the global middle class to grow from 460 million in 2000 (8% of population) to 1.2 billion by 2030 (14% of population).

In the short term, deflation seems to be the bigger concern. In the US, core inflation (inflation minus food and energy prices) remains stable, up 1.8% for the 12 months ending May 2009. However, true deflation is a rare occurrence since 1929, the US has experienced only 6 years of year-over-year headline deflation: 1930, 1931, 1932, 1938, 1949, and 1954.<sup>1</sup>

Longer term, inflation will inevitably become an issue. Projected inflation rates for 2010 and 2014 remain at 4.7% and 4.2%, respectively.<sup>2</sup> One indicator of possible global reflation could be the growing supply of money both in the US and abroad (see Figure 1). In the US, the money supply has grown at the highest rate since 2002. In addition, the Federal Reserve's balance sheet has expanded more than twofold since late 2008.

Some investors are looking for strategies that can deliver positive returns during rising inflation conditions (see Figure 2). Considered non-traditional by investors, real assets are the opposite of stocks and bonds they are tangible physical things. But the strategies used by certain suitable investors may take a broader approach, investing in bonds that are inflation-linked and in stocks of companies involved in commodities or natural resources, among others.

Source: Federal Reserve

US Consumer Price Index (CPI-U) through December 2009

Source Robert J. Shiller, *Irrational Exuberance*, April 2001 and Ibbotson Associates

---

## WHAT ARE REAL ASSETS?

Real assets are tangible assets that are the building blocks of consumable and production goods. Real assets are intrinsically valuable because of their utility. Each investment class in the real assets category has the potential to generate incremental returns, both in terms of price appreciation and income generation.

### FIGURE 3: REAL ASSETS

REAL ASSETS	EXAMPLE
INFLATION LINKED BONDS	TIPS, Linkers, OATs
REAL ESTATE	Direct, Equity REITS, Mortgage REITS
COMMODITIES	Oil, Gold, Copper, Soybeans, Cattle
GLOBAL NATURAL RESOURCE STOCKS	Oil & Gas, Energy & Equipment Services, Metal & Mining, Paper & Forest Products
PRECIOUS METALS	Gold, Silver, Platinum
RENEWABLE RESOURCES	Forest and Forest Products, Water, Solar and Wind Power
INFRASTRUCTURE	Toll Roads, Ports, Airports, Utility (Electricity, Gas, Water) Distribution
COLLECTABLES	Artwork, Coins, Cars

While investors may not have easy access to all real asset types, there are readily available investment vehicles within many of the categories shown in Figure 3 above. Investors seeking to build a real assets allocation using a broader approach may include the following components:

inflation-linked bonds such as US Treasury Inflation Protected Securities ( TIPS ) provide direct exposure to the US Treasury inflation-protected securities market. The coupon payments and principal value on these securities are adjusted according to actual inflation over the life of the bonds. Non-US inflation-linked securities are now also available to investors.

real estate investment trusts ( REITS ) can provide broad exposure to the commercial real estate market both in the US and abroad. There are a variety of REITs that specialize in office, apartment, retail and industrial properties. REITs generally must pay out 90% of their taxable income to their investors through dividends, which provides a regular income stream. Furthermore, property values and rents have tended to increase during inflationary periods, which can cause the value of REITs to increase.

commodities are raw perishable goods or basic production materials, such as agricultural products, industrial metals, precious metals, oil and livestock. Commodity prices generally respond quickly to economy-wide shocks and are widely recognized as leading indicators of future inflation as they quickly react to changes in economic conditions.

global natural resource stocks represent ownership in manufacturers and distributors of natural resources such as oil and gas, energy equipment and services, metal and mining, and paper and forest products. When global demand for natural resources grows, the increase in the underlying commodity prices historically generates higher profits for these companies and translates into higher returns for investors.

### THE CASE FOR REAL ASSETS EXPOSURE

Stocks and bonds tend to generate meager returns during periods of rising inflation. Over the long term, from 1930 to 2008, stocks as measured by the S&P 500<sup>s</sup> Index provided an average return of 3.8% during periods of rising inflation; bonds provided an average annual return of 2.7%. Over periods of stable or declining inflation, stocks provided annualized returns greater than 15.7%, with bonds delivering returns of greater than 7.9% (see Figure 4). Asset classes are represented by the S&P 500 Index, Ibbotson's US Long-Term Govt. Bond Index, based on annual calendar year returns with quarterly data. Source: SSgA and Morningstar. Rising inflation refers to years in which inflation increases by more than 0.5% from the previous year; declining inflation refers to years in which inflation decreases by more than 0.5% from previous year, stable inflation refers to years in which inflation change is between +0.5% and -0.5% from previous year.

Edgar Filing: SPDR GOLD TRUST - Form FWP

When stocks are volatile and bonds offer historically low yields, investors may seek to generate positive returns by investing in assets that are either driving inflation, such as oil, or offer protection during turbulent economic times, such as gold. These real assets have historically outperformed stocks and bonds during periods of accelerating inflation and provided additional potential diversification benefits for investors seeking to control portfolio volatility, according to research and analysis.

FOR INVESTMENT PROFESSIONAL USE ONLY NOT FOR USE WITH THE PUBLIC

2

---

A blend of real assets has historically demonstrated the ability to provide significant inflation protection for suitable investors. From 1970-2009, a portfolio of 20% inflation-protected bonds, 30% real estate investment trusts (REITs), 25% commodities, and 25% global natural resources stocks has resulted in significantly higher returns than stocks and bonds in periods of rising inflation. In periods of stable inflation, the blend of real assets offers comparable returns to bonds and commodities. In periods of declining inflation, the real assets blend significantly outperforms commodities (see Figure 5).

Source: Federal Reserve. Asset classes are represented by the S&P 500 Index, Ibbotson's US Long-Term Govt. Bond Index, S&P GSCI TR index, and simulated Real Assets blend of indexes (20% Barclays Capital US TIPS Index, 30% Dow Jones REIT Index<sup>SM</sup>, 25% S&P GSCI Index (S&P GSCP<sup>®</sup> Index), and 25% MSCI World Natural Resources Index<sup>SM</sup>). Based on annual calendar year returns with quarterly data. Index performance does not reflect fees and expenses, and it is not possible to invest directly in an index/average. Past performance is no guarantee of future results. Source: SSgA and Morningstar. Rising inflation refers to years in which inflation increases by more than 0.5% from the previous year; declining inflation refers to years in which inflation decreases by more than 0.5% from previous year; stable inflation refers to years in which inflation change is between +0.5% and -0.5% from previous year.

### IMPLEMENTING REAL ASSETS STRATEGIES WITH EXCHANGE TRADED PRODUCTS

Blending real assets is one investment strategy that seeks to capture higher risk-adjusted returns, lower volatility, additional income and positive returns over inflation in otherwise lukewarm markets. A combination of multiple real asset strategies using an index approach can provide efficient, broad-based exposure to inflation-protected securities, REITs, commodities, and natural resource stocks. Each underlying asset class would be assigned a strategic weight based on its risk characteristics and return potential relative to other asset classes, and rebalanced to these weights on a regular basis.

A real assets strategy can be easily implemented using exchange traded products, including exchange traded funds (ETFs) and exchange traded notes (ETNs). There is a wide range of exchange traded products available in the TIPS, REIT, natural resources stock, and commodity asset classes (see Figure 6). Fixed income and commodities have been among the fastest growing categories in exchange traded products in recent years.

### FIGURE 6: ETFS THAT OFFER REAL ASSETS EXPOSURE

SECTOR	ASSETS (\$ MIL)	# OF ETFS
COMMODITY	\$ 68,461.68	36
ENERGY/NATURAL RESOURCES	\$ 19,438.90	48
INFLATION PROTECTED BOND	\$ 20,120.35	7
REAL ESTATE	\$ 13,774.42	25
TOTAL	\$ 121,795.30	116

Source: SSgA Strategy & Research, Bloomberg. As of 12/31/2009.

Using index returns, this real assets blend would have provided a return of 6.48% for the period 01/01/1998 through 3/31/2009, with a standard deviation of 12.89%. The real asset blend offered higher returns than large cap US equities and most of the individual real asset categories, with lower volatility than all except US TIPS. The real asset blend also offered one of the most attractive risk/return ratios, as demonstrated by its Sharpe ratio (see Figure 7).

### FIGURE 7: REAL ASSETS RETURN AND RISK CHARACTERISTICS

JANUARY 2000 DECEMBER 2009	RETURN(%)	STD DEV(%)	SHARPE RATIO
REAL ASSETS BLEND	10.92	15.15	0.5339
BARCLAYS U.S. GOVERNMENT INFLATION-LINKED BOND INDEX	7.73	6.72	0.7285
DOW JONES U.S. SELECT REIT	10.67	25.70	0.3048
	9.43	19.53	0.3375

Edgar Filing: SPDR GOLD TRUST - Form FWP

DOW JONES GLOBAL EX-U.S. SELECT REAL ESTATE  
SECURITIES

S&P GSCI	5.05	25.31	0.0875
GOLD LONDON PM FIXING	14.12	16.91	0.6674
S&P ENERGY SELECT SECTOR INDEX	9.73	22.30	0.3092
S&P OIL & GAS EXPLORATION & PRODUCTION SELECT INDUSTRY INDEX	20.57	29.66	0.598
S&P OIL & GAS EQUIPMENT & SERVICES SELECT INDUSTRY INDEX	10.56	35.47	0.2177
S&P DEVELOPED EX-U.S. BMI ENERGY SECTOR INDEX	14.18	21.51	0.5274
S&P METALS AND MINING SELECT INDUSTRY INDEX	11.27	35.67	0.2364
GLOBAL TIPS BLEND*	7.87	9.20	0.5476

\* From March 1997 to Dec 2007 = 100% Barclays U.S. Government Inflation Linked Bond Index. From Dec 2007 to Dec 2009 = 100% DB Global Government ex US Inflation Linked Bond Capped Index.

Source: StyleADVISOR, SSgA Strategy & Research. Past performance is not a guarantee of future results. Index performance is not meant to represent the performance of any particular ETF. Indices are unmanaged and not subject to management fees and other expenses which would reduce performance. It is not possible to invest directly in an index. Real asset blend is comprised of 10% Barclays U.S. Government Inflation-linked Bond Index, 10% DB Global Government ex US Inflation Linked Bond Capped index, 15% Dow Jones U.S. Select REIT Index, 15% Dow Jones Global ex-U.S. Select Real Estate Securities Index, 20% S&P GSCI Index, 5% Gold London PM Fixing, 5% S&P Energy Select Sector Index, 2.5% S&P Oil & Gas Exploration & Production Select Industry Index, 2.5% S&P Oil & Gas Equipment & Services Select Industry Index, 10% S&P Developed Ex-U.S. BMI Energy Sector Index, 5% S&P Metals and Mining Select Industry Index.

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.

A real assets blend could be constructed using strategic allocations at 20% inflation protected securities, 30% global REITs, 25% natural resources/energy stocks, and 25% commodities. This strategic allocation could be implemented using ETFs (see Figure 8) as follows:

20% Inflation Protected Securities ETFs (TIPS)

30% REITs ETFs (15% US REITs, 15% non-US REITs)

25% Natural Resources/Energy ETFs

25% Commodity ETFs (15% broad-based commodity, 10% gold)

#### **ADDING REAL ASSETS TO AN EXISTING PORTFOLIO**

When adding a real assets allocation to an existing portfolio, the key decisions are:

1. Determining the overall allocation to the real assets blend
2. Adjusting the overall asset allocation to incorporate the real assets blend
3. Determining the allocations to each real asset segment.

Consider an investor who determines that a 10% allocation to real assets is appropriate for a portfolio currently invested 65% in equities and 35% in bonds. Real assets have both equity-like risk/return profiles and bond-like income generation features. As a result, investors typically shift allocations from both stocks and bonds to fund real asset allocations.

For this example, one-half of the allocation could come from the existing equity allocation, and the other half from the bond allocation. The sample portfolio's new asset allocation would be 60% equities, 30% bonds, and 10% real assets. For the real assets blend used in Figure 7 on the previous page, the allocation to each real assets segment would be 2% Treasury Inflation Protected Securities, 3% REITs (divided between US and non-US REITs), 2.5% natural resources stocks, and 2.5% commodities. From an overall portfolio standpoint, the historically low correlation of real assets to the existing stock and bond holdings can improve the overall diversification of the portfolio. A blended real asset portfolio had a correlation of 0.19 to bonds, as measured by the Barclays Capital Aggregate Index, and a correlation 0.56 to stocks, as measured by the S&P 500 Index.

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.

## **ETF RESOURCES AT STATE STREET GLOBAL ADVISORS**

### **STRATEGY & RESEARCH**

The Strategy & Research group is responsible for the development of research and content for the ETF marketplace. With a focus on educating financial intermediaries about the ETF market, the team assists investment professionals in the development of ETF solutions for their clients. Additionally, the group provides investment professionals with investment research and support services on exchange traded funds and mutual funds.

To contact State Street's Strategy & Research team, email [sr@ssga.com](mailto:sr@ssga.com).

### **SPDR UNIVERSITY**

Brought to you by State Street's family of SPDR ETFs, SPDR University is a free online educational resource dedicated to providing investment professionals with the education and training they need to stay ahead of the market and be precisely in tune with their clients. Log on to SPDR University to access rich educational content and start earning CE credits anytime, from anywhere. Download client-ready materials, webcasts, interactive presentations, succinct materials, audiocasts, and research papers.

To register, go to [www.spdru.com](http://www.spdru.com) today.

### **ETF SALES AND MARKETING**

For more information about our ETFs or how to invest, please call 866.787.2257.

### **WEB RESOURCES**

For rich ETF content and comprehensive information on our ETFs please visit: [www.spdru.com](http://www.spdru.com).

### **PORTFOLIO TOOLS**

THE SSGA PORTFOLIO ANALYZER is a web-based portfolio analysis and proposal tool that enables investment professionals to quickly evaluate and assess an investment portfolio.

THE SSGA PORTFOLIO CONSTRUCTOR<sup>SM</sup> is a comprehensive web-based portfolio design and proposal tool that enables investment professionals to model, analyze, and construct portfolios utilizing a variety of investment products and investor profiles. It provides a greater level of detail, analysis and functionality than the SSgA Portfolio Analyzer.

THE SSGA CORRELATION TRACKER is a web-based tool that allows investors to view the correlation of two or more ETFs and stocks using historical pricing information.

To use our web tools, visit: [www.spdru.com](http://www.spdru.com).

### **BLOOMBERG PAGE**

### **SPDR**

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.

**STATE STREET GLOBAL ADVISORS**

State Street  
Financial Center One  
Lincoln Street Boston,  
MA 02111  
866.787.2257

<sup>1</sup> Bureau of Labor Statistics.

<sup>2</sup> IMF Table 5a Summary of inflation.

**FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.**

The views expressed in this white paper are those of its authors and are subject to change at any time. These views do not necessarily reflect the views of State Street or others in the State Street organization. The information we provide does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. We encourage investors to consult their tax or financial advisors. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information. ETFs trade like stocks, are subject to investment risk and will fluctuate in market value.

Past performance is no guarantee of future results.

Bond funds contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; and inflation risk.

REIT funds may be subject to a high degree of market risk due to lack of industry diversification. REIT funds may be subject to other risks including, but not limited to, changes in real estate values or economic conditions, credit risk and interest rate fluctuations and changes in the value of the underlying property owned by the trust and defaults by borrowers.

Commodities and commodity-index-linked securities may be affected by changes in overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, or political and regulatory developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities.

The general performance of the unmanaged index shown is based on data developed by third parties (including FactSet and the benchmark provider) and may be subject to revision. The performance reflects the reinvestment of dividends and other corporate actions, and is calculated in US dollars. The performance does not contain any specific performance information relating to any particular client investment account and does not reflect any fees to which an actual investment account would be subject.

The MSCI Index is a trademark of Morgan Stanley Capital International.

GSCI<sup>®</sup> is a registered trademark of Goldman, Sachs & Co.

Dow Jones<sup>SM</sup> and Dow Jones Total Stock Market Indexes<sup>SM</sup> are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by State Street Bank and Trust. SPDR ETFs based on the Dow Jones Indexes, are not sponsored, endorsed, sold or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in such product(s).

Barclays Capital is a trademark of Barclays Capital, the investment banking division of Barclays Bank PLC (Barclays Capital) and is used by State Street Global Advisors under license. Barclays Capital compiles, maintains and owns rights in and to the Barclays U.S. Government Inflation-linked Bond Index. The SPDR Barclays Capital TIPS ETF is not sponsored, endorsed, sold or promoted by Barclays Capital. Barclays Capital or one of its affiliated entities may act as an Authorized Participant and/or as an initial purchaser of shares of the SPDR Barclays Capital TIPS ETF.

Barclays Capital makes no representation regarding the advisability of investing in the SPDR Barclays Capital TIPS ETF or use of either the Barclays U.S. Government Inflation-Linked All Maturities Index or any data included therein. Barclays Capital is a trademark of Barclays Capital, the investment banking division of Barclays Bank PLC (Barclays Capital) and has been licensed for use in connection with the listing and trading of the SPDR Barclays Capital ETFs. The products are not sponsored by, endorsed, sold or promoted by Barclays Capital and Barclays Capital makes no representation regarding the advisability of investing in them.

Edgar Filing: SPDR GOLD TRUST - Form FWP

Deutsche Bank and DB Global Government ex-US Inflation-Linked Bond Capped Index are reprinted with permission. ©Copyright 2008 Deutsche Bank AG. All rights reserved. Deutsche Bank and DB Global Government ex-US Inflation-Linked Bond Capped Index<sup>SM</sup> are service marks of Deutsche Bank AG and have been licensed for use for certain purposes by State Street Global Advisors. The SPDR DB International Government Inflation-Protected Bond is not sponsored, endorsed, sold or promoted by Deutsche Bank AG. Deutsche Bank AG, as Index Provider, makes no representation, express or implied, regarding the advisability of investing in this product.

The Trust that issues SPDR<sup>®</sup> Gold Shares is not an Exchange Traded Fund registered as an investment company under the Investment Company Act of 1940 and is not required to register under such act. Therefore, SPDR<sup>®</sup> Gold Shares shareholders will not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act of 1940 or the protections afforded by the Commodity Exchange Act of 1936. The Trust is sponsored by World Gold Trust Services, LLC, a wholly-owned subsidiary of the World Gold Council, and marketed by State Street Global Markets, LLC.

The Trust has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Trust has filed with the SEC for more complete information about the Trust and this offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the Trust or any authorized participant will arrange to send you the prospectus if you request it by calling 866.320.4053.

SPDR<sup>®</sup> is a registered trademark of Standard & Poor's Financial Services LLC ( S&P ) and has been licensed for use by State Street Corporation, the Sponsor. SPDR<sup>®</sup> Gold Trust is permitted to use the SPDR trademark pursuant to a sublicense from the Marketing Agent. No financial product offered by State Street Corporation, SPDR<sup>®</sup> Gold Trust or its affiliates is sponsored, endorsed, sold or promoted by S&P or its affiliates, and S&P and its affiliates make no representation, warranty or condition regarding the advisability of buying, selling or holding units/shares in such products. Standard & Poor<sup>®</sup>, S&P<sup>®</sup>, SPDR<sup>®</sup> and S&P 500<sup>®</sup> are registered trademarks of Standard & Poor's Financial Services LLC and have been licensed for use by State Street Corporation.

WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Distributor: State Street Global Markets, LLC, member FINRA, SIPC, a wholly owned subsidiary of State Street Corporation. References to State Street may include State Street Corporation and its affiliates. Certain State Street affiliates provide services and receive fees from the SPDR ETFs.

**Before investing, consider the funds investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 866.787.2257 or visit [www.spdrs.com](http://www.spdrs.com). Read it carefully.**

© 2010 State Street Corporation. All Rights Reserved. IBG-2307 Exp. Date: 10/20/2010  
IBG.EDU.RAIP.0710

[www.spdru.com](http://www.spdru.com)

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.

6

## Edgar Filing: SPDR GOLD TRUST - Form FWP

First issued: April 29, 2010. This Free Writing Prospectus is being filed in reliance on Rule 164(b). SPDR® GOLD TRUST has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the Trust and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the Trust or any Authorized Participant will arrange to send you the prospectus if you request it by calling toll free at 1-866-320-4053 or contacting State Street Global Markets, LLC, One Lincoln Street, Attn: SPDR® Gold Shares, 30th Floor, Boston, MA 02111.