

[Table of Contents](#)

GOLDMAN SACHS PHYSICAL GOLD ETF
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022
INDEX

| | Page |
|--|-------------|
| <u>Report of Independent Registered Public Accounting Firm (PCAOB ID 238)</u> | F-2 |
| <u>Statements of Assets and Liabilities at December 31, 2022 and 2021</u> | F-3 |
| <u>Schedules of Investments at December 31, 2022 and 2021</u> | F-4 |
| <u>Statements of Operations for the Year Ended December 31, 2022 and 2021</u> | F-5 |
| <u>Statements of Changes in Net Assets for the Year Ended December 31, 2022 and 2021</u> | F-6 |
| <u>Statements of Cash Flow for the Year Ended December 31, 2022 and 2021</u> | F-7 |
| <u>Financial Highlights for the Year Ended December 31, 2022 and 2021</u> | F-8 |
| <u>Notes to Financial Statements</u> | F-9 |

Report of Independent Registered Public Accounting Firm

To the Sponsor and Shareholders of Goldman Sachs Physical Gold ETF

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the Goldman Sachs Physical Gold ETF (the “Trust”) as of December 31, 2022 and December 31, 2021 and the related statements of operations, changes in net assets and cash flows for the years then ended, including the related notes, and the financial highlights (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2022 and December 31, 2021 and the results of its operations, changes in its net assets, cash flows, and the financial highlights for each of the two years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Trust’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 2, 2023

We have served as the Trust’s auditor since 2020.

Goldman Sachs Physical Gold ETF
Statements of Assets and Liabilities

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Assets | | |
| Investment in gold, at fair value (cost \$449,702,252 and \$408,696,923, respectively) | \$ 437,004,008 | \$ 424,287,056 |
| Total assets | <u>437,004,008</u> | <u>424,287,056</u> |
| Liabilities | | |
| Sponsor fee payable | 65,729 | 63,676 |
| Total liabilities | <u>65,729</u> | <u>63,676</u> |
| Net Assets | <u>\$ 436,938,279</u> | <u>\$ 424,223,380</u> |
| Shares issued and outstanding (unlimited number of shares authorized, no par value) | 24,300,000 | 23,450,000 |
| Net asset value per Share | \$ 17.98 | \$ 18.09 |

See notes to financial statements.

Goldman Sachs Physical Gold ETF
Schedules of Investments

December 31, 2022

| | <u>Ounces</u> | <u>Cost</u> | <u>Fair Value</u> | <u>% of Net Assets</u> |
|---------------------------------------|---------------|---------------|----------------------|------------------------|
| Investment in gold, at fair value | 241,125.6 | \$449,702,252 | \$437,004,008 | 100.02% |
| Total Investments | | \$449,702,252 | \$437,004,008 | 100.02% |
| Liabilities in excess of other assets | | | (65,729) | (0.02)% |
| Net Assets | | | <u>\$436,938,279</u> | <u>100.00%</u> |

December 31, 2021

| | <u>Ounces</u> | <u>Cost</u> | <u>Fair Value</u> | <u>% of Net Assets</u> |
|---------------------------------------|---------------|---------------|----------------------|------------------------|
| Investment in gold, at fair value | 233,111.9 | \$408,696,923 | \$424,287,056 | 100.02% |
| Total Investments | | \$408,696,923 | \$424,287,056 | 100.02% |
| Liabilities in excess of other assets | | | (63,676) | (0.02)% |
| Net Assets | | | <u>\$424,223,380</u> | <u>100.00%</u> |

See notes to financial statements.

Goldman Sachs Physical Gold ETF
Statements of Operations

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|--|--|--|
| Expenses | | |
| Sponsor fee | \$ (965,357) | \$ (691,756) |
| Total expenses | (965,357) | (691,756) |
| Net investment loss | (965,357) | (691,756) |
| Net realized and unrealized gain (loss) | | |
| Net realized gain (loss) on gold bullion distributed for redemptions | 18,471,011 | 47,462,394 |
| Net realized gain (loss) on gold transferred to pay expenses | (87,826) | (64,093) |
| Net realized gain | 18,383,185 | 47,398,301 |
| Net change in unrealized appreciation (depreciation) on investment in gold | (28,288,377) | (64,514,869) |
| Net realized and unrealized gain (loss) from operations | (9,905,192) | (17,116,568) |
| Net Income (Loss) | \$ (10,870,549) | \$ (17,808,324) |
| Net income (loss) per share | \$ (0.37) | \$ (0.83) |
| Average number of shares | 29,762,986 | 21,456,781 |

See notes to financial statements.

Goldman Sachs Physical Gold ETF
Statements of Changes in Net Assets

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|--|--|
| Net Assets, beginning of year | \$ 424,223,380 | \$ 510,765,231 |
| Creations | 509,528,816 | 77,513,065 |
| Redemptions | (485,943,368) | (146,246,592) |
| Net creations (redemptions) | 23,585,448 | (68,733,527) |
| Net investment loss | (965,357) | (691,756) |
| Net realized gain | 18,383,185 | 47,398,301 |
| Net change in unrealized depreciation investments in gold | (28,288,377) | (64,514,869) |
| Net Assets, end of year | \$ 436,938,279 | \$ 424,223,380 |

See notes to financial statements.

Goldman Sachs Physical Gold ETF
Statements of Cash Flows

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|--|--|--|
| Cash Flows from Operating Activities: | | |
| Proceeds from gold bullion sold to pay expenses | \$ 963,304 | \$ 673,299 |
| Expenses – Sponsor’s fee paid | (963,304) | (673,299) |
| Net cash provided by operating activities | – | – |
| Increase (decrease) in cash | – | – |
| Cash, beginning of period | – | – |
| Cash, end of period | – | – |
| Reconciliation of Net Increase (Decrease) in Net Assets Resulting from Operations to Net Cash Provided by (Used in) Operating Activities: | | |
| Net decrease in net assets resulting from operations | \$ (10,870,549) | \$ (17,808,324) |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities: | | |
| Proceeds from gold bullion sold to pay expenses | 963,304 | 673,299 |
| Net realized gain (loss) | (18,383,185) | (47,398,301) |
| Net change in unrealized appreciation (depreciation) on investment in gold | 28,288,377 | 64,514,869 |
| Change in operating assets and liabilities: | | |
| Sponsor’s fee payable | 2,053 | 18,457 |
| Net cash provided by (used in) operating activities | \$ – | \$ – |
| Supplemental disclosure of non-cash information: | | |
| Gold bullion contributed for Shares issued | \$ 509,528,816 | \$ 77,513,065 |
| Gold bullion distributed for Shares redeemed | \$ (485,943,368) | \$ (146,246,592) |

See notes to financial statements.

**Goldman Sachs Physical Gold ETF
Financial Highlights**

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| Per Share Performance (for a share outstanding throughout each year) | | |
| Net asset value per share, beginning of year | \$ 18.09 | \$ 18.83 |
| Net investment loss ^(a) | (0.03) | (0.03) |
| Net realized and unrealized gain (loss) on investment in gold | (0.08) | (0.71) |
| Change in net assets from operations | (0.11) | (0.74) |
| Net asset value per share, end of year | <u>\$ 17.98</u> | <u>\$ 18.09</u> |
| Market value per share, beginning of year | <u>\$ 18.18</u> | <u>\$ 18.94</u> |
| Market value per share, end of year | <u>\$ 18.09</u> | <u>\$ 18.18</u> |
| Total Return, at net asset value^(b) | (0.61)% | (3.93)% |
| Total Return, at market value^(b) | (0.50)% | (4.01)% |
| Net assets (\$000's) | \$ 436,938 | \$ 424,223 |
| Ratios to average net assets | | |
| Net investment loss | (0.18)% | (0.18)% |
| Total expenses | (0.18)% | (0.18)% |

(a) Calculated using average shares outstanding.

(b) Total Return, at NAV is calculated assuming an initial investment made at the NAV at the beginning of the period, reinvestment of all dividends and distributions at NAV during the period, and redemption of Shares on the last day of the period. Total Return, at NAV includes adjustments in accordance with U.S. GAAP and as such, the NAV for financial reporting purposes and the returns based upon those NAVs may differ from the NAVs and returns for shareholder transactions. Total Return, at market value is calculated assuming an initial investment made at the market value at the beginning of the period, reinvestment of all dividends and distributions at market value during the period, and redemption of Shares at the market value on the last day of the period.

See notes to financial statements.

**Goldman Sachs Physical Gold ETF
Notes to Financial Statements**

1. ORGANIZATION

Goldman Sachs Physical Gold ETF (the “Trust”) is organized as a New York trust. The Trust is governed by the provisions of the First Amended and Restated Depositary Trust Agreement (as amended from time to time, the “Trust Agreement”) executed after the close of business on December 11, 2020 by Goldman Sachs Asset Management, L.P. (the “Sponsor”) and The Bank of New York Mellon (the “Trustee”). The Trust issues Goldman Sachs Physical Gold ETF Shares (the “Shares”), which represent units of fractional undivided beneficial interest in the Trust. The Trust commenced operations on July 26, 2018.

The Sponsor of the Trust is Goldman Sachs Asset Management, L.P., a Delaware limited partnership. Goldman Sachs Asset Management, L.P. is an indirect, wholly-owned subsidiary of The Goldman Sachs Group, Inc. (“GS Group Inc.”) and an affiliate of Goldman Sachs & Co. LLC.

The Trustee is generally responsible for the day-to-day administration of the Trust, including keeping the Trust’s operational records. JPMorgan Chase Bank, N.A., London branch (the “Custodian”) serves as the Custodian for the Trust’s gold bullion. The Custodian is responsible for holding the Trust’s gold, as well as receiving and converting allocated and unallocated gold on behalf of the Trust.

Physical gold that the Trust holds consists of gold bullion that meets the specifications for “good delivery” gold bars (“London Good Delivery Standards”), including the specifications for weight, dimension, fineness (or purity), identifying marks and appearance of gold bars, set forth in the good delivery rules promulgated by the London Bullion Market Association (“LBMA”). The Trust issues Shares in blocks of at least 25,000 shares called “Baskets” in exchange for gold from certain registered broker-dealers or other securities market participants (the “Authorized Participants”), which is then allocated as physical gold and stored by the Custodian. The Trust issues and redeems Baskets on an ongoing basis at net asset value (“NAV” or “Net Asset Value”) to and from Authorized Participants who have entered into a contract with the Sponsor and the Trustee. As of December 31, 2022, each of Virtu Americas LLC and Goldman Sachs & Co. LLC has signed an Authorized Participant Agreement with the Sponsor and the Trustee, and may create and redeem Baskets.

The Trust’s investment objective is for the Shares to reflect the performance of the price of gold less the expenses of the Trust’s operations. The Trust is not actively-managed. The Shares trade on the Cboe BZX Exchange, Inc. (“Cboe BZX Exchange”) under the symbol “AAAU.” Effective February 3, 2022, the listing of the Trust was transferred from NYSE Arca to Cboe BZX Exchange.

The Trust’s fiscal year-end is December 31.

2. SIGNIFICANT ACCOUNTING POLICIES

In preparing financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”), management of the Sponsor makes estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amount of revenue and expenses reported during the period. Actual results could differ from these estimates.

The following is a summary of significant accounting policies followed by the Trust.

2.1. Basis of Presentation

The Sponsor has determined that the Trust falls within the scope of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, Financial Services-Investment Companies, and has

[Table of Contents](#)

concluded that solely for reporting purposes (and not for any other purpose), the Trust is classified as an Investment Company (as defined in ASC 946). The Trust is not registered as an investment company under the Investment Company Act of 1940 and is not required to register under such act.

2.2. Valuation of Gold

The Trust follows the provisions of ASC 820, Fair Value Measurements (“ASC 820”). ASC 820 provides guidance for determining fair value and requires increased disclosure regarding the inputs to valuation techniques used to measure fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On each business day that the Cboe BZX Exchange is open for regular trading, as promptly as practicable after 4:00 p.m. New York City time, the Trustee will value the gold held by the Trust and will determine the Net Asset Value of the Trust. The Net Asset Value of the Trust is the aggregate value of gold and other assets, if any, of the Trust (other than any amounts credited to the Trust’s reserve account, if any) including cash, if any, less liabilities of the Trust, which include estimated accrued but unpaid fees, expenses and other liabilities. The reserve account, if established, will be a separate non-interest bearing account with the Trustee or such other banking institution specified by the Sponsor, or if the Sponsor fails so to specify, as selected by the Trustee, in the name, and for the benefit, of the Trust, subject only to draft or order by the Trustee acting pursuant to the terms of the Trust Agreement. All gold is valued based on its fine troy ounce (“Fine Ounce”) content, calculated by multiplying the weight of gold by its purity. The same methodology is applied independent of the type of gold held by the Trust; similarly, the value of up to 430 Fine Ounce of unallocated gold the Trust may hold is calculated by multiplying the number of Fine Ounce with the price of gold determined by the Trustee. The Trustee values the gold held by the Trust based on the LBMA Gold Price PM. The LBMA Gold Price PM is set at 3:00 p.m. London time via an auction independently operated and administered by ICE Benchmark Administration (“IBA”). The price is set in U.S. dollars per Fine Ounce. If no LBMA Gold Price PM is available for the required day, the Trustee uses the LBMA Gold Price AM. If no LBMA Gold Price PM or LBMA Gold Price AM is available for the day, the Trustee values the Trust’s gold based on the most recently announced LBMA Gold Price PM or LBMA Gold Price AM. If the Sponsor determines that such price is inappropriate to use, it must identify an alternate basis for evaluation to be employed by the Trustee. The Sponsor may instruct the Trustee to use a different price which is reasonably available to the Trustee at no cost to the Trustee that the Sponsor determines to represent fairly the commercial value of the Trust’s gold.

U.S. GAAP defines the fair value of a financial instrument as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price); the Trust’s policy is to use the market approach. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. The levels used for classifying investments are not necessarily an indication of the risk associated with investing in these investments. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active or financial instruments for which significant inputs are observable (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly;

Level 3: Prices or valuations that require significant unobservable inputs (including Sponsor’s assumptions in determining fair value measurement).

[Table of Contents](#)

The Trustee categorizes the Trust's investment in gold as a Level 1 asset within the ASC 820 hierarchy.

2.3. Expenses, Realized Gains and Losses

The Trust's only ordinary recurring fee is expected to be the fee paid to the Sponsor, which will accrue daily at an annualized rate equal to 0.18% of the daily Net Asset Value of the Trust, paid monthly in arrears (the "Sponsor Fee"). The Sponsor Fee accrues daily based on the prior business day's Net Asset Value and is payable in cash from the Trust property or the sale of gold in accordance with the Trust Agreement. Realized gains and losses result from the transfer of gold for share redemptions and payment of Trust expenses and are recognized on a trade date basis as the difference between the fair value and cost of gold transferred. The cost of gold is determined using the specific identification method.

2.4. Gold Receivable and Payable

Gold receivable or payable represents the quantity of gold covered by contractually binding orders for the creation or redemption of shares respectively, where the gold has not yet been transferred to or from the Trust's account. Generally, ownership of the gold is transferred within two business days of the trade date.

2.5. Creations and Redemptions of Shares

The Trust issues and redeems Shares in one or more blocks of at least 25,000 shares (a block of 25,000 shares is called a "Basket") only to Authorized Participants. The creation and redemption of Baskets will only be made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of gold represented by the Baskets being created or redeemed, the amount of which will be based on the combined fine ounces represented by 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.

Orders to create or redeem Baskets may be placed only by Authorized Participants. To become an Authorized Participant, a person must enter into an Authorized Participant Agreement with the Sponsor and the Trustee. The Authorized Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of the gold required for such creations and redemptions. The Authorized Participant Agreement and the related procedures attached thereto may be amended by the Trustee and the Sponsor, without the consent of any investor or Authorized Participant. A transaction fee of \$500 will be assessed on all creation and redemption transactions and paid to the Trustee.

Authorized Participants who make deposits with the Trust in exchange for Baskets will receive no fees, commissions or other form of compensation or inducement of any kind from either a Sponsor or the Trust, and no such person has any obligation or responsibility to a Sponsor or the Trust to affect any sale or resale of shares.

Changes in the shares during the years ended December 31, 2022 and 2021 are:

| | December 31, 2022 | December 31, 2021 |
|--|----------------------|----------------------|
| Beginning Share Balance | 23,450,000 | 27,125,000 |
| Creations (representing 1,120 and 173 baskets, respectively) | 28,000,000 | 4,325,000 |
| Redemptions (representing 1,086 and 320 baskets, respectively) | (27,150,000) | (8,000,000) |
| Ending Share Balance | 24,300,000 | 23,450,000 |

[Table of Contents](#)

2.6. Income Taxes

The Trust is classified as a “grantor trust” for United States federal income tax purposes. As a result, the Trust itself is not subject to United States federal income tax. Instead, the Trust’s income, gain, losses, and expenses will “flow through” to the shareholders, and the Trustee reports these to the Internal Revenue Service on that basis.

The Sponsor has analyzed applicable tax laws and regulations and their application to the Trust as of December 31, 2022 and does not believe that there are any uncertain tax positions that require recognition of a tax liability.

3. INVESTMENT IN GOLD

The following represents the changes in ounces of gold and the respective fair value during the year ended December 31, 2022:

| | Amount in ounces | Amount in US\$ |
|--|---------------------|-------------------|
| Balance at December 31, 2021 | 233,111.9 | \$ 424,287,056 |
| Creations | 278,153.9 | 509,528,816 |
| Redemptions | (269,606.8) | (485,943,368) |
| Net realized gain (loss) from gold bullion distributed for redemptions | — | 18,471,011 |
| Transfer of gold to pay expenses | (533.4) | (963,304) |
| Net realized gain (loss) from gold transferred to pay expenses | — | (87,826) |
| Change in unrealized appreciation (depreciation) on investment in gold | — | (28,288,377) |
| Balance at December 31, 2022 | 241,125.6 | \$ 437,004,008 |

The following represents the changes in ounces of gold and the respective fair value during the year ended December 31, 2021:

| | Amount in ounces | Amount in US\$ |
|--|---------------------|-------------------|
| Balance at December 31, 2020 | 270,112.9 | \$ 510,810,450 |
| Creations | 43,018.7 | 77,513,065 |
| Redemptions | (79,647.1) | (146,246,592) |
| Net realized gain (loss) from gold bullion distributed for redemptions | — | 47,462,394 |
| Transfer of gold to pay expenses | (372.6) | (673,299) |
| Net realized gain (loss) from gold transferred to pay expenses | — | (64,093) |
| Change in unrealized appreciation (depreciation) on investment in gold | — | (64,514,869) |
| Balance at December 31, 2021 | 233,111.9 | \$ 424,287,056 |

4. RELATED PARTIES – SPONSOR, TRUSTEE, CUSTODIAN AND MARKETING FEES

A fee is paid to the Sponsor as compensation for services performed under the Trust Agreement. The Sponsor’s Fee is payable at an annualized rate of 0.18% of the Trust’s Net Asset Value, accrued on a daily basis computed on the prior business day’s Net Asset Value and paid in cash monthly in arrears. In exchange for the Sponsor

[Table of Contents](#)

Fee, the Sponsor has agreed to assume and be responsible for the payment of the following expenses, up to the Fee Cap (as defined below): fees for the Trustee's ordinary services and reimbursement of its ordinary out-of-pocket expenses; the Custodian's fees and expenses reimbursable to the Custodian pursuant to the Custody Agreement; the marketing expenses of the Trust; the listing fees of the Trust on the Cboe BZX Exchange; registration fees associated with the Trust charged by the SEC; printing and mailing costs; expenses for the maintenance of any website of the Trust; audit fees and expenses; routine legal fees and expenses associated with the ordinary course of the Trust's operations; and the expense of the first two examinations of the Custodian's records relating to the unallocated account and the first two audits of the Physical Gold held in the allocated account during any fiscal year (with the expense of any further examination or audits during such fiscal year to be an expense of the Trust). The Sponsor shall not be responsible for any other expenses, including litigation expenses associated with the Trust, taxes and other governmental charges (except and solely to the extent as may otherwise be agreed to in writing between the Sponsor and the Custodian), the Trustee's expenses not reimbursed by the Sponsor pursuant to the Trust Agreement, indemnification of the Trustee or the Sponsor pursuant to the Trust Agreement, any expenses that are in excess of the Fee Cap, extraordinary expenses incurred on behalf of the Trust, and otherwise as set forth in the Trust Agreement. Extraordinary expenses shall include any fixing fees charged in connection with sales of gold required by applicable law or regulation or required upon termination of the Trust. The Fee Cap is a maximum amount equal to the greater of \$500,000 per annum and the amount that is equal to 0.15% of the average total value of the gold held by the Trust, as determined by the Trustee on each business day, plus the value of all other assets of the Trust (other than any amount credited to the Trust's reserve account), including cash, if any.

From time to time, the Sponsor may waive all or a portion of the Sponsor Fee at its discretion. The Sponsor is under no obligation to continue a waiver after the end of a stated period, and, if such waiver is not continued, the Sponsor Fee will thereafter be paid in full. Presently, the Sponsor does not intend to waive any of its fees.

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

5. CONCENTRATION OF RISK

The Trust's sole business activity is the investment in gold bullion. 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, and new production projects; (ii) investors' expectations regarding future inflation rates; (iii) currency exchange rate volatility; (iv) interest rate volatility; and (v) political, economic, global or regional incidents. In addition, 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 Trust Agreement provides that the Trustee, its directors, officers, employees, shareholders, agents and affiliates (as defined under the Securities Act of 1933, as amended) shall be indemnified from the Trust and held harmless against any loss, liability or expense (including the reasonable fees and expenses of counsel) arising out of or in connection with the performance of its obligations under the Trust Agreement and under each other agreement entered into by the Trustee in furtherance of the administration of the Trust (including the Custody Agreement and any Authorized Participant Agreement, including the Trustee's indemnification obligations under these agreements), or otherwise by reason of the Trustee's acceptance or administration of the Trust to the extent such loss, liability or expense was incurred without (i) gross negligence, bad faith, willful misconduct or willful malfeasance on the part of such indemnified party in connection with the performance of its obligations under the

[Table of Contents](#)

Trust Agreement or any such other agreement, or any actions taken in accordance with the provisions of this Agreement or any such other agreement, or (ii) reckless disregard on the part of such indemnified party of its obligations and duties under the Trust Agreement or any such other agreement. Each indemnified party shall be indemnified from the Trust and held harmless against any loss, liability or expense (including the reasonable fees and expenses of counsel) arising out of or in connection with any services the Custodian may, directly or indirectly, separately offer or provide to any beneficial owner. Such indemnities shall include payment from the Trust of the reasonable costs and expenses incurred by such indemnified party in investigating or defending itself against any such loss, liability or expense or any claim therefor, provided that such indemnified party shall repay to the Trust the amount of any such reasonable costs and expenses paid by the Trust to the extent it may be ultimately determined that such indemnified party was not entitled to be indemnified under the Trust Agreement because clause (i) or clause (ii) of the sentence preceding the prior sentence applied. Any amounts payable to an indemnified party may be payable in advance or shall be secured by a lien on the Trust.

The Sponsor and its members, managers, directors, officers, employees, agents and affiliates shall be indemnified from the Trust and held harmless against any loss, liability or expense (including the reasonable fees and expenses of counsel) arising out of or in connection with the performance of its obligations under the Trust Agreement and under each other agreement entered into by the Sponsor in furtherance of the administration of the Trust (including Authorized Participant Agreements to which the Sponsor is a party, including the Sponsor's indemnification obligations thereunder) or any actions taken in accordance with the provisions of the Trust Agreement, to the extent such loss, liability or expense was incurred without (i) gross negligence, bad faith, willful misconduct or willful malfeasance on the part of such indemnified party in connection with the performance of its obligations under the Trust Agreement or any such other agreement or any actions taken in accordance with the provisions of the Trust Agreement, or any such other agreement or (ii) reckless disregard on the part of such indemnified party of its obligations and duties under the Trust Agreement, or any such other agreement. The Sponsor and its members, managers, directors, officers, employees, agents and affiliates shall be indemnified from the Trust and held harmless against any loss, liability or expense (including the reasonable fees and expenses of counsel) arising out of or in connection with any services the Custodian may, directly or indirectly, separately offer or provide to any beneficial owner. Such indemnities shall include payment from the Trust of the reasonable costs and expenses incurred by such indemnified party in investigating or defending itself against any such loss, liability or expense or any claim therefor, provided that such indemnified party shall repay to the Trust the amount of any such reasonable costs and expenses paid by the Trust to the extent it may be ultimately determined that such indemnified party was not entitled to be indemnified under the Trust Agreement because clause (i) or clause (ii) of this paragraph applied.

In addition, the Trustee or the Sponsor may, in its sole discretion, undertake any action that it may deem necessary or desirable in respect of the Trust Agreement and in such event, the reasonable legal expenses and costs and other disbursements of any such actions shall be expenses and costs of the Trust and the Trustee or the Sponsor, as the case may be, shall be entitled to reimbursement by the Trust. 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.