

Mutual fund categories that stood out in 2025

By Akash Pandey, Published on: December 29, 2025



The year 2025 witnessed a surge in interest across several mutual fund categories, both new and existing. The growing relevance of some categories among investors and the challenges posed by others kept them in the limelight. This story takes a closer look at these distinct factors that made certain mutual fund categories stand out during the year.

Market dynamics

Silver ETFs: A dual role in the market

Silver ETFs attracted investor attention as silver prices in India soared above global benchmarks due to local shortages. The lack of physical silver supply in the bullion market is expected to continue for some time, possibly impacting new investments by Silver ETF FoF. Pallav Agarwal, a Certified Financial Planner at Bhava Services LLP, said that silver's strong performance is due to its dual role as a precious metal and industrial commodity.

Investment shift

Gold ETFs: A hedge amid uncertainty

In 2025, investors turned to gold as a hedge against uncertainty and equity volatility. Gold ETFs became popular as they provide a transparent, liquid way to invest in gold without storage or purity hassles. So far this year, gold ETFs have provided returns of up to 78.76%. Shivam Pathak, CFP and Founder of Asset Elixir, said that if yields and dollar rise, gold may cool off; if they ease, it can get support.

Sector performance

Consumption funds: A response to GST restructuring

Consumption funds gained investor interest after the Finance Minister announced GST restructuring on September 3. Vishal Chopda, Senior VP & Fund Manager at UTI Asset Management Company, said that the consumption sector has been in a prolonged phase of muted demand. However, he believes these factors could drive a gradual recovery in consumption growth in 2026 with discretionary categories likely to outperform as consumer confidence improves.

Global diversification

International funds recorded double-digit returns

International funds caught investor attention as they delivered strong double-digit returns, clearly outperforming most domestic funds. Manish Kothari, Co-founder of ZFunds, said that the depreciation of the Indian rupee added around 5-6% extra return for investors in international funds. He recommends a 10-20% allocation to international funds primarily focused on US markets with selective exposure to China as well.

Sector analysis

Auto sector funds witness growth amid strong domestic consumption

Auto and auto ancillary funds witnessed significant growth in 2025, backed by strong domestic consumption, lower input costs, and selective GST reductions. Rajesh Minocha, a Certified Financial Planner and Founder of Financial Radiance, said that the ancillary industry also benefited from higher

exports and new opportunities in electric vehicles. However, he warns that many automaker stocks now trade at higher valuations, so returns are expected to be more selective and stock-specific in 2026.

Market challenges

A challenging year for tech sector funds

Indian tech-thematic mutual funds were among the worst-performing segments of the market in 2025. Vishal Dhawan, CEO of Plan Ahead Wealth Advisors, said global clients delayed large discretionary tech projects due to macro uncertainty. He believes corrections have made the sector trade close to its historic fair value and that Indian tech stocks could rebound as demand improves and AI opportunities become clearer.