

SPDR GOLD TRUST
Form 10-Q
May 10, 2010

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

FORM 10-Q

- x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2010
- o 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
424 Madison Avenue, 3rd 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, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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 7, 2010 the Registrant had 390,400,000 Shares outstanding.

**SPDR® GOLD TRUST
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at March 31, 2010 and September 30, 2009

(Amounts in 000 s of US\$ except for share data)	Mar-31, 2010	Sep-30, 2009⁽¹⁾
ASSETS		
Investment in Gold, at cost ⁽²⁾	\$ 30,103,537	\$ 28,463,669
Gold Receivable	185,653	39,068
Total Assets	\$ 30,289,190	\$ 28,502,737
LIABILITIES		
Accounts payable to related parties	\$ 12,556	\$ 10,672
Accounts payable	434	1,085
Accrued expenses	3,048	400
Total Liabilities	16,038	12,157
Redeemable Shares:		
Shares at redemption value to investors ⁽³⁾	40,504,446	35,054,043
Shareholders' Deficit	(10,231,294)	(6,563,463)
Total Liabilities, Redeemable Shares & Shareholders' Deficit	\$ 30,289,190	\$ 28,502,737

(1) Derived from audited statement of condition as of September 30, 2009.

(2) The market value of Investment in Gold at March 31, 2010 is \$40,334,831 and at September 30, 2009, is \$35,027,132.

(3) Authorized share capital is unlimited and the par value of the Shares is \$0.00. Shares issued and outstanding at March 31, 2010 was 370,900,000 and at September 30, 2009 was 358,900,000.

See notes to the unaudited condensed financial statements

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

For the three months ended March 31, 2010 and 2009 and the six months ended March 31, 2010 and 2009

	Three Months Ended Mar-31, 2010	Three Months Ended Mar-31, 2009	Six Months Ended Mar-31, 2010	Six Months Ended Mar-31, 2009
(Amounts in 000 s of US\$, except for share and per share data)				
REVENUES				
Proceeds from sales of gold	\$ 37,685	\$ 23,869	\$ 74,973	\$ 42,721
Cost of gold sold to pay expenses	(27,664)	(20,102)	(55,012)	(37,708)
Gain on gold sold to pay expenses	10,021	3,767	19,961	5,013
Gain on gold distributed for the redemption of Shares	315,102	1,508	560,554	76,621
Total Gain on gold	325,123	5,275	580,515	81,634
EXPENSES				
Custody fees	6,452	4,494	12,996	7,839
Trustee fees	493	493	997	997
Sponsor fees	14,606	10,112	29,439	17,045
Marketing agent fees	14,606	10,112	29,439	17,045
Other expenses	2,959	2,071	5,983	3,911
Total expenses	39,116	27,282	78,854	46,837
Net Gain/(Loss) from Operations	\$ 286,007	\$ (22,007)	\$ 501,661	\$ 34,797
<i>Net Gain/(Loss) per Share</i>	\$ 0.78	\$ (0.07)	\$ 1.37	\$ 0.13
<i>Weighted average number of Shares (000 s)</i>	365,749	309,078	365,863	278,009

See notes to the unaudited condensed financial statements

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

For the three months ended March 31, 2010 and 2009 and the six months ended March 31, 2010 and 2009

	Three Months Ended Mar-31, 2010	Three Months Ended Mar-31, 2009	Six Months Ended Mar-31, 2010	Six Months Ended Mar-31, 2009
(Amounts in 000 s of US\$)				
INCREASE / DECREASE IN CASH FROM OPERATIONS:				
Cash proceeds received from sales of gold	\$ 37,685	\$ 23,869	\$ 74,973	\$ 42,721
Cash expenses paid	(37,685)	(23,869)	(74,973)	(42,721)
(Decrease) / Increase 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>	\$ 904,330	\$ 10,235,748	\$ 3,197,937	\$ 12,021,545
<i>Value of gold distributed for redemption of Shares</i>	\$ 882,666	\$ 7,823	\$ 1,540,794	\$ 928,233

	Three Months Ended Mar-31, 2010	Three Months Ended Mar-31, 2009	Six Months Ended Mar-31 2010	Six Months Ended Mar-31, 2009
(Amount in 000 s of US\$)				
RECONCILIATION OF NET GAIN/(LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net Gain/(Loss) from Operations	\$ 286,007	\$ (22,007)	\$ 501,661	\$ 34,797
Adjustments to reconcile net gain to net cash provided by operating activities				
Increase in investment in gold	(25,125)	(10,344,571)	(1,639,868)	(11,953,378)

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(Increase)/Decrease in gold receivable	(153,197)	64,095	(146,585)	825,121
Increase in liabilities	1,431	3,412	3,881	4,115
Increase/(decrease) in redeemable Shares				
Creations	1,088,652	10,308,401	3,382,259	12,094,198
Redemptions	(1,197,768)	(9,330)	(2,101,348)	(1,004,853)
Net cash provided by operating activities	\$	\$	\$	\$

See notes to the unaudited condensed financial statements

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SPDR® GOLD TRUST

Unaudited Condensed Statement of Changes in Shareholders' Deficit

For the six months ended March 31, 2010

	Six Months Ended Mar-31, 2010
(Amounts in 000 s of US\$)	
Shareholders' Deficit - Opening Balance	\$ (6,563,463)
Net Gain for the period	501,661
Adjustment of Redeemable Shares to redemption value	(4,169,492)
Shareholders' Deficit - Closing balance	\$ (10,231,294)

See notes to the unaudited condensed financial statements

Table of Contents**SPDR® GOLD TRUST****Notes to the Unaudited Condensed 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 fiscal year end for the Trust is September 30th. The Trust holds gold and issues shares ("Shares") (in minimum blocks of 100,000 Shares, also referred to as "Baskets") in exchange for deposits of gold and distributes 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.

The condensed statements of condition at March 31, 2010 and September 30, 2009, the condensed statements of operations and of cash flows for the three and six months ended March 31, 2010 and 2009 and the condensed statement of changes in shareholders' deficit for the six months ended March 31, 2010 have been prepared on behalf of the Trust without audit. In the opinion of management of the sponsor of the Trust, World Gold Trust Services, LLC (the "Sponsor"), 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 months ended March 31, 2010 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed 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, 2009. The results of operations for the three and six months ended March 31, 2010 are not necessarily indicative of the operating results for the full year.

2. Significant accounting policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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. Valuation of Gold

Gold is held by HSBC Bank USA, N.A. (the "Custodian"), on behalf of the Trust, and is valued, for financial statement purposes, at the lower of cost or market. The cost of gold is determined according to the average cost method and the market value is based on the price of gold set by the London gold fix ("London Fix") used to determine the Net Asset Value ("NAV") of the Trust. Realized gains and losses on sales of gold, or gold distributed for the redemption of Shares, are calculated on a trade date basis using average cost.

The table below summarizes the impact of unrealized gains or losses on the Trust's gold holdings as of March 31, 2010 and September 30, 2009:

(Amounts in 000's of US\$)	Mar-31, 2010	Sep-30, 2009
Investment in gold - average cost	\$ 30,103,537	\$ 28,463,669

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Unrealized gain on investment in gold	10,231,294	6,563,463
Investment in gold - market value	\$ 40,334,831	\$ 35,027,132

The Trust recognizes the diminution in value of the investment in gold which arises from market declines on an interim basis. Increases in the value of the same investment in gold through market price recoveries in later interim periods of the same fiscal year are recognized in the later interim period. Increases in value recognized on an interim basis may not exceed the previously recognized diminution in value.

Table of Contents**SPDR® GOLD TRUST****Notes to the Unaudited Condensed Financial Statements****2. Significant accounting policies (continued)****2.2. Gold receivable**

Gold receivable represents the quantity of gold covered by contractually binding orders for the creation of Shares where the gold has not yet been transferred to the Trust's account. Generally, ownership of the gold is transferred within three days of the trade date. As of March 31, 2010 there was \$185,653,480 gold receivable and as of September 30, 2009 there was \$39,068,311 gold receivable.

2.3. Creations and Redemptions of Shares

The Trust creates and redeems Shares from time to time, but only in one or more Baskets (a Basket equals a block of 100,000 Shares). The Trust issues Shares in Baskets to certain authorized participants (Authorized Participants) on an ongoing basis. The creation and redemption of Baskets is only made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of gold and any cash represented by the Baskets being created or redeemed, the amount of which will be based on the combined net asset value of the number of Shares included in the Baskets being created or redeemed determined on the day the order to create or redeem Baskets is properly received.

As the Shares of the Trust are redeemable in Baskets at the option of the Authorized Participants, the Trust has classified the Shares as Redeemable Shares on the Statement of Financial Condition. The Trust records the redemption value, which represents its maximum obligation, as Redeemable Shares with the difference from cost as an offsetting amount to Shareholders' Equity. Changes in the Shares for the six months ended March 31, 2010 and for the year ended September 30, 2009, are as follows:

	Six Months Ended Mar-31, 2010	Year Ended Sep-30, 2009
(All amounts are in 000's)		
Number of Redeemable Shares:		
Opening Balance	358,900	246,500
Creations	31,100	159,000
Redemptions	(19,100)	(46,600)
Closing Balance	370,900	358,900

	Six Months Ended Mar-31, 2010	Year Ended Sep-30, 2009
(Amounts in 000's of US\$ except per Share)		

Redeemable Shares:

Opening Balance	\$	35,054,043	\$	21,471,084
Creations		3,382,259		14,408,547
Redemptions		(2,101,348)		(4,081,786)
Adjustment to redemption value		4,169,492		3,256,198
Closing Balance	\$	40,504,446	\$	35,054,043
Redemption Value per Redeemable Share at Period End	\$	109.21	\$	97.67

2.4. Revenue Recognition Policy

BNY Mellon Asset Servicing, a division of The Bank of New York Mellon (the "Trustee"), will, at the direction of the Sponsor or in its own discretion, sell the Trust's gold as necessary to pay the Trust's expenses. When selling gold to pay expenses, the Trustee will endeavor to sell the smallest amount of gold needed to pay expenses in order to minimize the Trust's holdings of assets other than gold. Unless otherwise directed by

Table of Contents**SPDR® GOLD TRUST****Notes to the Unaudited Condensed Financial Statements****2. Significant accounting policies (continued)**

the Sponsor, when selling gold, the Trustee will endeavor to sell at the price established by the London Fix at 3 p.m. London time (London PM Fix). The Trustee will place orders with dealers (which may include the Custodian) through which the Trustee expects to receive the most favorable price and execution of orders. The Custodian may be the purchaser of such gold only if the sale transaction is made at the next London gold price fix (either AM or PM) following the sale order. A gain or loss is recognized based on the difference between the selling price and the average cost of the gold sold.

2.5. Income Taxes

The Trust is classified as a grantor trust for US federal income tax purposes. As a result, the Trust itself will not be subject to US federal income tax. Instead, the Trust's income and expenses will flow through to the Shareholders, and the Trustee will report the Trust's proceeds, income, deductions, gains, and losses to the Internal Revenue Service on that basis. The Sponsor of the Trust has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions are required as of March 31, 2010.

3. Investment in Gold

The following represents the changes in ounces of gold and the respective values for the six months ended March 31, 2010 and for the year ended September 30, 2009:

	Six Months Ended Mar-31, 2010	Year Ended Sep-30, 2009
(Ounces of gold are in 000 s and value of gold is in 000 s of US\$)		
Ounces of Gold:		
Opening Balance	35,176.6	23,268.2
Creations (<i>excluding gold receivable at March 31, 2010 - 166.4, and at September 30, 2009 - 39.2</i>)	2,920.6	16,607.2
Redemptions	(1,871.7)	(4,578.9)
Sales of gold	(67.0)	(119.9)
Closing Balance	36,158.5	35,176.6
Investment in Gold (lower of cost or market):		
Opening Balance	\$ 28,463,669	\$ 16,878,554
Creations (<i>excluding gold receivable at March 31, 2010 - \$185,653, and at September 30, 2009 - \$39,068</i>)	3,235,674	15,266,663
Redemptions	(1,540,794)	(3,588,054)

Sales of gold		(55,012)	(93,494)
Closing Balance	\$	30,103,537	\$ 28,463,669

4. Related Parties - Sponsor, Trustee, Custodian and Marketing Agent Fees

Fees are paid to the Sponsor as compensation for services performed under the Trust Indenture and for services performed in connection with maintaining the Trust's website and marketing the Shares. The Sponsor's fee is payable monthly in arrears and is accrued daily at an annual rate equal to 0.15% of the adjusted net asset value (ANAV) of the Trust, subject to reduction as described below. The Sponsor will receive reimbursement from the Trust for all of its disbursements and expenses incurred in connection with the Trust.

Fees are paid to the Trustee, as compensation for services performed under the Trust Indenture. The Trustee's fee is payable monthly in arrears and is accrued daily at an annual rate equal to 0.02% of the ANAV of the

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Notes to the Unaudited Condensed Financial Statements

4. Related Parties - Sponsor, Trustee, Custodian and Marketing Agent Fees (continued)

Trust, subject to a minimum fee of \$500,000 and a maximum fee of \$2 million per year. The Trustee's fee is subject to modification as determined by the Trustee and the Sponsor in good faith to account for significant changes in the Trust's administration or the Trustee's duties. The Trustee will charge the Trust for its expenses and disbursements incurred in connection with the Trust (including the expenses of the Custodian paid by the Trustee), exclusive of fees of agents for services to be performed by the Trustee, and for any extraordinary services performed by the Trustee for the Trust.

Affiliates of the Trustee may from time to time act as Authorized Participants or purchase or sell gold or Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

Fees are paid to the Custodian under the Allocated Bullion Account Agreement (as amended, the Allocated Bullion Account Agreement) as compensation for its custody services. Under the Allocated Bullion Account Agreement, the Custodian's fee is computed at an annual rate equal to 0.10% of the average daily aggregate value of the first 4.5 million ounces of gold held in the Trust's allocated gold account (Trust Allocated Account) and the Trust's unallocated gold account (Trust Unallocated Account) and 0.06% of the average daily aggregate value of all gold held in the Trust Allocated Account and the Trust Unallocated Account in excess of 4.5 million ounces. The Custodian does not receive a fee under the Unallocated Bullion Account Agreement.

The Custodian and its affiliates may from time to time act as Authorized Participants or purchase or sell gold or Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

Fees are paid to the marketing agent for the Trust, State Street Global Markets, LLC (the Marketing Agent), by the Trustee from the assets of the Trust as compensation for services performed pursuant to the agreement between the Sponsor and the Marketing Agent (as amended, the Marketing Agent Agreement). The Marketing Agent's fee is payable monthly in arrears and is accrued daily at an annual rate equal to 0.15% of the ANAV of the Trust, subject to reduction as described below.

The Marketing Agent and its affiliates may from time to time act as Authorized Participants or purchase or sell gold or Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

Until the earlier of November 11, 2011, or until the termination of the Marketing Agent Agreement, if at the end of any month during such period the estimated ordinary expenses of the Trust exceed an amount equal to 0.40% per year of the daily ANAV of the Trust for such month, the fees payable to the Sponsor and the Marketing Agent from the assets of the Trust for such month will be reduced by the amount of such excess in equal shares up to the amount of their fees. Investors should be aware that if the gross value of the Trust's assets is less than approximately \$700 million, the ordinary expenses of the Trust will be accrued at a rate greater than 0.40% per year of the daily ANAV of the Trust, even after the Sponsor and the Marketing Agent have completely reduced their combined fees of 0.30% per year of the daily ANAV of the Trust. This amount is based on the estimated ordinary expenses of the Trust and may be higher if the Trust's actual ordinary expenses exceed those estimates. Additionally, if the Trust incurs

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unforeseen expenses that cause the total ordinary expenses of the Trust to exceed 0.70% per year of the daily ANAV of the Trust, the ordinary expenses will accrue at a rate greater than 0.40% per year of the daily ANAV of the Trust, even after the Sponsor and the Marketing Agent have completely reduced their combined fees of 0.30% per year of the daily ANAV of the Trust.

Upon the earlier of November 11, 2011, or the termination of the Marketing Agent Agreement, the fee reduction will expire and the estimated ordinary expenses of the Trust which are payable from the assets of

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the Trust each month may be more than they would have been during the period when the fee reduction was in effect, thus reducing the NAV of the Trust more rapidly than if the fee reduction was in effect and adversely affecting the value of the Shares.

For the three and six months ended March 31, 2010, the fees payable to the Sponsor and the Marketing Agent were each reduced by \$63,032 and \$132,146 respectively. For the three and six months ended March 31, 2009, the comparable reduction in fees was \$119,285 and \$519,424 respectively.

Amounts Payable to Related Parties

(Amounts in 000 s of US\$)	Mar-31, 2010	Sep-30, 2009
Payable to Custodian	\$ (2,234)	\$ (1,882)
Payable to Trustee	(170)	(164)
Payable to Sponsor	(5,076)	(4,313)
Payable to Marketing Agent	(5,076)	(4,313)
Accounts Payable to related parties	\$ (12,556)	\$ (10,672)

5. Concentration of Risk

The Trust's sole business activity is the investment in gold. Several factors could affect the price of gold: (i) global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and production and cost levels in major gold-producing countries such as China, Australia, South Africa and the United States (ii) investors' expectations with respect to the rate of inflation; (iii) currency exchange rates; (iv) interest rates; (v) investment and trading activities of hedge funds and commodity funds; and (vi) global or regional political, economic or financial events and situations. In addition, the Sponsor believes there is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. In the event that the price of gold declines, the Sponsor expects the value of an investment in the Shares to decline proportionately. Each of these events could have a material effect on the Trust's financial position and results of operations.

6. Indemnification

The Sponsor and its shareholders, members, directors, officers, employees, affiliates and subsidiaries are indemnified from the Trust and held harmless against certain losses, liabilities or expenses incurred in the performance of its duties under the Trust Indenture without gross negligence, bad faith, willful misconduct, willful malfeasance or reckless disregard of the indemnified party's obligations and duties under the Trust Indenture. Such indemnity includes

payment from the Trust of the costs and expenses incurred in defending against any claim or liability under the Trust Indenture. Under the Trust Indenture, the Sponsor may be able to seek indemnification from the Trust for payments it makes in connection with the Sponsor's activities under the Trust Indenture to the extent its conduct does not disqualify it from receiving such indemnification under the terms of the Trust Indenture. The Sponsor will also be indemnified from the Trust and held harmless against any loss, liability or expense arising under the distribution agreement between the Sponsor and the Purchaser, dated November 16, 2004 (the "Distribution Agreement"), the Marketing Agent Agreement or any agreement entered into with an Authorized Participant which provides the procedures for the creation and redemption of Baskets and for the delivery of gold and any cash required for creations and redemptions insofar as such loss, liability or expense arises from any untrue statement or alleged untrue statement of a material fact contained in any written statement provided to the Sponsor by the Trustee. Any amounts payable to the Sponsor are secured by a lien on the Trust.

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Notes to the Unaudited Condensed Financial Statements

6. Indemnification (continued)

The Sponsor has agreed to indemnify certain parties against certain liabilities and to contribute to payments that such parties may be required to make in respect of those liabilities. The Trustee has agreed to reimburse such parties, solely from and to the extent of the Trust's assets, for indemnification and contribution amounts due from the Sponsor in respect of such liabilities to the extent the Sponsor has not paid such amounts when due. The Sponsor has agreed that, to the extent the Trustee pays any amount in respect of the reimbursement obligations described in the preceding sentence, the Trustee, for the benefit of the Trust, will be subrogated to and will succeed to the rights of the party so reimbursed against the Sponsor.

7. Subsequent Events

The Company has evaluated events subsequent to the March 31, 2010 quarter end through to the date of filing of this Form 10-Q. During this period, no material disclosable subsequent events were identified.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This information should be read in conjunction with the financial statements and notes included in Item 1 of Part I of this Quarterly Report. The discussion and analysis which follows may contain trend analysis and other forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to future events and financial results. Words such as anticipate, expect, intend, plan, believe, seek, outlook and estimate as well as similar words and phrases signify forward-looking statements. SPDR® Gold Trust's forward-looking statements are not guarantees of future results and conditions and important factors, risks and uncertainties may cause our actual results to differ materially from those expressed in our forward-looking statements.

Trust Overview

SPDR® Gold Trust is an investment trust that was formed on November 12, 2004. The Trust issues baskets of Shares, or Baskets, in exchange for deposits of gold and distributes gold in connection with the 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 expenses of the Trust's operations. The Shares are designed to provide investors with a cost effective and convenient way to invest in gold.

Investing in the Shares does not insulate the investor from certain risks, including price volatility. The following chart illustrates the movement in the price of the Shares and NAV of the Shares against the corresponding gold price (per 1/10 of an oz. of gold):

Share & gold price v. NAV from Date of Inception to March 31, 2010

The cumulative effect of the Trust's expenses since the Date of Inception is reflected in the divergence of the price of the Shares and NAV of the Shares from the gold price over time.

Table of Contents**Valuation of Gold, Definition of NAV and ANAV**

As of the London PM Fix on each day that the NYSE Arca is open for regular trading or, if there is no London PM Fix on such day or the London PM Fix has not been announced by 12:00 PM New York time on such day, as of 12:00 PM New York time on such day (the Valuation Time), the Trustee, values the gold held by the Trust and determines both the ANAV and the NAV of the Trust.

At the Valuation Time, the Trustee values the Trust's gold on the basis of that day's London PM Fix or, if no London PM Fix is made on such day or has not been announced by the Valuation Time, the next most recent London gold price fix (AM or PM) determined prior to the Valuation Time will be used, unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate as a basis for valuation. In the event the Trustee and the Sponsor determine that the London PM Fix or last prior London gold price fix (AM or PM) is not an appropriate basis for valuation of the Trust's gold, they will identify an alternative basis for such valuation to be employed by the Trustee.

Once the value of the gold has been determined, the Trustee subtracts all estimated accrued but unpaid fees (other than the fees to be computed by reference to the value of the ANAV of the Trust or custody fees computed by reference to the value of gold held in the Trust), expenses and other liabilities of the Trust from the total value of the gold and all other assets of the Trust (other than any amounts credited to the Trust's reserve account, if established). The resulting figure is the ANAV of the Trust. The ANAV of the Trust is used to compute the fees of the Trustee, the Sponsor, and the Marketing Agent.

To determine the Trust's NAV, the Trustee subtracts from the ANAV of the Trust the amount of estimated accrued but unpaid fees computed by reference to the value of the ANAV of the Trust and computed by reference to the value of the gold held in the Trust (i.e., the fees of the Trustee, the Sponsor, the Marketing Agent and the Custodian). The Trustee determines the NAV per Share by dividing the NAV of the Trust by the number of Shares outstanding as of the close of trading on the NYSE Arca.

Gold acquired, or disposed of, by the Trust is recorded at average cost. The table below summarizes the impact of unrealized gains or losses on the Trust's gold holdings at March 31, 2010 and September 30, 2009:

(Amounts in 000's of US\$)	Mar-31, 2010	Sep-30, 2009
Investment in gold - average cost	\$ 30,103,537	\$ 28,463,669
Unrealized gain on investment in gold	10,231,294	6,563,463
Investment in gold - market value	\$ 40,334,831	\$ 35,027,132

Critical Accounting Policy*Valuation of Gold*

Gold is held by the Custodian on behalf of the Trust and is valued, for financial statement purposes, at the lower of cost or market. The cost of gold is determined according to the average cost method and the market value is based on the London Fix used to determine the NAV of the Trust. Realized gains and losses on sales of gold, or gold distributed for the redemption of Shares, are calculated on a trade date basis using average cost.

Review of Financial Results**Financial Highlights**

	Three Months Ended Mar-31, 2010	Three Months Ended Mar-31, 2009	Six Months Ended Mar-31, 2010	Six Months Ended Mar-31, 2009
(All amounts in the following table and four paragraphs, except per share, are in 000 s of US\$)				
Total Gain on gold	\$ 325,123	\$ 5,275	\$ 580,515	\$ 81,634
Net Gain/(Loss) from operations	\$ 286,007	\$ (22,007)	\$ 501,661	\$ 34,797
<i>Net Gain/(Loss) per Share</i>	\$ 0.78	\$ (0.07)	\$ 1.37	\$ 0.13
Net cash flows from operating activities	\$ 0	\$ 0	\$ 0	\$ 0

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The Trust's total gain on gold for the three months ended March 31, 2010 of \$325,123,000 is made up of a gain of \$10,021,000 on the sale of gold to pay expenses plus a gain of \$315,102,000 on gold distributed on the redemption of Shares.

The Trust's total gain on gold for the three months ended March 31, 2009 of \$5,275,000 was made up of a gain of \$3,767,000 on the sale of gold to pay expenses plus a gain of \$1,508,000 on gold distributed on the redemption of Shares.

The Trust's total gain on gold for the six months ended March 31, 2010 of \$580,515,000 is made up of a gain of \$19,961,000 on the sale of gold to pay expenses plus a gain of \$560,554,000 on gold distributed on the redemption of Shares.

The Trust's total gain on gold for the six months ended March 31, 2009 of \$81,634,000 was made up of a gain of \$5,013,000 on the sale of gold to pay expenses plus a gain of \$76,621,000 on gold distributed on the redemption of Shares.

Selected Supplemental Data - For the six months ended March 31, 2010 and for the year ended September 30, 2009.

	Six Months Ended Mar-31, 2010	Year Ended Sep-30, 2009
(All amounts, except per ounce and per share, are in 000 \$)		
Ounces of Gold:		
Opening Balance	35,176.6	23,268.2
Creations <i>(excluding gold receivable at March 31, 2010 166.4 and at September 30, 2009 39.2)</i>	2,920.6	16,607.2
Redemptions	(1,871.7)	(4,578.9)
Sales of gold	(67.0)	(119.9)
Closing Balance	36,158.5	35,176.6
<i>Period end Gold price per ounce - London Fix</i>	\$ 1,115.50	\$ 995.75
<i>Market value of gold holdings excluding gold receivable</i>	\$ 40,334,831	\$ 35,027,132
Number of Shares:		
Opening Balance	358,900	246,500
Creations	31,100	159,000
Redemptions	(19,100)	(46,600)
Closing Balance	370,900	358,900
Net Asset Value per share:		
Creations	\$ 108.75	\$ 90.62
Redemptions	\$ 110.02	\$ 87.59

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<i>Shares at redemption value to investors at Period End</i>	\$ 40,504,446	\$ 35,054,043
<i>Redemption Value per Redeemable Share at Period End</i>	\$ 109.21	\$ 97.67
<i>Change in Redemption Value through Period End</i>	15.5%	63.3%
<i>% Difference between Net Asset Value per share and market value of ounces represented by each share</i>	(0.040)%	(0.035)%

Results of Operations

In the six months ended March 31, 2010, 31,100,000 Shares (311 Baskets) were created in exchange for 3,047,842 ounces of gold including 166,431 ounces of gold receivable; 19,100,000 Shares (191 Baskets) were redeemed in exchange for 1,871,747 ounces of gold and 67,012 ounces of gold were sold to pay expenses.

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As at March 31, 2010, the amount of gold owned by the Trust was 36,324,952 ounces with a market value of \$40,520,483,790 (cost \$30,289,189,919), including gold receivable of 166,431 ounces with a market value of \$185,653,480 based on the London PM Fix on March 31, 2010.

As at March 31, 2010, the Custodian held 36,158,521 ounces in its vault (36,158,483 ounces of allocated gold in the form of London Good Delivery gold bars and 38 ounces of unallocated gold), excluding gold receivables, with a market value of \$40,334,830,509 (cost \$30,103,536,538). Subcustodians held nil ounces of gold in their vaults on behalf of the Trust and 166,431 ounces of gold was receivable by the Trust in connection with the creation of Baskets (which gold was received by the Custodian in the normal course of business).

As at September 30, 2009, the amount of gold owned by the Trust was 35,215,868 ounces, with a market value of \$35,066,200,848 (cost \$28,502,737,382), including gold receivable of 39,235 ounces with a market value of \$39,068,311, based on the London PM Fix on September 30, 2009 (in accordance with the Trust Indenture).

As at September 30, 2009, the Custodian held 35,176,633 ounces in its vault (35,176,460 ounces of allocated gold in the form of London Good Delivery gold bars and 173 ounces of unallocated gold), excluding gold receivable, with a market value of \$35,027,132,537 (cost \$28,463,669,071). Subcustodians held nil ounces of gold in their vaults on behalf of the Trust and 39,235 ounces of gold was receivable by the Trust in connection with the creation of Baskets (which gold was received by the Custodian in the normal course of business).

Cash flow from operations

The Trust had no net cash flow resulting from operations in the six months ended March 31, 2010, and 2009. Cash received in respect of gold sold to pay expenses in the six months ended March 31, 2010 and 2009 was the same as those expenses, resulting in zero cash balances at March 31, 2010 and 2009.

Cash Resources and Liquidity

At March 31, 2010 the Trust did not have any cash balances. When selling gold to pay expenses, the Trustee endeavors to sell the exact amount of gold needed to pay expenses in order to minimize the Trust's holdings of assets other than gold. As a consequence, we expect that the Trust will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period.

Analysis of Movements in the Price of Gold

As movements in the price of gold are expected to directly affect the price of the Trust's Shares, investors should understand what the recent movements in the price of gold have been. Investors, however, should also be aware that past movements in the gold price are not indicators of future movements. This section identifies recent trends in the movements of the gold price and discusses some of the important events that have influenced these movements.

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The following chart provides historical background on the price of gold. The chart illustrates movements in the price of gold in US dollars per ounce over the period from April 1, 2005 to March 31, 2010, and is based on the London PM Fix.

Daily gold price - April 1, 2005 to March 31, 2010

The average, high, low and end-of-period gold prices for the three and twelve month periods over the prior three years and for the period from the Date of Inception through March 31, 2010, based on the London PM Fix, were:

Period	Average	High	Date	Low	Date	End of period	Last business day⁽¹⁾
Three months to June 30, 2007	\$ 666.84	\$ 691.40	Apr 20, 2007	\$ 642.10	Jun 27, 2007	\$ 650.50	Jun 29, 2007
Three months to September 30, 2007	\$ 680.13	\$ 743.00	Sep 28, 2007	\$ 648.75	Jul 06, 2007	\$ 743.00	Sep 28, 2007
Three months to December 31, 2007	\$ 787.41	\$ 841.10	Nov 08, 2007	\$ 725.50	Oct 04, 2007	\$ 836.50	Dec 31, 2007 ⁽²⁾
Three months to March 31, 2008	\$ 924.83	\$ 1,011.25	Mar 17, 2008	\$ 846.75	Jan 02, 2008	\$ 933.50	Mar 31, 2008
Three months to June 30, 2008	\$ 896.29	\$ 946.00	Apr 17, 2008	\$ 853.00	May 01, 2008	\$ 930.25	Jun 30, 2008
Three months to September 30, 2008	\$ 871.60	\$ 986.00	Jul 15, 2008	\$ 740.75	Sep 11, 2008	\$ 884.50	Sep 30, 2008
Three months to December 31, 2008	\$ 796.52	\$ 903.50	Oct 08, 2008	\$ 712.50	Oct 24, 2008	\$ 865.00	Dec 31, 2008 ⁽²⁾
Three months to March 31, 2009	\$ 908.41	\$ 989.00	Feb 20, 2009	\$ 810.00	Jan 15, 2009	\$ 916.50	Mar 31, 2009
Three months to June 30, 2009	\$ 922.18	\$ 981.75	Jun 01, 2009	\$ 870.25	Apr 06, 2009	\$ 934.50	Jun 30, 2009
Three months to	\$ 960.00	\$ 1,018.50	Sep 17, 2009	\$ 908.50	Jul 13, 2009	\$ 995.75	Sep 30, 2009

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September 30, 2009							
Three months to December 31, 2009	\$ 1,099.77	\$ 1,212.50	Dec 02, 2009	\$ 1,003.50	Oct 02, 2009	\$ 1,104.00	Dec 31, 2009 ⁽²⁾
Three months to March 31, 2010	\$ 1,109.12	\$ 1,153.00	Jan 11, 2010	\$ 1,058.00	Feb 05, 2010	\$ 1,115.50	Mar 31, 2010
Twelve months ended March 31, 2008	\$ 764.70	\$ 1,011.25	Mar 17, 2008	\$ 642.10	Jun 27, 2007	\$ 933.50	Mar 31, 2008
Twelve months ended March 31, 2009	\$ 867.95	\$ 989.00	Feb 20, 2009	\$ 712.50	Oct 24, 2008	\$ 916.50	Mar 31, 2009
Twelve months ended March 31, 2010	\$ 1,023.37	\$ 1,212.50	Dec 02, 2009	\$ 870.25	Apr 06, 2009	\$ 1,115.50	Mar 31, 2010
November 12, 2004 to March 31, 2010	\$ 729.74	\$ 1,212.50	Dec 02, 2009	\$ 411.10	Feb 08, 2005	\$ 1,115.50	Mar 31, 2010

- (1) The end of period gold price is the London PM Fix on the last business day of the period. This is in accordance with the Trust Indenture and the basis used for calculating the Net Asset Value of the Trust.
- (2) There was no London PM Fix on the last business day of December 2007, 2008 and 2009. The London AM Fix on such business days was, \$836.50, \$865.00 and \$1,104.00 respectively. The Net Asset Value of the Trust on December 31, 2007, 2008 and 2009 was calculated using the London AM Fix, in accordance with the Trust Indenture.

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The upward price trend that began in 2001 has continued for much of the period since the Date of Inception, except for a period of several months during which the gold price corrected between May and October 2006. After reaching a peak of \$725.00 at the London PM Fix on May 12, 2006, gold corrected down to a low of \$560.75 at the London PM Fix on October 6, 2006. The reason most often cited for the correction was a concern among investors that monetary authorities, especially in the U.S., would move to counter the threat of rising inflation by aggressively raising interest rates. These concerns quickly ebbed, however, and as the dollar continued to fall, the gold price rallied from the October 2006 low. In any event, beginning in August 2007, the U.S. authorities began to reduce interest rates in response to the subprime mortgage crisis. The continued reduction in the fed funds rate helped to drive gold to a fresh high of \$1,011.25 on March 17, 2008. As the subprime mortgage problems escalated into a global financial crisis, gold traded in a range from the mid-\$900s down to the low-\$700s. The higher prices have tended to coincide with investor buying on fresh news of distress for companies in the financial sector, and the lows appear to have been triggered by selling from investors in the search for liquidity. The gold price broke out of this range in the third quarter of 2009, once again breaching the symbolic \$1,000/oz level during the next to the last week of the quarter. The rally continued in the fourth quarter of 2009, reaching a new high of \$1,212.50 per ounce at the London PM fix on December 2, 2009. The major drivers appear to have been increased investment inflows and a shift in behavior in central bank reserve management as western central banks slowed gold sales and developing nations increased their gold reserves. Increased investment inflows have been supported by an increase in inflation concerns, a rise in demand for gold as a store of value, and increased demand for gold as a dollar hedge. The average price for the six months ended March 31, 2010, was \$1,104.41.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Trust Indenture does not authorize the Trustee to borrow for payment of the Trust's ordinary expenses. The Trust does not engage in transactions in foreign currencies which could expose the Trust or holders of Shares to any foreign currency related market risk. The Trust does not invest in any derivative financial instruments or long-term debt instruments.

Item 4. Controls and Procedures

Disclosure controls and procedures. Under the supervision and with the participation of the Sponsor, World Gold Trust Services, LLC, including its chief executive officer and chief financial officer, we carried out an evaluation of the effectiveness of the design and operation of the Trust's disclosure controls and procedures. Based upon that evaluation, our chief executive officer and chief financial officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Internal control over financial reporting. There has been no change in the internal control of the Trust over financial reporting that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the internal control over financial reporting.

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PART II - OTHER INFORMATION:

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

In addition to the other information set forth below, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2009, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing the Trust. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares.

The Shares are designed to mirror as closely as possible the price of gold and the value of the Shares relates directly to the value of the gold held by the Trust, less the Trust's liabilities (including estimated accrued but unpaid expenses). The price of gold has fluctuated widely over the past several years. Several factors may affect the price of gold, including:

Global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and production and cost levels in major gold-producing countries such as China, Australia, South Africa and the United States;

Global or regional political, economic or financial events and situations;

Investors' expectations with respect to the rate of inflation;

Currency exchange rates;

Interest rates; and

Investment and trading activities of hedge funds and commodity funds.

The Shares have experienced significant price fluctuations. If gold markets continue to be subject to sharp fluctuations, this may result in potential losses if you need to sell your Shares at a time when the price of gold is lower than it was when you made your investment. Even if you are able to hold Shares for the long-term, you may never experience a profit, since gold markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations.

In addition, investors should be aware that there is no assurance that gold will maintain its long term value in terms of purchasing power in the future. In the event that the price of gold declines, the Sponsor expects the value of an

investment in the Shares to decline proportionately.

The sale of gold by the Trust to pay expenses reduces the amount of gold represented by each Share on an ongoing basis irrespective of whether the trading price of the Shares rises or falls in response to changes in the price of gold.

Each outstanding Share represents a fractional, undivided interest in the gold held by the Trust. As the Trust does not generate any income and as the Trust regularly sells gold to pay for its ongoing expenses, the amount of gold represented by each Share has gradually declined over time. This is also true with respect to Shares that are issued in exchange for additional deposits of gold into the Trust, as the amount of gold required to create Shares proportionately reflects the amount of gold represented by the Shares outstanding at the time of creation. Assuming a constant gold price, the trading price of the Shares is expected to gradually decline relative to the price of gold as the amount of gold represented by the Shares gradually declines.

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Investors should be aware that the gradual decline in the amount of gold represented by the Shares will occur regardless of whether the trading price of the Shares rises or falls in response to changes in the price of gold.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As of the date of the formation of the Trust on November 12, 2004, the NAV of the Trust, which represents the value of the gold deposited into the Trust, was \$13,081,500, and the NAV per Share was \$43.60. Since formation and through March 31, 2010, 5,727 Baskets (572,700,000 Shares) have been created and 2,018 Baskets (201,800,000 Shares) have been redeemed. As of May 7, 2010, 390,400,000 Shares were outstanding and the estimated NAV per Share as determined by the Trustee for May 7, 2010 was \$117.65.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index, and such Exhibit Index, are filed or incorporated by reference as a part of this report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities* indicated thereunto duly authorized.

WORLD GOLD TRUST SERVICES, LLC

Sponsor of the Equity Gold Trust

(Registrant)

/s/ Jason Toussaint

Jason Toussaint

Managing Director

(principal executive officer)

/s/ Graham Richardson

Graham Richardson

Chief Financial Officer and Treasurer

(principal financial officer and

principal accounting officer)

Date: May 10, 2010

* The Registrant is a trust and the persons are signing in their capacities as officers of World Gold Trust Services, LLC, the Sponsor of the Registrant.

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EXHIBIT INDEX

Pursuant to Item 601 of Regulation S-K

Exhibit No. Description of Exhibit

- | | |
|------|--|
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. |
| 32.1 | Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. |
| 32.2 | Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. |