

Silver ETFs deliver over 100% return in 2025. Should investors lock in profits or ride the rally?

By Surbhi Khanna, Published on: December 03, 2025.



With silver ETFs offering over 100% return in the current calendar year so far and investors wondering whether to book profits or continue with the investment, market experts recommend that if the current allocation is more than the intended allocation, in that case one can consider booking some profit and if the horizon is over five years, staying invested remains constructive.

“If silver allocation has become a larger share than intended in your portfolio, we believe some profit-booking is justified. Over a long horizon (5 years or more), staying invested remains constructive,” Thomas Stephen, Director & Head - Preferred, Anand Rathi Share and Stock Brokers Limited shared with ETMutualFunds.

Sharing a similar opinion, Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors recommends that given these dynamics, investors should avoid reacting emotionally to short-term swings; If silver exposure has exceeded target allocations due to the run-up, partial profit-booking as part of disciplined rebalancing is healthy, not because the long-term story is broken, but because positions must align with long-term allocations.

Dhawan adds that if exposure remains within limits, continuing to hold is sensible, as structural deficits and medium-term macro tailwinds still support precious metals and the key is discipline, not FOMO in our view.

There are 21 silver based ETF and FoFs which have delivered an average return of 98.51% in the said time period. Out of these 21 funds, 10 gave over 100% return in 2025 so far. UTI Silver ETF offered the highest return of 100.89% in 2025 so far, followed by ICICI Pru Silver ETF which gave 100.72% return.

HDFC Silver ETF and SBI Silver ETF delivered 100.29% and 100.04% respectively in 2025 so far. Nippon India Silver ETF gave 99.98% return in the said time period. Axis Silver FoF and Tata Silver ETF FoF gave 94.38% and 92.52% returns respectively in the same time period.

Stellar performance in 2025

Silver ETFs have been around in the industry from calendar year 2022. ETMutualFunds checked the performance of these funds in the calendar year 2022, 2023, and 2024. The highest return offered by a silver ETF in all these three calendar years was 36.12% in 2022 and max a fund lost was 7.19% in 2024.

Factors contributing to stellar performance in 2025

According to Thomas Stephen, with global economic uncertainty, unlike gold, silver combines safe-haven appeal with strong industrial demand (for electronics, EVs, solar panels, etc.) and along with this, solid central banks buying around the world coupled with festive demand led to further surge in prices.

In addition to this, Dhawan adds that Silver's strong YTD performance was driven by a mix of structural and cyclical forces and silver continues to straddle its dual identity as both a precious metal and industrial commodity, which means its price responds not just to monetary conditions but also to manufacturing cycles.

“Earlier this year, optimism around EVs, solar panels, the green transition, and global electrification drove expectations of sustained industrial demand. Global investors also poured money into silver ETFs amid expectations of rate cuts, softer real yields, and a weaker dollar, amplifying the rally. However, it is important to acknowledge that a significant part of the recent surge was driven by speculative flows supported by a gold rally, rather than purely fundamental buying,” Dhawan further explained.

Satish Dondapati, Fund Manager, Kotak Mutual Fund is of the opinion that Silver prices have reached an all-time high, driven largely by a persistent global supply deficit and industries like electronics, solar panels and automotive are using more silver, while investment demand has also increased, which tightens supply. On the supply side, several structural constraints are contributing to the shortage.

“Mining has slowed due to lower ore quality, higher costs, and delays in new projects. Limited exploration of new reserves adds to the shortage. Silver is also seen as a safe-haven asset during economic uncertainty, protecting against inflation, currency fluctuations, and global market volatility. All these factors together have made silver scarcer, pushing prices to record levels and raising concerns about whether the market can meet both industrial and investment needs in the near future,” the fund manager from Kotak Mutual Fund adds.

Looking at the past performance should one enter in silver ETFs and FoFs now or is one buying at peak?

According to Dhawan, silver remains one of the most volatile metals, with volatility more than twice that of gold, because industrial cycles dominate short-term price movements and investors must remember that the sharp rally earlier had a heavy speculative movement.

Entering at elevated levels through a lump-sum risks getting locked in if volatility spikes again and that would not be an ideal choice, Dhawan recommends. “Therefore, while silver may not be at an irrational peak, the prudent approach is to avoid lump-sum entries and consider the current levels as a phase for staggered accumulation via SIP/STP, which smoothens the volatility. Any meaningful correction can give a better entry point to go lumpsum in this space.”

Thomas Stephen is of the opinion that if your investment horizon for silver is long term, entry in silver ETFs/FoFs should be done via SIP/STP.

What allocation to have in silver ETFs or FoF and preferred mode of investment

Commenting on the allocation one must have in this precious metal, Dhawan is of the view that precious metals as a category should typically form 5–10% of an investor’s total portfolio, balancing diversification, liquidity, and inflation protection and within this, a 70%:30% allocation between gold and silver is generally appropriate, with gold anchoring stability and silver adding cyclicity and industrial growth potential.

“This translates to 1–3% of total portfolio exposure to silver for most investors, and up to 4–5% for those with higher conviction or risk appetite in a potential multi-metal cycle driven by de-dollarization, green energy, and cautious monetary policy,” he added.

Having a similar view, Thomas Stephen recommends having nearly 5%-10% of your portfolio allocation towards precious metals (gold plus silver); within precious metal allocation, the allocation towards gold and silver should be based on the risk profile and if one is conservative, the allocation towards gold should be more and vice-versa.

In October, most of the fund houses suspended the fresh subscription in their silver ETF FoFs citing that the prices of silver in India have risen significantly above global benchmarks due to local shortages, which has led to inflated prices of silver ETFs on the exchange. The premium of the silver price in India is mainly due to supply constraints.

Note, all these fund houses have now resumed fresh subscription in their respective silver ETF FoFs.

Now the important thing is will silver ETFs hit a fresh record high again? Thomas Stephen said that given structural demand from green energy (solar), EVs, electronics and potential continued global macro uncertainty — silver seems to have a case for medium-long term appreciation. “Further, much of silver supply comes as a by-product of other metal mining (copper, lead, zinc). So even if silver prices rise, new supply cannot quickly expand. This structural inelasticity supports higher price probable,” he added.

According to a release by Emkay Wealth Management, Silver continues to shine as an investment asset, with both Silver Exchange Traded Funds (ETFs) and Silver Fund of Funds (FoFs) outperforming physical silver over the past three-year period.

The release further mentioned that Silver is expected to bounce back to the US\$ 52-US\$53 levels and thereafter may move towards the next targets of US\$58 and US\$ 62, with strong support at US\$ 47.60.

To this Dhawan adds that, with GSR still elevated near 80:1, there is meaningful scope for realignment if monetary policy turns supportive or industrial sentiment revives and in the broader precious metals narrative fresh record highs over the next 12–24 months remain likely, although the path can be very volatile.

“Ultimately, in a world dominated by intangibles and financial assets, precious metals continue to act as real-asset anchors where gold provides the confidence, and silver delivers the cyclical momentum,” Dhawan added.

There are alternatives as well for diversification such as gold ETFs or multi asset allocation funds. Multi-asset allocation funds are hybrid funds that need to invest a minimum of 10% in at least 3 asset classes. These funds typically have a combination of equity, debt, and gold. Some schemes also add international equities, InvITs and REITs.

The equity allocation in the case of multi-asset funds could vary between 0-70%. Aggressive multi-asset funds could typically have 50-65% equity while the conservative ones could have between 35-50%. In the case of multi-asset funds, some schemes that allocate more than 65% to equity enjoy equity taxation.

So should investors consider investing in these alternatives as well? Dhawan believes that Gold remains the core metal in long-term allocation due to its monetary linkage, central bank buying, and stability across economic cycles whereas silver, on the other hand, offers higher torque, benefiting from both monetary easing and industrial recovery but with significantly higher volatility.

In a diversified portfolio, gold provides confidence while silver adds momentum, especially in a world where de-dollarization, geopolitical shifts, and energy transition are reshaping global metal cycles.

According to the expert from Anand Rathi Share and Stock Brokers Limited, “Yes, it totally depends on an individual’s objective and risk profile. Gold ETFs and multi-asset funds provide diversification, but it is advisable to get your portfolio reviewed by a professional who can recommend suitable products based on your risk profile and investment objective.”

One should always invest based on their risk appetite, investment horizon, and goals.