

ISHARES GOLD TRUST
Form 10-Q
November 08, 2010
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2010

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: 001-32418

iShares[®] Gold Trust

(Exact name of registrant as specified in its charter)

Edgar Filing: ISHARES GOLD TRUST - Form 10-Q

New York
(State or other jurisdiction of

81-6124036
(I.R.S. Employer

incorporation or organization)

Identification No.)

c/o BlackRock Asset Management International Inc.

400 Howard Street

San Francisco, California 94105

Attn: Product Management Team

Intermediary Investor and Exchange-Traded Products Department

(Address of principal executive offices)

(415) 670-2000

(Registrant's telephone number, including area code)

iShares® COMEX® Gold Trust

(Former name, former address and former fiscal year, if changed since last report)

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 (§232.405 of this chapter) 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.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |

(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

Table of Contents

Table of Contents

| | Page |
|--|-------------|
| <u>PART I FINANCIAL INFORMATION</u> | |
| Item 1. <u>Financial Statements</u> | 1 |
| <u>Balance Sheets at September 30, 2010 (Unaudited) and December 31, 2009</u> | 1 |
| <u>Income Statements (Unaudited) for the three and nine months ended September 30, 2010 and 2009</u> | 2 |
| <u>Statements of Changes in Shareholders' Equity (Deficit) for the nine months ended September 30, 2010 (Unaudited) and the year ended December 31, 2009</u> | 3 |
| <u>Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2010 and 2009</u> | 4 |
| <u>Notes to Financial Statements (Unaudited)</u> | 5 |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 9 |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 11 |
| Item 4. <u>Controls and Procedures</u> | 11 |
| <u>PART II OTHER INFORMATION</u> | |
| Item 1. <u>Legal Proceedings</u> | 12 |
| Item 1A. <u>Risk Factors</u> | 12 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 12 |
| Item 3. <u>Defaults Upon Senior Securities</u> | 12 |
| Item 5. <u>Other Information</u> | 12 |
| Item 6. <u>Exhibits</u> | 13 |
| <u>SIGNATURES</u> | 14 |

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****iShares® Gold Trust****Balance Sheets**

At September 30, 2010 (Unaudited) and December 31, 2009

| (Dollar amounts in \$000 s) | September 30, 2010 | December 31, 2009 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Gold bullion inventory (fair value of \$4,193,082 and \$2,793,239, respectively) | \$ 2,727,334 | \$ 1,914,867 |
| Receivable for capital shares sold | 40,906 | |
| TOTAL ASSETS | \$ 2,768,240 | \$ 1,914,867 |
| LIABILITIES, REDEEMABLE CAPITAL SHARES AND SHAREHOLDERS EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Sponsor s fees payable | \$ 817 | \$ 1,006 |
| Total liabilities | 817 | 1,006 |
| Commitments and contingent liabilities (Note 5) | | |
| Redeemable capital shares, no par value, unlimited amount authorized (at redemption value) 327,750,000 issued and outstanding at September 30, 2010 and 260,000,000 issued and outstanding at December 31, 2009 (Note 2C) | 4,192,265 | 2,792,233 |
| Shareholders equity (deficit) | (1,424,842) | (878,372) |
| TOTAL LIABILITIES, REDEEMABLE CAPITAL SHARES AND SHAREHOLDERS EQUITY (DEFICIT) | \$ 2,768,240 | \$ 1,914,867 |

See notes to financial statements.

Table of Contents**iShares® Gold Trust****Income Statements (Unaudited)**

For the three and nine months ended September 30, 2010 and 2009

| (Dollar amounts in \$000 s, except for per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------|------------------------------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenue | | | | |
| Proceeds from sales of gold to pay expenses | \$ 2,597 | \$ 2,192 | \$ 8,354 | \$ 6,085 |
| Cost of gold sold to pay expenses | (1,763) | (1,621) | (5,595) | (4,524) |
| Gain on sales of gold to pay expenses | 834 | 571 | 2,759 | 1,561 |
| Gain on gold distributed for the redemption of shares | | | 39,711 | 24,879 |
| Total gain on sales and distributions of gold | 834 | 571 | 42,470 | 26,440 |
| Expenses | | | | |
| Sponsor's fees | (2,308) | (2,276) | (8,165) | (6,281) |
| Total expenses | (2,308) | (2,276) | (8,165) | (6,281) |
| NET INCOME (LOSS) | \$ (1,474) | \$ (1,705) | \$ 34,305 | \$ 20,159 |
| Net income (loss) per share (Note 2C) | \$ (0.00) | \$ (0.01) | \$ 0.12 | \$ 0.09 |
| Weighted-average shares outstanding (Note 2C) | 306,336,957 | 239,641,304 | 276,712,637 | 229,327,839 |
| <i>See notes to financial statements.</i> | | | | |

Table of Contents**iShares® Gold Trust****Statements of Changes in Shareholders' Equity (Deficit)**

For the nine months ended September 30, 2010 (Unaudited)

and the year ended December 31, 2009

| (Dollar amounts in \$000 s) | Nine Months Ended September 30, 2010 | Year Ended December 31, 2009 |
|---|---|---|
| Shareholders' equity (deficit) beginning of period | \$ (878,372) | \$ (448,521) |
| Net income | 34,305 | 60,970 |
| Adjustment of redeemable capital shares to redemption value | (580,775) | (490,821) |
| Shareholders' equity (deficit) end of period | \$ (1,424,842) | \$ (878,372) |

See notes to financial statements.

Table of Contents**iShares® Gold Trust****Statements of Cash Flows (Unaudited)**

For the nine months ended September 30, 2010 and 2009

| | Nine Months Ended September 30, | |
|---|--|-------------|
| | 2010 | 2009 |
| (Dollar amounts in \$000 s) | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Proceeds from sales of gold | \$ 8,354 | \$ 6,085 |
| Expenses Sponsor's fees paid | (8,354) | (6,085) |
| Net cash provided by operating activities | | |
| Increase (decrease) in cash | | |
| Cash, beginning of period | | |
| Cash, end of period | \$ | \$ |
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Net income | \$ 34,305 | \$ 20,159 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gain on gold distributed for the redemption of shares | (39,711) | (24,879) |
| Cost of gold sold to pay expenses | 5,595 | 4,524 |
| Increase (decrease) in Sponsor's fees payable | (189) | 196 |
| Net cash provided by operating activities | \$ | \$ |
| Supplemental disclosure of non-cash information: | | |
| Carrying value of gold received for creation of shares | \$ 947,410 | \$ 330,139 |
| Carrying value of gold distributed for redemption of shares, at average cost | \$ (88,442) | \$ (63,964) |
| <i>See notes to financial statements.</i> | | |

Table of Contents

iShares® Gold Trust

Notes to Financial Statements (Unaudited)

September 30, 2010

1 - Organization

The iShares® Gold Trust (the Trust) was organized on January 21, 2005 as a New York trust. Prior to September 2, 2010, the Trust was known as iShares® COMEX® Gold Trust. The trustee is The Bank of New York Mellon (the Trustee), which is responsible for the day to day administration of the Trust. The Trust's sponsor is BlackRock Asset Management International Inc. (the Sponsor), a Delaware corporation. The Trust is governed by the Second Amended and Restated Depositary Trust Agreement dated as of September 2, 2010 (as amended, the Trust Agreement).

The objective of the Trust is for the value of its shares to reflect, at any given time, the price of gold owned by the Trust at that time, less the Trust's expenses and liabilities. The Trust is designed to provide a vehicle for investors to own interests in gold bullion.

The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission (the SEC). In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Trust's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2009 as filed with the SEC on February 26, 2010.

2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements in conformity with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and these differences could be material.

B. Gold Bullion

JPMorgan Chase Bank N.A., London branch (the Custodian), is responsible for safekeeping the gold owned by the Trust. Prior to September 1, 2010, the Trust's custodian was The Bank of Nova Scotia.

For financial statement purposes, the gold bullion held by the Trust is valued at the lower of cost or market, using the average cost method. Should the market value of the gold held be lower than its average cost during the interim periods of the same fiscal year, an adjustment of value below cost (market value reserve) is recorded by the Trust. Should the market value of the gold held increase subsequent to the market value reserve being recorded, a market value recovery is recorded by the Trust. Gain or loss on sales of gold bullion is calculated on a trade date basis. Fair value of the gold bullion is based on the Commodity Exchange, Inc. (COMEX) settlement price for the spot month gold futures contract, which at any time is the contract then closest to maturity (COMEX Spot Settlement Price).

Table of Contents

The following table summarizes activity in gold bullion for the three months ended September 30, 2010 (all balances in 000 s):

| | Ounces | Average Cost | Fair Value | Realized Gain (Loss) |
|--|---------|--------------|--------------|----------------------|
| Beginning balance | 2,761.2 | \$ 2,220,070 | \$ 3,439,119 | \$ |
| Gold contributed | 447.1 | 549,933 | 549,933 | |
| Gold distributed | | | | |
| Gold sold | (2.1) | (1,763) | (2,597) | 834 |
| Adjustment for realized gain | | | 834 | |
| Adjustment for unrealized gain on gold bullion | | | 205,793 | |
| Ending balance | 3,206.2 | \$ 2,768,240 | \$ 4,193,082 | \$ 834 |

The following table summarizes activity in gold bullion for the nine months ended September 30, 2010 (all balances in 000 s):

| | Ounces | Average Cost | Fair Value | Realized Gain (Loss) |
|--|---------|--------------|--------------|----------------------|
| Beginning balance | 2,550.4 | \$ 1,914,867 | \$ 2,793,239 | \$ |
| Gold contributed | 780.5 | 947,410 | 947,410 | |
| Gold distributed | (117.6) | (88,442) | (128,153) | 39,711 |
| Gold sold | (7.1) | (5,595) | (8,354) | 2,759 |
| Adjustment for realized gain | | | 42,470 | |
| Adjustment for unrealized gain on gold bullion | | | 546,470 | |
| Ending balance | 3,206.2 | \$ 2,768,240 | \$ 4,193,082 | \$ 42,470 |

C. Redeemable Capital Shares

Shares of the Trust are classified as redeemable for balance sheet purposes, since they are subject to redemption. Trust shares are issued and redeemed continuously in aggregations of 50,000 shares in exchange for gold bullion rather than cash. Individual investors cannot purchase or redeem shares in direct transactions with the Trust. The Trust only transacts with registered broker-dealers eligible to settle securities transactions through the book-entry facilities of the Depository Trust Company and which have entered into a contractual arrangement with the Trust and the Sponsor governing, among other matters, the creation and redemption processes (such broker-dealers are the Authorized Participants). Holders of shares of the Trust may redeem their shares at any time acting through an Authorized Participant and in the prescribed aggregations of 50,000 shares; *provided*, that redemptions of shares may be suspended during any period while regular trading on NYSE Arca or COMEX is suspended or restricted, or in which an emergency exists as a result of which delivery, disposal or evaluation of gold is not reasonably practicable.

The per-share amount of gold exchanged for a purchase or redemption is calculated daily by the Trustee, using the daily COMEX Spot Settlement Price to calculate the gold amount in respect of any liabilities for which covering gold sales have not yet been made, and represents the per-share amount of gold held by the Trust, after giving effect to its liabilities, sales to cover expenses and liabilities and any losses that may have occurred.

When gold is exchanged in settlement of redemption, it is considered a sale of gold for financial statement purposes.

Due to the expected continuing sales and redemption of capital stock and the three-day period for share settlement the Trust reflects capital shares sold as a receivable, rather than as contra equity. Shares redeemed are reflected as a contra asset on the trade date. Outstanding Trust

Edgar Filing: ISHARES GOLD TRUST - Form 10-Q

shares are reflected at redemption value, which is the net asset value per share at the period ended date. Adjustments to redemption value are reflected in shareholders' equity.

Table of Contents

Net asset value is computed by deducting all accrued fees, expenses and other liabilities of the Trust, including the Sponsor's fees, from the fair value of the gold bullion held by the Trust.

On June 11, 2010, the Board of Directors of the Sponsor authorized a 10 for 1 split of the shares of the Trust for shareholders of record as of the close of business on June 21, 2010, payable after the close of trading on June 23, 2010. All share and per share amounts are restated to reflect the 10 for 1 share split.

Activity in redeemable capital shares is as follows (all balances in 000's):

| | Three Months Ended September 30, 2010 | | Nine Months Ended September 30, 2010 | |
|-----------------------------|--|--------------|---|--------------|
| | Shares | Amount | Shares | Amount |
| Beginning balance | 282,050 | \$ 3,438,013 | 260,000 | \$ 2,792,233 |
| Shares issued | 45,700 | 549,933 | 79,750 | 947,410 |
| Shares redeemed | | | (12,000) | (128,153) |
| Redemption value adjustment | | 204,319 | | 580,775 |
| Ending balance | 327,750 | \$ 4,192,265 | 327,750 | \$ 4,192,265 |

D. Federal Income Taxes

The Trust is treated as a grantor trust for federal income tax purposes and, therefore, no provision for federal income taxes is required. Any interest and gains and losses are deemed passed through to the holders of shares of the Trust.

3 - Expenses

The Trust pays to the Sponsor a Sponsor's fee that accrues daily at an annualized rate equal to 0.25% of the adjusted net asset value of the Trust, paid monthly in arrears. Prior to July 1, 2010, the Sponsor's fee was accrued daily at an annualized rate equal to 0.40% of the adjusted net asset value of the Trust. The Sponsor has agreed to assume the following administrative and marketing expenses incurred by the Trust: the Trustee's fee, the Custodian's fee, NYSE Arca listing fees, SEC registration fees, printing and mailing costs, audit fees and expenses, and up to \$100,000 per annum in legal fees and expenses.

4 - Related Parties

The Sponsor and the Trustee are considered to be related parties to the Trust. The Trustee's fee is paid by the Sponsor and is not a separate expense of the Trust.

5 - Indemnification

Under the Trust's organizational documents, the Sponsor is indemnified against liabilities or expenses it incurs without negligence, bad faith or willful misconduct on its part. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

6 - Concentration Risk

Substantially all of the Trust's assets are holdings of gold bullion, which creates a concentration risk associated with fluctuations in the price of gold. Accordingly, a decline in the price of gold will have an adverse effect on the value of the shares of the Trust. Factors that may have the effect of causing a decline in the price of gold include large sales by the official sector (governments, central banks and related institutions), an increase in the hedging activities of gold producers, and changes in the attitude towards gold of speculators and other market participants.

Table of Contents

7 - Subsequent Events

In connection with the preparation of the financial statements of the Trust as of and for the period ended September 30, 2010, management has evaluated the impact of all subsequent events on the Trust through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.

Table of Contents**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 to financial statements included in Item 1 of Part I of this Form 10-Q. The discussion and analysis that follows may contain statements that relate to future events or future performance. In some cases, such forward-looking statements can be identified by terminology such as may, should, expect, plan, anticipate, believe, estimate, predict, potential or the negative of these terms or other comparable terminology. Neither the Sponsor, nor any other person assumes responsibility for the accuracy or completeness of forward-looking statements. Neither the Trust nor the Sponsor is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the Sponsor's expectations or predictions.

Introduction

The iShares® Gold Trust (the Trust) is a grantor trust formed under the laws of the State of New York. Prior to September 2, 2010, the Trust was known as iShares® COMEX® Gold Trust. The Trust does not have any officers, directors, or employees, and is administered by The Bank of New York Mellon (the Trustee) acting as trustee pursuant to the Second Amended and Restated Depositary Trust Agreement (the Trust Agreement) between the Trustee and BlackRock Asset Management International Inc., the sponsor of the Trust (the Sponsor). The Trust issues shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust consist primarily of gold bullion held by JPMorgan Chase Bank N.A., London branch (the Custodian), as agent of the Trust responsible only to the Trustee. Prior to September 1, 2010, the Trust's custodian was The Bank of Nova Scotia.

The Trust is a passive investment vehicle and the objective of the Trust is merely for the value of each share to approximately reflect, at any given time, the price of gold owned by the Trust less the Trust's liabilities (anticipated to be principally for accrued operating expenses) divided by the number of outstanding shares. The Trust does not engage in any activities designed to obtain a profit from, or ameliorate losses caused by, changes in the price of gold.

The Trust issues and redeems shares only in exchange for gold, only in aggregations of 50,000 shares or integral multiples thereof (each, a Basket), and only in transactions with registered broker-dealers that have previously entered into an agreement with the Trust governing the terms and conditions of such issuance (such dealers, the Authorized Participants). A list of current Authorized Participants is available from the Sponsor or the Trustee.

On June 11, 2010, the Board of Directors of the Sponsor authorized a 10 for 1 split of the shares of the Trust for shareholders of record as of the close of business on June 21, 2010, payable after the close of trading on June 23, 2010. All share and per share amounts are restated to reflect the 10 for 1 share split.

Shares of the Trust trade on NYSE Arca under the symbol IAU.

Valuation of Gold; Computation of Net Asset Value

On each business day, as soon as practicable after 4:00 p.m. (New York time), the Trustee evaluates the gold held by the Trust and determines the net asset value of the Trust and the net asset value per share. The Trustee values the gold held by the Trust using the Commodity Exchange, Inc. (COMEX) settlement price for the spot month gold futures contract, which at any time is the contract then closest to maturity (COMEX Spot Settlement Price). Having valued the gold held by the Trust, the Trustee then subtracts all accrued fees (other than the fees to be computed by reference to the value of the Trust or its assets), expenses and other liabilities of the Trust from the value of the gold and other assets of the Trust. The result is the adjusted net asset value of the Trust, which is used to compute all fees (including the Sponsor's fee), which are calculated from the value of the Trust's assets. To determine the net asset value of the Trust, the Trustee subtracts from the adjusted net asset value of the Trust the amount of accrued fees computed from the value of the Trust's assets. The Trustee also computes the net asset value per share, by dividing the net asset value of the Trust by the number of shares outstanding on the date the computation is made.

Table of Contents

Liquidity

The Trust is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs. In exchange for a fee, the Sponsor has agreed to assume most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the period covered by this report was the Sponsor's fee. The Trust's only source of liquidity is its sales of gold.

Critical Accounting Policies

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements relies on estimates and assumptions that impact the Trust's financial position and results of operations. These estimates and assumptions affect the Trust's application of accounting policies. Below we describe the valuation of gold bullion, a critical accounting policy that we believe is important to understanding our results of operations and financial position. In addition, please refer to Note 2 to the financial statements for further discussion of our accounting policies.

Valuation of Gold Bullion

Gold bullion held by the Trust is recorded at the lower of cost or market. For purposes of this calculation, market values are based on the COMEX Spot Settlement Price. Should the market value of the gold bullion held be lower than its average cost, an adjustment of value below cost (market value reserve) is recorded by the Trust and the COMEX Spot Settlement Price is used as the value for financial statement purposes. Should the market value of the gold held increase subsequent to the market value reserve being recorded, a market value recovery is recorded by the Trust. As indicated above, the COMEX Spot Settlement Price is also used to value gold bullion held for purposes of calculating the net asset value of the Trust, which in turn is used for the calculation of the redemption value of outstanding Trust shares.

There are other indicators of the value of gold bullion that are available that could be different than that chosen by the Trust. The COMEX Spot Settlement Price is used since it is commonly used by the U.S. gold market as an indicator of the value of gold. The use of an indicator of value of gold bullion other than the COMEX Spot Settlement Price could result in materially different fair value pricing of the gold in the Trust, and as such, could result in different lower of cost or market adjustments or in different redemption value adjustments of the outstanding redeemable capital shares.

Results of Operations

The Quarter Ended September 30, 2010

The Trust's net asset value grew from \$3,438,012,903 at June 30, 2010 to \$4,192,264,691 at September 30, 2010, a 21.94% increase for the quarter. The increase in the Trust's net asset value resulted primarily from an increase in the COMEX Spot Settlement Price which rose 5.00% from \$1,245.50 at June 30, 2010 to \$1,307.80 at September 30, 2010 and an increase in outstanding shares, which grew from 282,050,000 shares at June 30, 2010 to 327,750,000 shares at September 30, 2010, a consequence of 45,700,000 shares (914 Baskets) being created and zero shares being redeemed during the quarter.

The 4.92% increase in the Trust's net asset value per share from \$12.19 at June 30, 2010 to \$12.79 at September 30, 2010 is directly related to the 5.00% increase in the COMEX Spot Settlement Price.

The Trust's net asset value per share grew slightly less than the COMEX price of gold on a percentage basis due to Sponsor's fees, which were \$2,308,261 for the quarter, or 0.06% of the Trust's average weighted net assets of \$3,671,308,347 during the quarter. The net asset value per share of \$12.80 on September 29, 2010 was the highest during the quarter, compared with a low during the quarter of \$11.33 on July 27, 2010. The net asset value of the Trust is obtained by subtracting the Trust's expenses and liabilities on any day from the value of the gold owned by the Trust on that day; the net asset value per share is obtained by dividing the net asset value of the Trust on a given day by the number of shares outstanding on that day.

Table of Contents

Net loss for the quarter ended September 30, 2010 was \$1,473,876 resulting from a net gain of \$834,385 on the sales of gold to pay expenses, offset by the Sponsor's fees of \$2,308,261. Other than the Sponsor's fees, the Trust had no expenses during the quarter.

The Nine Months Ended September 30, 2010

The Trust's net asset value grew from \$2,792,233,089 at December 31, 2009 to \$4,192,264,691 at September 30, 2010, a 50.14% increase. The increase in the Trust's net asset value resulted primarily from an increase in the COMEX Spot Settlement Price which rose 19.41% from \$1,095.20 at December 31, 2009 to \$1,307.80 at September 30, 2010 and an increase in outstanding shares, which grew from 260,000,000 shares at December 31, 2009 to 327,750,000 shares at September 30, 2010, a consequence of 79,750,000 shares (1,595 Baskets) being created and 12,000,000 shares (240 Baskets) being redeemed during the period.

The 19.09% increase in the Trust's net asset value per share from \$10.74 at December 31, 2009 to \$12.79 at September 30, 2010 is directly related to the 19.41% increase in the COMEX Spot Settlement Price.

The Trust's net asset value per share rose slightly less than the COMEX price of gold on a percentage basis due to Sponsor's fees, which were \$8,165,263 for the period, or 0.26% of the Trust's average weighted net assets of \$3,197,380,809 during the period. The net asset value per share of \$12.80 on September 29, 2010 was the highest during the period, compared with a low during the period of \$10.31 on February 5, 2010. The net asset value of the Trust is obtained by subtracting the Trust's expenses and liabilities on any day from the value of the gold owned by the Trust on that day; the net asset value per share is obtained by dividing the net asset value of the Trust on a given day by the number of shares outstanding on that day.

Net income for the period ended September 30, 2010 was \$34,305,161 resulting from a net gain of \$2,758,951 on the sales of gold to pay expenses and a net gain of \$39,711,473 on gold distributed for the redemption of shares, offset by the Sponsor's fees of \$8,165,263. Other than the Sponsor's fees, the Trust had no expenses during the period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

The duly authorized officers of the Sponsor performing functions equivalent to those a principal executive officer and principal financial officer of the Trust would perform if the Trust had any officers, with the participation of the Trustee, have evaluated the effectiveness of the Trust's disclosure controls and procedures and have concluded that the disclosure controls and procedures of the Trust have been effective as of the end of the period covered by this quarterly report.

There were no changes in the Trust's internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Table of Contents

PART II OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors last reported under Part I, Item 1A of the registrant's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission on February 26, 2010.

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

a) None.

b) Not applicable.

c) No redemption of shares occurred during the quarter ended September 30, 2010.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 4.1 | First Amended and Restated Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Current Report on Form 8-K on February 7, 2007 |
| 4.2 | First Amendment to First Amended and Restated Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Current Report on Form 8-K on December 2, 2009 |
| 4.3 | Standard Terms for Authorized Participant Agreements is incorporated by reference to Exhibit 4.2 filed with the Amendment No. 1 to Annual Report on Form 10-K filed by the Registrant on November 12, 2008 |
| 4.4 | Second Amendment to First Amended and Restated Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Current Report on Form 8-K on February 10, 2010 |
| 4.5 | Third Amendment to First Amended and Restated Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Current Report on Form 8-K on June 30, 2010 |
| 4.6 | Second Amended and Restated Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Current Report on Form 8-K on September 2, 2010 |
| 10.1 | Custodian Agreement between The Bank of New York Mellon and The Bank of Nova Scotia is incorporated by reference to Exhibit 10.1 filed with the Amendment No. 1 to Annual Report on Form 10-K filed by the Registrant on November 12, 2008 |
| 10.2 | Sub-license Agreement is incorporated by reference to Exhibit 10.2 filed with the Amendment No. 1 to Annual Report on Form 10-K filed by the Registrant on November 12, 2008 |
| 10.3 | Amendment to Custodian Agreement between The Bank of New York Mellon and The Bank of Nova Scotia is incorporated by reference to Exhibit 10.3 filed with Registration Statement No. 333-165057 on February 24, 2010 |
| 10.4 | Amendment to Custodian Agreement between The Bank of New York Mellon and The Bank of Nova Scotia is incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on June 30, 2010 |
| 10.5 | Custodian Agreement between The Bank of New York Mellon and JPMorgan Chase Bank N.A., London branch is incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on July 2, 2010 |
| 10.6 | Amendment to Custodian Agreement between The Bank of New York Mellon and JPMorgan Chase Bank N.A., London branch is incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on August 9, 2010 |
| 10.7 | First Amended and Restated Custodian Agreement between The Bank of New York Mellon and JPMorgan Chase Bank N.A., London branch is incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on September 2, 2010 |
| 31.1 | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification by Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification by Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |

Edgar Filing: ISHARES GOLD TRUST - Form 10-Q

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Table of Contents

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.

BlackRock Asset Management International Inc.

Sponsor of the iShares® Gold Trust (Registrant)

/s/ Michael A. Latham

Michael A. Latham
President and Chief Executive Officer
(Principal executive officer)

Date: November 8, 2010

/s/ Geoffrey D. Flynn

Geoffrey D. Flynn
Chief Operating Officer and Chief Financial Officer
(Principal financial and accounting officer)

Date: November 8, 2010

* The Registrant is a trust and the persons are signing in their capacities as officers of BlackRock Asset Management International Inc., the Sponsor of the Registrant.