

Confused between gold and silver? Why not leave it for fund manager to decide

By Surbhi Khanna, Published on 17th July 2025



Despite gold ETFs delivering up to 32% returns in the last year, their shine is fading, while silver ETFs are outperforming with up to 18% returns in the past three months, compared to just 5% from gold ETFs. This shift has left investors confused about whether to choose gold or silver to diversify their portfolios.

To simplify this decision, a few mutual fund houses offer combined gold and silver funds. Two AMCs currently provide such funds, where the allocation between gold and silver is determined by the fund manager based on prevailing market conditions, macroeconomic indicators, and return expectations.

If you are wondering whether it is wise to diversify into both gold and silver funds instead of choosing just one and leaving the allocation to the fund manager, market experts say it depends on your investment style.

If an investor wants to actively manage their gold and silver exposure, they should opt for separate gold and silver funds. However, if they prefer a hands-off approach backed by a professional manager's view, a combined gold and silver fund may be a better choice.

"If you want to actively manage your exposure to gold and silver based on market conditions, it makes sense to invest in separate gold and silver funds. This gives you full control, enabling you to adjust your allocation according to your market view. However, if you prefer a hands-off approach backed by a professional manager's view, you can choose a combined gold and silver fund where the fund manager decides the allocation between the two metals," said Vishal Dhawan, CEO of Plan Ahead Wealth Advisors, a wealth management firm in Mumbai, to ETMutualFunds.

"Different AMCs offer varying allocation strategies, so you can select a fund that broadly aligns with your comfort level and objectives. Also, opting for a combined fund can help save on costs and taxes, as the rebalancing happens at the fund level and is typically lower compared to investing in separate funds, where the cost of rebalancing and associated taxes can be higher," Dhawan added.

Another expert shares a different view, highlighting that diversifying into both gold and silver funds ensures investors are not overly dependent on the performance of just one metal and helps build a more balanced portfolio.

"Yes, diversifying into both gold and silver makes sense. While both precious metals tend to rally together over the long term, their short-term performances can diverge—as seen recently when silver lagged behind but is now catching up. Having exposure both ensures you're not overly dependent on the performance of one metal and helps build a more balanced portfolio," said Niranjan Avasthi, SVP, Edelweiss Mutual Fund, to ETMutualFunds.

In the last one year, gold ETFs delivered an average return of 31.97%, with ICICI Prudential Gold ETF offering the highest return at 32.43%, and LIC MF Gold ETF delivering the lowest at 30.46%.

During the same period, silver ETFs offered an average return of 20.49%, with Aditya Birla SL Silver ETF offering the highest return at 21.06%, and UTI Silver ETF FoF offering the lowest at 18.28%.

In contrast, over the last three months, silver ETFs gave an average return of 17.04%, whereas gold ETFs returned an average of 4.84%, showing that silver ETFs have recently outperformed their counterparts.