

SPDR GOLD TRUST
Form 10-Q
August 08, 2014
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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 June 30, 2014

.. 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

510 Madison Avenue, 9th Floor

New York, New York 10022

(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 x 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).

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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):

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 August 7, 2014 the Registrant had 266,400,000 Shares outstanding.

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Unaudited Condensed Statements of Financial Condition**

at June 30, 2014 and September 30, 2013

(Amounts in 000 s of US\$ except for share data)	Jun-30, 2014	Sep-30, 2013 ⁽¹⁾
ASSETS		
Investment in Gold ⁽²⁾	\$ 31,104,442	\$ 35,812,777
Gold receivable	240,490	
Total Assets	\$ 31,344,932	\$ 35,812,777
LIABILITIES		
Gold payable	\$	\$ 153,680
Accounts payable to related parties	9,941	12,133
Accounts payable	247	2,136
Accrued expenses	4,160	1,145
Total Liabilities	14,348	169,094
Redeemable Shares:		
Shares at redemption value to investors ⁽³⁾	33,415,479	38,623,537
Shareholders Deficit	(2,084,895)	(2,979,854)
Total Liabilities, Redeemable Shares & Shareholders Deficit	\$ 31,344,932	\$ 35,812,777

(1) Derived from audited statement of financial condition as of September 30, 2013.

(2) The market value of Investment in Gold at June 30, 2014 is \$33,189,337 and at September 30, 2013 was \$38,792,631.

(3) Authorized share capital is unlimited and the par value of the Shares is \$0.00. Shares issued and outstanding at June 30, 2014 was 264,000,000 and at September 30, 2013 was 301,600,000.

See notes to the unaudited condensed financial statements

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

For the three and nine months ended June 30, 2014 and 2013

	Three Months Ended Jun-30, 2014	Three Months Ended Jun-30, 2013	Nine Months Ended Jun-30, 2014	Nine Months Ended Jun-30, 2013
<i>(Amounts in 000 s of US\$, except per share data)</i>				
REVENUES				
Proceeds from sales of gold to pay expenses	\$ 32,991	\$ 57,281	\$ 101,842	\$ 198,491
Cost of gold sold to pay expenses	(31,419)	(47,545)	(97,046)	(149,113)
Gain on gold sold to pay expenses	1,572	9,736	4,796	49,378
Gain on gold distributed for the redemption of shares	98,995	1,837,987	325,475	4,424,543
Unrealized gain/(loss) on investment in gold		(840,230)		(840,230)
Total gain on gold	100,567	1,007,493	330,271	3,633,691
EXPENSES				
Custody fees	5,558	8,072	17,113	31,164
Trustee fees	499	499	1,496	1,496
Sponsor fees	12,230	18,158	37,791	71,252
Marketing agent fees	12,230	18,158	37,791	71,252
Other expenses	2,097	3,533	6,585	14,838
Total expenses	32,614	48,420	100,776	190,002
Net gain from operations	\$ 67,953	\$ 959,073	\$ 229,495	\$ 3,443,689
Net gain per share	\$ 0.26	\$ 2.72	\$ 0.84	\$ 8.42
Weighted average number of shares	263,349	352,742	271,952	409,090

See notes to the unaudited condensed financial statements

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

For the three and nine months ended June 30, 2014 and 2013

	Three Months Ended Jun-30, 2014	Three Months Ended Jun-30, 2013	Nine Months Ended Jun-30, 2014	Nine Months Ended Jun-30, 2013
(Amounts in 000 s of US\$)				
INCREASE / DECREASE IN CASH FROM OPERATIONS:				
Cash proceeds received from sales of gold	\$ 32,991	\$ 57,281	\$ 101,842	\$ 198,491
Cash expenses paid	(32,991)	(57,281)	(101,842)	(198,491)
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>	\$ 941,382	\$ 818,837	\$ 4,166,969	\$ 6,034,656
<i>Value of gold distributed for redemption of shares net of gold payable</i>	\$ 2,134,752	\$ 10,533,241	\$ 8,624,578	\$ 18,013,836

	Three Months Ended Jun-30, 2014	Three Months Ended Jun-30, 2013	Nine Months Ended Jun-30, 2014	Nine Months Ended Jun-30, 2013
(Amount in 000 s of US\$)				
RECONCILIATION OF NET GAIN FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net gain from operations	\$ 67,953	\$ 959,073	\$ 229,495	\$ 3,443,689
Adjustments to reconcile net gain to net cash provided by operating activities				
(Increase) / Decrease in investment in gold	1,232,421	10,602,180	4,708,335	13,571,115
(Increase) / Decrease in gold receivable	(240,490)		(240,490)	
Increase / (Decrease) in gold payable	(161,796)		(153,680)	(602,591)
Increase / (Decrease) in liabilities	(378)	(8,862)	(1,066)	(8,489)
Increase / (Decrease) in redeemable Shares				
Creations	1,181,872	818,837	4,407,459	6,034,656
Redemptions	(2,079,582)	(12,371,228)	(8,950,053)	(22,438,380)
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 nine months ended June 30, 2014

(Amounts in 000's of US\$)	Nine Months Ended Jun-30, 2014
Shareholders' Deficit - Opening balance	\$ (2,979,854)
Net gain for the period	229,495
Adjustment of redeemable shares to redemption value	665,464
Shareholders' Deficit - Closing balance	\$ (2,084,895)

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 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.

The condensed statements of financial condition at June 30, 2014 and September 30, 2013, the condensed statements of operations and of cash flows for the three and nine months ended June 30, 2014 and 2013 and the condensed statement of changes in shareholders' deficit for the nine months ended June 30, 2014 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 and nine months ended June 30, 2014 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, 2013. The results of operations for the nine months ended June 30, 2014 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 June 30, 2014 and September 30, 2013:

(Amounts in 000's of US\$)	Jun-30, 2014	Sep-30, 2013
Investment in gold - average cost	\$ 31,104,442	\$ 35,812,777