

Which mutual fund categories caught investors' attention in 2025

By Surbhi Khanna, Published on: December 29, 2025



The year 2025 saw several mutual fund categories—both new and existing—come into focus for different reasons. Some attracted attention for their growing relevance among investors, while others sparked discussion due to the challenges and complexities they presented. As a result, these categories remained in the spotlight throughout the year, not always for positive reasons.

This analysis is not focused on returns or performance. Instead, it examines the distinct factors that made certain mutual fund categories stand out during the year. Here's a closer look at them:

Silver ETFs

Silver ETFs caught investors' attention in the current calendar year as the prices of silver in India went up significantly above global benchmarks due to local shortages, which led to inflated prices of silver ETFs on the exchange. The lack of supply of physical silver in the bullion market was expected to continue for the near future, which may, in turn, impact the fresh investments by Silver ETF FoF in Silver ETF.

Pallav Agarwal, Certified Financial Planner, Bhava Services LLP, told ETMutualFunds that the buzz around these ETFs is largely driven by silver's strong performance, which has been triggered by its double role as a precious metal and an industrial commodity. Due to supply deficit and high industrial demand the prices have shot up this year.

Due to this supply shortage, many fund houses stopped accepting fresh subscriptions in their respective silver ETFs in October. However later on they resumed accepting subscriptions.

Agarwal says that the outlook for 2026 is expected to be positive overall with bouts of volatility due to profit booking by the traders and there are too many variables like industrial demand, supply dynamic and geopolitical issues which influence the price of silver so it would be hard to guess its expected price.

Gold ETFs

Gold has been reaching a new all time high level in the current calendar year. Shivam Pathak, CFP and Founder of Asset Elixir told ETMutualFunds that in 2025, investors moved to gold as a hedge amid uncertainty and equity volatility. Gold ETFs gained popularity because they offer a transparent, liquid way to invest in gold without storage or purity hassles.

In 2025 so far, gold ETFs have offered upto 78.76% return. Axis Gold ETF gave the highest return of 78.76%, followed by HDFC Gold ETF which gave 78.66% in the said time period.

Pathak further adds that in 2026, gold will be driven mainly by real yields (returns after inflation), the US dollar, and central bank/ETF demand; if yields and the dollar rise, gold may cool off; if they ease, gold can get support so forecasts remain broadly bullish around \$4,500–\$5,000, and Indian returns will also depend on USD/INR.

Consumption funds

Consumption funds gained investors' interest in 2025 when the Finance Minister on September 3 announced the restructuring of the goods and services tax (GST), collapsing four slabs into two rates of 5% and 18%, while maintaining a 40% levy on luxury and sin goods. The revised rates are effective from September 22, 2025.

Vishal Chopda, Senior Vice President & Fund Manager - Equity, UTI Asset Management Company told ETMutualFunds that the consumption sector has experienced a sustained phase of subdued demand

over the past few years, driven by cyclical factors and the government's decision to cut income tax rates, alongside reductions in GST across multiple discretionary categories—including automobiles and consumer durables—should improve household disposable incomes.

Since the implementation of GST 2.0, the consumption funds are in the red territory. Bajaj Finserv Consumption Fund lost the most of around 6.20% from September 22, 2025 to December 27, 2025. Quant Consumption Fund lost 6.07% in the same period. Canara Robeco Consumer Trends Fund lost the lowest of around 0.84% in the same period.

Chopda is of the opinion that these factors, combined with a lower base, are likely to drive a gradual recovery in consumption growth in 2026, with discretionary categories poised to outperform as consumer confidence improves.

International funds

International funds gained investors' interest as they delivered double-digit gains across horizons outperforming the domestic funds. Manish Kothari, Co-founder, ZFunds shared with ETMutualFunds that in 2025, international funds delivered strong double-digit returns, clearly outperforming most domestic funds and among international index funds for instance, the NASDAQ 100 delivered about 23.18%, the S&P 500 delivered 20.60%, Hang Shang delivered about 32.94% and in comparison, domestic index funds saw relatively muted performance.

Kothari added additionally, the depreciation of the Indian rupee contributed around 5-6% extra return for investors in international funds, further enhancing overall gains and overall, international funds in 2025 reinforced the importance of calibrated global diversification and this is what we can see well into 2026.

In 2025 so far, international funds have offered an average return of 27.06%. DSP World Mining Overseas Equity Omni FoF has offered the highest return of around 80.52% in the current calendar year so far. Motilal Oswal Nasdaq 100 FOF offered the lowest return of around 8.21% in the said period.

Kothari recommends that an investor should consider a 10–20% allocation to international funds, primarily focused on US markets, with selective exposure to China as well.

Auto sector funds

According to Rajesh Minocha, a Certified Financial Planner (CFP) and Founder of Financial Radiance, told ETMutualFunds that in 2025, auto and auto ancillary funds saw significant growth, supported by strong domestic consumption, lower input costs, selective GST reductions, and improved balance sheets and the ancillary industry also benefited from higher exports and new opportunities in electric vehicles.

Since the implementation of GST 2.0, auto sector based funds have offered an average return of 1.42% whereas in the current calendar year so far, these funds gave an average return of 17.15%.

Minocha says that in 2026, the sector is unlikely to match the strong performance of 2025 and many automaker stocks now trade at higher valuations, so returns are expected to be more selective and stock-specific. "In 2026, auto funds may be suitable for tactical or satellite allocations rather than core holdings. Investors should avoid relying on past returns and instead consider staggered investments with limited exposure," said Minocha.

Technology sector funds

Vishal Dhawan, CEO of Plan Ahead Wealth Advisors, a wealth management firm in Mumbai told ETMutualFunds that Indian tech-thematic mutual funds were among the worst-performing segments of the market and the Nifty IT index fell by 9% YTD.

Dhawan further lists factors such as global clients (especially in the U.S. and Europe) delayed large discretionary tech projects due to macro uncertainty on the back of US tariffs and geopolitical concerns.

This hit revenue growth and thus stock performance, in periods of market stress, investors often rotate out of themes like tech into more defensive or value-oriented segments; that shift was visible in 2025 and valuation risk also dampened investor sentiment and lastly, policy uncertainty on HB1-visas, was also an overhang on the sector, besides tariff wars.

In the current calendar year so far, technology based funds gave a negative average return of 3.10%. There were 12 funds in the category, of which Quant Teck Fund lost the most of around 15.12% in 2025 so far and SBI Technology Opportunities Fund gave the highest positive return of around 2.55% in the same period.

Dhawan believes that the corrections have made the sector trade close its historic fair value. Markets are cautiously optimistic that as demand improves and AI opportunities become clearer, Indian tech stocks and thematic funds could rebound — possibly with measured, not meteoric, growth.

“Global monetary conditions are expected to continue to ease in 2026, with rate cuts in the US and Europe improving corporate confidence. This should stabilise discretionary tech budgets, though spending is likely to recover incrementally rather than sharply and broader market drivers (earnings growth, macro stabilization, sector rotation) will influence how strongly tech funds participate in any rally,” he said.