ISHARES GOLD TRUST
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Why gold?

Rising market volatility, global economic uncertainty and geopolitical unrest have increased interest in gold as both a short- and long-term investment.

Jewelry and central banks have historically been the largest stores of gold. However, private investments, through physical bullion and investment products, have become increasingly important. Indeed, during 2009, investor demand exceeded jewelry demand for the first time since 1980[1].

1. Source: GFMS, Gold Survey 2010. GFMS Limited is an independent precious metals research organization based in London.
2. Source: Ibid.

The investment case for gold.

There are several ways that investors may use gold as part of a larger investment strategy.

- Potential safe haven during political or economic uncertainty
- Portfolio diversifier over both long-and short-term horizons
- Inflation hedge and store of value
- Hedge against a devaluing dollar

Figure 2 illustrates how gold has historically maintained its value during times of economic or political uncertainty. Investors have also often retreated to gold when equity markets are struggling.

Figure 2: Performance of gold during down quarters in the market[3]

Index and gold spot returns are for illustrative purposes only and do not reflect any fees or transaction costs. One cannot invest directly in an index or benchmark. Past performance does not guarantee future results.

3. Source: Bloomberg, BlackRock, as of 12/31/10. Gold: London PM Fix.

A small allocation to gold may help

enhance portfolio risk and return.

As shown in the chart below, as the allocation to gold increased, portfolio volatility fell a result of gold s relatively lower historical volatility and low historical correlation with other asset classes. Analysis shows that even a small 5% allocation to gold can prove beneficial to a portfolio s risk-return profile.

Figure 3: A small allocation to gold may help enhance portfolio risk and return[4]

Past performance does not guarantee future results.

The US dollar is widely viewed as the world s main trading currency. Gold has historically been regarded as a good hedge when the dollar weakens relative to other currencies. The price of gold has generally moved as inflation changed, making it a potential hedge against inflation concerns.

4. Source: BlackRock, as of 12/31/10. No gold portfolio has the following allocation: 35% US Large Cap, 5% US Small Cap, 20% International Equities and 40% US Fixed Income. For the 5% gold, 1096 gold and 20% gold portfolios, gold was given those weights respectively and the remaining portfolio allocations were rescaled. Portfolios were assumed to have been rebalanced monthly. US Large Cap: Russell 1000 Index; US Small Cap: Russell 2000 Index; International Equities: MSCI All Country World Index ex US; US Fixed Income: Barclays Capital US Aggregate Bond Index; Gold: London PM Fix.

More and more investors are turning to

gold exchange traded products.

Investor demand for gold has been increasing amid global economic and political uncertainty. There are several options for investors interested in using gold as part of a short- or long-term investment strategy. ETFs backed by physical gold offer investors an innovative way to access the price of physical gold.

Figure 4: Growth of gold in the ETF landscape[5]

Gold ETFs, such as IAU from iShares, represent a recent innovation for accessing the gold market. These investment vehicles typically offer the ability for investors to buy and sell their investment in gold through a brokerage account.

See how gold can play

a role in your investment strategy

For more information on gold investing and IAU from iShares, simply visit iShares.com/accessgold or contact your financial advisor.

5. Source: Strategic Insights (SimFund MF) Excludes Gold Miners, Explorers and ETNs.