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/ IN A NUTSHELL

5 reasons why the gold rush should continue

1. **De-Dollarization trend:** Central banks are significantly ramping up gold purchases³
2. **Complacent VIX levels:** higher market volatility would imply a higher risk premium for gold
3. **Real yields could drop** from here due to sticky inflation and Fed hiking pause
4. **Strength out of China** is helping to stabilize global manufacturing PMI¹ & should drive **global consumer demand for gold**
5. Gold miners have **scaled back production**²

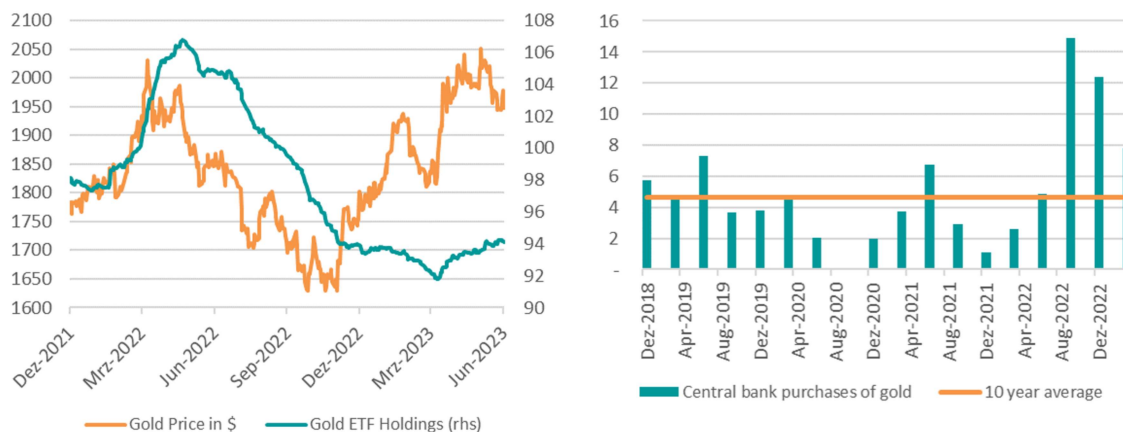


¹ Source: Bloomberg, Markit PMI, DWS. As of March 2023.

² Source: Bloomberg, DWS. As of December 31, 2022. World gold production as reported by the United States Geological Survey. Note: Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

De-Dollarization and risk diversification are causing central banks (particularly in EM) to shore up gold while ETPs have (so far) missed out on gold rally and could play catch-up

Gold price in \$ vs. gold ETF holdings Central bank purchases of gold



³ Source: Bloomberg, DWS. As of May 31, 2023, or latest available. Gold price = price per troy oz. of gold in USD. ETF holdings = total known ETF holdings of gold. Central bank purchases represent purchases of gold by central banks during each quarter. Figures represented in millions of troy oz.

/ WHY NOW?

Why the golden opportunity isn't over yet

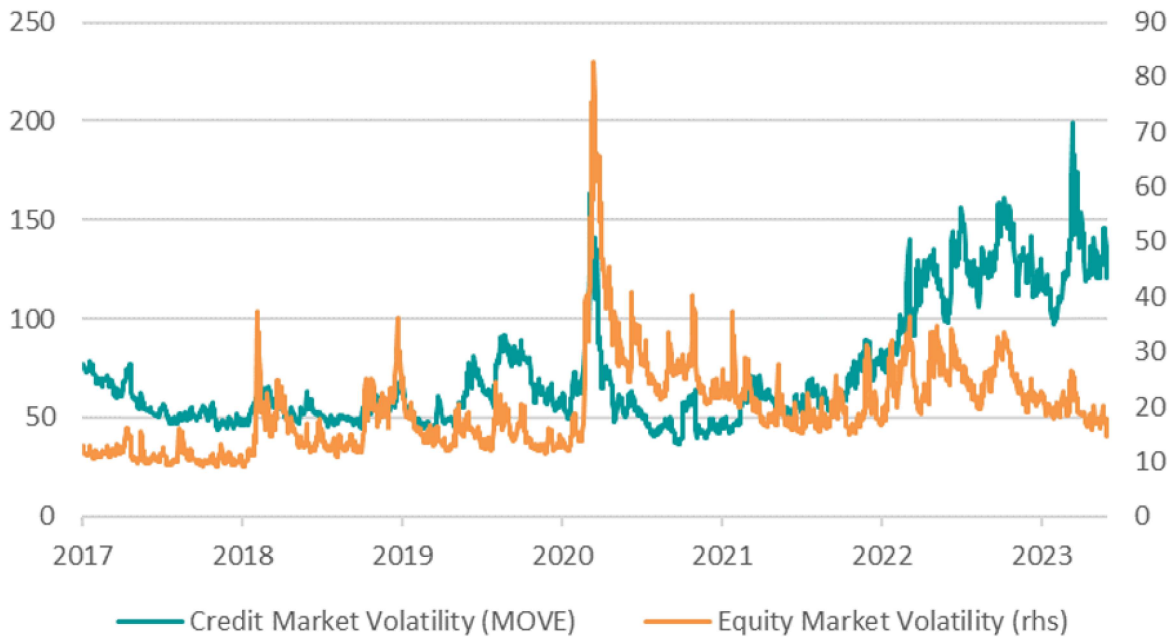
The investment rationale: Is gold overpriced? We believe there are good structural reasons to justify the real yield premium:

- Financial sector turmoil to cause **FED to pause** hiking cycle (we expect Fed to reach terminal rate by 2H23, and we may see **rate cuts in 2024**)
- **(Core) inflation to remain high** and sticky causing gold as a hedging vehicle to stay in demand; **real yields could drop** and historically have when yield curve inverts
- **Strong Demand:** we expect central banks to continue to diversify their currency reserves with gold being the main beneficiary & consumer demand for gold to pick up driven mainly by China recovery
- **De-dollarization: USD to devalue** further vs. other currencies as geopolitical tensions remain high and **EM central banks fear USD weaponization** through US sanctions **making currency-hedged ETCs more attractive**
- A **resurgence of market uncertainty & volatility** tends to drive demand for gold as a safe haven
- **Less supply:** miners are cutting production and ETP outflows seem to have bottomed out

Note: Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

Higher market volatility implies a higher risk premium for gold:

Are bond investors smarter? Credit and equity market volatility are diverging significantly



Source: Bloomberg, DWS. Credit Market Volatility = ICE Bofa MOVE Index. Equity Market Volatility = VIX Index. As of May 31, 2023.

Risks abound that could drive the VIX and demand for gold as a hedge higher again (i.e., unexpected deep recession & earnings misses, resurgence of financial sector stress, geopolitical tensions between US & China or Russia to escalate to name a few).

We still see significant upside potential given a multitude of bullish factors which could offer incremental price support: our 12m gold forecast is at \$2,400 per oz.*

Read more in our in-depth [research paper](#).

* Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions, and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Source: DWS International GmbH. As of June 2023.

/ HOW TO PLAY IT?

- ETCs can offer efficient, cheap, and liquid access to gold & other precious metals
- EUR- or GBP-hedged gold ETCs can provide additional hedge against weaker US-Dollar

| ETC Name | ISIN | TER | AUM (in mn. EUR) |
|---|--------------|-------|---------------------|
| Xtrackers IE Physical Gold ETC | DE000A2T0VU5 | 0.12% | 3,000 |
| Xtrackers IE Physical Gold EUR-hedged ETC | DE000A2T5DZ1 | 0.28% | 660 |
| Xtrackers IE Physical Gold GBP Hedged ETC | DE000A2UDH48 | 0.28% | 320 |

Source: DWS Investment GmbH, as of: 31.05.2023

In case you may be interested in other precious metals, have a look at [these ETCs](#).

For more information, please contact us.

Kind Regards



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