TACTICAL ASSET ALLOCATION ANNOUNCEMENT | MAY 2025

# SEI believes gold is poised to set new highs.

## We initiated a position in gold (via an option spread) within our U.S. debt dynamics theme.

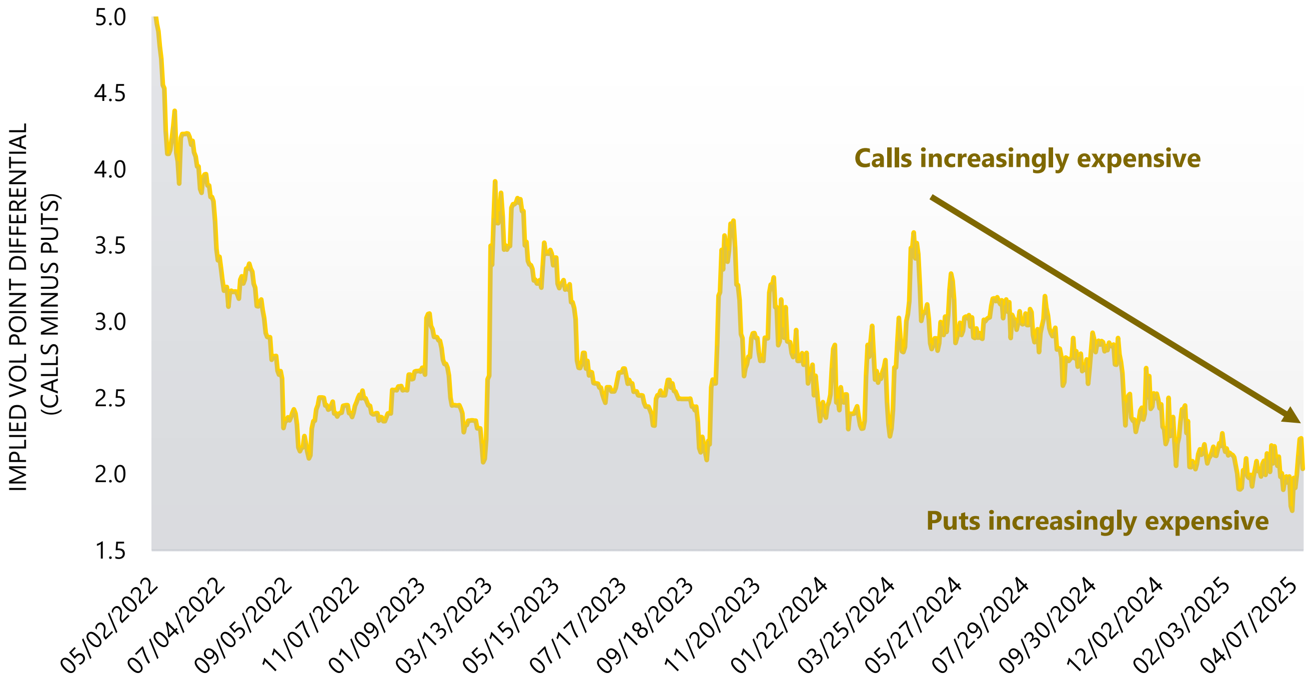
### Background:

In the coming year, we believe several factors have the potential to continue driving gold prices higher including:

- Ongoing central bank purchases
- Continued net inflows to gold ETFs
- Increased hedging demand in the face of global trade and recession risks

These factors are heightened by the emergence of a general de-dollarization (or at least a weaker U.S. dollar) theme. Additionally, the derivative markets are offering historically favorable terms to position for higher gold prices over the next year. We believe this option spread offers a more favorable risk/return profile compared to simply purchasing gold or gold futures.

**Exhibit 1: Gold calls are inexpensive relative to puts (XAUUSD 1-year 25 delta risk reversal)**




Source: Bloomberg, May 2, 2022, to April 16,2025. XAUUSD is gold spot price in USD. The risk reversal is a measure of the skew in the demand for out-of-the-money options with high strikes compared to low strikes and can be interpreted as the market view of the most likely direction of the spot movement over the next maturity date.

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