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# SPDR<sup>®</sup> GOLD SHARES

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# A Precise Way to INVEST IN GOLD

SPDR Gold Shares ("GLD", Stock Code: O87) offers investors a modern, cost-efficient and secure way to gain access to the gold market without having to pay the transportation, storage and insurance costs of holding physical gold. GLD has freed investors of many of the barriers that have historically deterred them from assigning gold a strategic long-term portfolio presence. By easily buying and selling shares of GLD on a stock exchange, investors have easy access to gold's role as a portfolio diversifier.<sup>1</sup> In other words, with GLD, any investor with a brokerage account (brokerage charges may be incurred) can take advantage of gold's historically low correlation to other asset classes such as stocks and bonds.

## Why Gold?

Research shows that a long-term strategic allocation to gold may help increase portfolio diversification and may help preserve purchasing power.<sup>2</sup> In particular:

- **Gold may help manage risk and volatility.** Gold may reduce volatility by diversifying portfolios—a byproduct of its low correlation to most key asset classes, such as stocks, bonds and commodities. In fact, over the past 25 years, the correlation of gold to stocks, bonds and other commodities was -0.01, 0.19, and 0.44, respectively.<sup>3</sup>
- **Gold may help preserve purchasing power.** Gold prices are influenced by multiple factors ranging from central bank policies and interest rates to emerging market demand and mining production. As a result, there are a diverse set of global drivers that impact the price of gold beyond localized events. This, in turn, could support gold prices during periods of local currency depreciation and may help it act as a hedge against global inflation.<sup>4</sup>

## Why GLD?

GLD has lowered a large number of barriers traditionally preventing investors from using gold as an asset allocation and trading tool. These barriers have included the logistics of buying, storing and insuring gold. GLD has given investors exposure to the price of physical gold, minus Trust expenses, eliminating the need to use derivatives which may carry additional credit risks.

With GLD, investors now have easy access to the gold market. They can readily integrate and measure gold as a strategic presence in a portfolio that can potentially diversify risk due to low correlations with major asset classes, and can be incorporated into a broad asset-allocation framework of investing.

## How does GLD work?

Shares of GLD give the holder an undivided beneficial ownership in the SPDR Gold Trust (established in the form of a Grantor Trust), which solely holds gold. All the Trust's gold is securely vaulted in London.

# GLD's Key Attributes

## Transparent

GLD seeks to track the price of gold minus the Trust expenses. The price, holdings and net asset value of GLD, as well as market data for the overall gold bullion market, can be tracked at [spdrgoldshares.com](http://spdrgoldshares.com).

## Secure

HSBC Bank Plc is the custodian for the gold held by the SPDR Gold Trust.<sup>5</sup> Gold is held in custody in an “allocated account,”<sup>6</sup> which means that the Trust has full ownership of the gold bars, and the custodian may not trade, lease or lend the bars.

## Liquid

GLD's liquidity comes not only from secondary-market trading on exchange, but also from the primary market. “Authorized participants” in the primary market, responding to market demand, can create and redeem baskets of 100,000 shares. All this may help keep bid/ask spreads tight and allows investors to freely buy and sell shares in whatever amount they desire. There can be no assurance that a liquid market will be maintained for these shares.

## Easily Accessible

GLD shares are cross-listed in Singapore. Investors can buy, sell and hold GLD through standard brokerage accounts.<sup>7</sup>

## Flexible

GLD investors can buy as few or as many shares they want, giving them ownership to fractional ounces of gold. GLD trades in the same way ordinary stocks do. It is possible to:

- Buy or sell GLD continuously throughout the trading day on exchange at prices established by the market
- Place market, limit and stop-loss orders for GLD
- Sell GLD short
- Purchase shares of GLD on margin

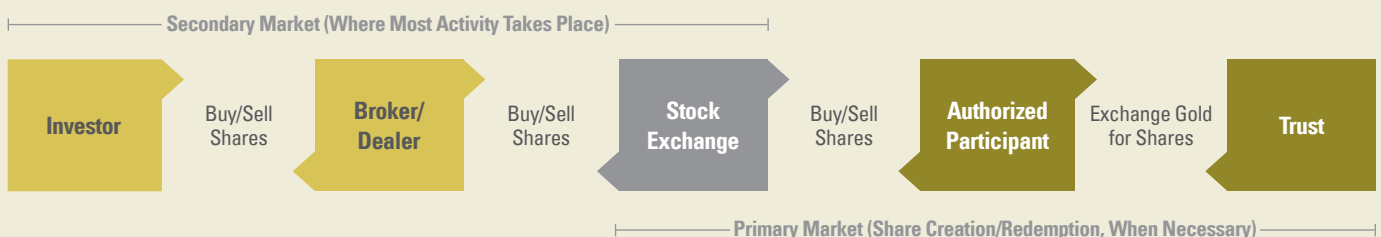
## Cost-Effective

Buying a one-ounce gold coin costs, on average, 5% above the spot gold price.<sup>8</sup> Buying one-ounce of gold through GLD is considerably cheaper, paying the spot price plus about 0.01% of the spot price due to tight bid/ask spreads that have existed since inception of GLD. Also, the holding cost of GLD as measured by its expense ratio amounts to 0.40% per year. Transaction costs related to GLD are generally lower than costs associated with the purchase, storage and insurance of physical gold. However, frequent trading of ETFs can increase commissions and other costs enough to offset any savings from GLD's low fees and costs.

### The Cost Effective Attributes of GLD

Attribute	Allocated Gold	Unallocated Gold
Gold asset can be leased to third party without consent	No	Yes
Part of bankruptcy estate in event of a bankruptcy of the Custodian bank	No	Yes
Individually Identified Bars	Yes	No
Trust has right and title to the gold assets	Yes	No
Segregated from other gold	Yes	No

### GLD's Liquidity in the Primary and Secondary Markets



Information contained above is for illustrative purposes only.

- <sup>1</sup> Gold can diversify portfolios because of its low correlation to key asset classes such as stocks, commodities and bonds. Source: 2015 review and 2016 outlook, World Gold Council, January 2016.
- <sup>2</sup> See: J.P. Morgan, Gold in asset allocation, July 2012; Mercer, Gold as an asset class for institutional investors, February 2011, New Frontier Advisors and World Gold Council, Gold as a strategic asset, September 2006; New Frontier Advisors, Gold as a strategic asset for European investors, December 2011; Oxford Economics, The impact of inflation and deflation in the case for gold, July 2011; Matos, P. and R. Evans, Gold as a portfolio diversifier: the World Gold Council and investing in gold, Darden Business Publishing, University of Virginia, September 2012.
- <sup>3</sup> Source: SSGA, Bloomberg, as of 12/31/2015. Computed using monthly return data from Dec 1990 to Dec 2015. The correlation coefficient measures the strength and direction of a linear relationship between two variables. It measures the degree to which the deviations of one variable from its mean are related to those of a different variable from its respective mean. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Stocks represented by S&P 500 Index; Bonds represented by Barclays US Aggregate Index; Commodities represented by Bloomberg Commodity Index. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Diversification does not ensure a profit or guarantee against loss.
- <sup>4</sup> "Gold as an Inflation Hedge in a Time-Varying Coefficient Framework," RUHR Economic Papers, #362, 2012.
- <sup>5</sup> Gold bars may be held by one or more subcustodians appointed by the Custodian, or employed by the subcustodians appointed by the Custodian, until it is transported to the Custodian's London vault premises.
- <sup>6</sup> An allocated account is an account with a bullion dealer, which may also be a bank, to which individually identified units of gold (such as bars) owned by the account holder are credited. The gold held in an allocated gold account is specific to that account and is identified by a list that shows, for each unit of gold, the refiner, assay or fineness, serial number and gross and fine weight.
- <sup>7</sup> Although shares of GLD have historically been readily tradable on exchange, there can be no assurance that an active trading market will be maintained.
- <sup>8</sup> Source: World Gold Council, as of December 31, 2015.

## Definitions

**Authorized Participants (APs)** US registered, self-clearing broker-dealers who meet certain criteria and sign a participant agreement with a particular ETF sponsor or distributor to become "authorized participants" of the fund. APs are highly scrutinized for their integrity and operational competence as they are the only parties who transact directly with the ETF.

**Barclays US Aggregate Bond Index** Measure of the performance of the U.S. dollar denominated investment grade bond market.

**Bid/Ask Spread** A transaction cost associated with trading a security that is the difference between the highest price a buyer is willing to pay, and the lowest price the seller is willing to accept.

**Derivatives** Financial securities including options and futures that have a price based or derived on the price of an asset such as stocks, commodities or indices.

**Bloomberg Commodity Index (BCOM)** A broadly diversified index that tracks the commodities markets through commodity futures contracts.

**Limit Order** A buy or sell order that will only be executed above or below a specific market price.

**Liquidity** The ability to quickly buy or sell an investment in the market without impacting its price. Trading volume is a primary determinant of liquidity.

**Margin Loan** A loan from a broker that allows investors to borrow against collateral, typically existing investments. Margin loans allow investors to leverage and therefore magnify profits as well as losses.

**Market Order** A buy or sell order that will be executed immediately at current market price.

**Short Selling** A strategy designed to profit from a decline in price of a stock or security. The short seller borrows the security and sells it to another investor, hoping the price falls and that he or she can buy it back at a lower price and lock in a profit.

**Stop-Loss Order** A sell order that is triggered if a security hits a specific market price.

**Tail Risk** The risk of an extreme loss in an investment portfolio due to major macro events such as a market shock.

**S&P 500® Index** Benchmark composed of five hundred (500) selected stocks, all of which are listed on national stock exchanges and spans over 25 separate industry groups.

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**Important Risk Information**

All forms of investments carry risks, including the risk of losing all of the invested amount. Such activities may not be suitable for everyone. ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Brokerage commissions and ETF expenses will reduce returns.

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 trading activity of speculators and arbitrageurs in the underlying commodities. Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs. There can be no assurance that the active trading market for GLD shares will be maintained.

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Investors should read the Trust's prospectus and may wish to seek advice from a financial adviser before making a commitment to invest in the Trust. In the event that Investors chooses not to seek advice from a financial adviser, he should consider whether the product in question is suitable for him. The prospectus may be obtained upon request from State Street Global Advisors Singapore Limited (Co. Reg. No: 200002719D, regulated by the Monetary Authority of Singapore) and can be downloaded from the Trust's website [www.spdrgoldshares.com](http://www.spdrgoldshares.com).

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