Currency hedging physical silver exposure

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Key Takeaways

- Currency hedging can help euro- and sterling-based investors capture more of a silver rally when the US dollar weakens.
- In 2025, hedged silver exposure delivered returns materially closer to the 149.1% gain in US dollar silver than unhedged exposure.
- During strong silver months since 2015, EUR- and GBP-hedged exposures have historically reduced the currency drag on returns.
- With the structural case for US dollar weakness still intact, managing currency exposure could become increasingly relevant for non-dollar silver investors.
- WisdomTree's new physically backed, daily hedged silver ETCs provide EUR and GBP investors with a way to access silver while reducing the impact of currency movements.

Currency hedging can help non-US dollar investors manage the impact of exchange-rate movements on silver investments. Because silver is priced globally in US dollars, returns for euro- or sterling-based investors can be meaningfully affected by movements in EUR/USD or GBP/USD. When the US dollar depreciates, unhedged local-currency returns may lag the US dollar silver price return, while a currency-hedged exposure can help reduce that drag.

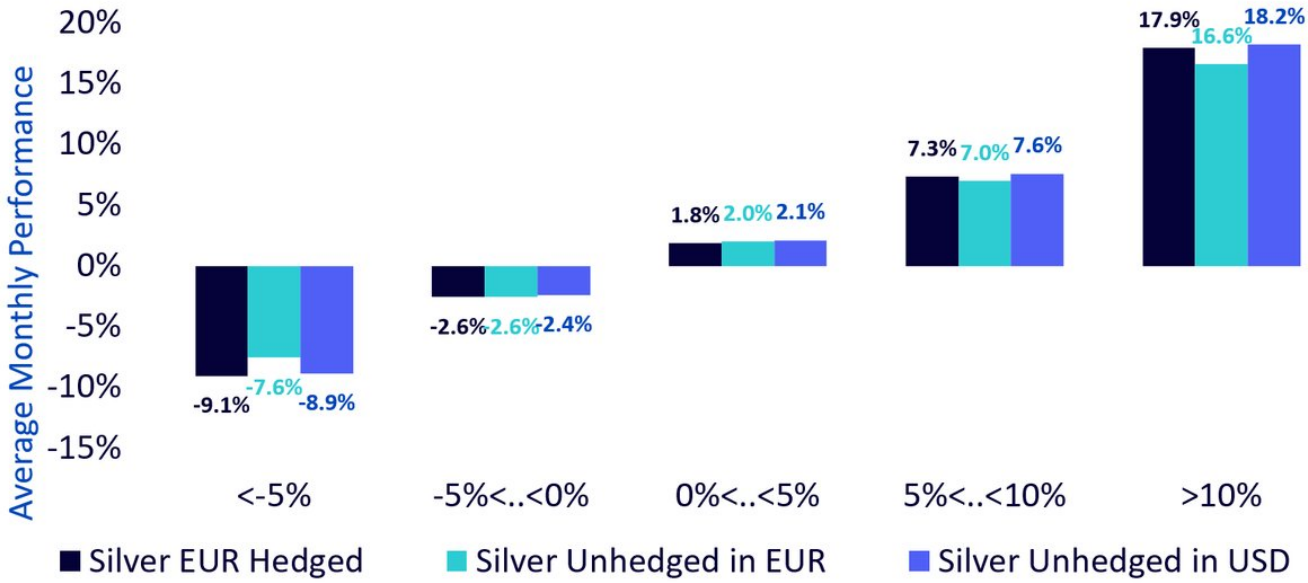
2025 silver rally aided by currency depreciation

In the calendar year 2025, when the US dollar depreciated against a basket of currencies (DXY) by 10%, silver prices in US dollars rose by 149.1%. For a euro-based investor, an unhedged silver exposure would have reduced that return to 119.6%, while a EUR-hedged silver exposure would have returned 142.0%. Similarly, for a sterling-based investor, an unhedged silver position would have returned 131.8%, while a GBP-hedged position would have returned 147.0%. Over the same period, the US dollar basket depreciated by 10%[1].

More generally, silver rallies often coincide with multiple drivers, including US dollar weakness. Since January 2015, during months when silver prices in US dollars rose by more than 10%, silver delivered an average monthly return of 18.2% in US dollar terms. However, for a euro-based investor holding unhedged silver, the average return was 16.6%, meaning 1.6% was eroded by currency translation. A EUR-hedged silver position returned 17.9% on average, reducing the drag to only 0.3 percentage points versus the US

dollar silver return. Similarly, for a sterling-based investor, the average currency drag during these strong silver months was 0.6 percentage points. A GBP-hedged silver exposure narrowed that drag to just 0.2 percentage points[2].

Figure 1: Historical performance of silver (hedged and unhedged)



Source: WisdomTree. Data from 31/01/2015 to 31/07/2026. Silver unhedged based on London Bullion Market Association Silver Prices. Silver hedged based on Morgan Stanley EUR Daily Hedged Physical Silver Index, combined with London Bullion Market Association Silver Prices. The horizontal axis shows performance buckets for unhedged silver. **Historical performance is not an indication of future performance and any investments may go down in value.**

We should note that currency hedging does not guarantee higher returns. It is designed to reduce the impact of exchange-rate movements between the US dollar and the investor's base currency. As a result, hedging can support returns when the US dollar weakens against the euro or sterling, but it can also detract from returns when the US dollar strengthens.

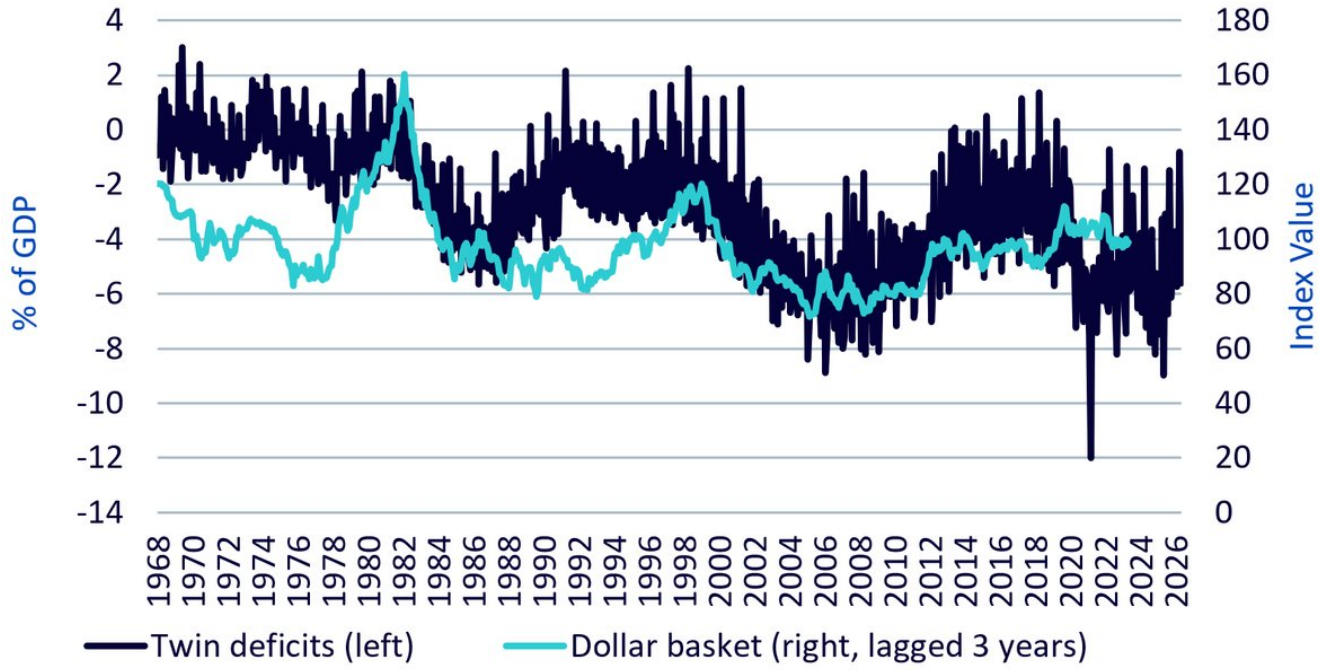
Potential for US dollar weakness ahead

So far in 2026, the US dollar has appreciated, reversing much of the weakness seen in the prior year. We believe this period of dollar strength could be close to an end. Dollar strength this year has mainly reflected the United States' relative energy security during the Iran conflict, which allowed the dollar to outperform many traditional safe-haven currencies.

If geopolitical tensions continue to ease and energy markets normalise, some of this support for the dollar could fade. Over the medium term, the structural case for a weaker US dollar remains intact, including persistent fiscal and current account deficits. Historically, periods in which the US fiscal and current account deficits have widened have often been followed, with a lag, by structural US dollar depreciation. In the 1980s, the US dollar depreciated by close to 40%. In the early 2000s, it depreciated by around 30%.

Against this backdrop, we believe the 10% depreciation in 2025 may prove to be only the early stage of a broader adjustment, given the trends in the so-called twin deficits.

Figure 2: US dollar and US twin deficits



Source: Bloomberg Finance L.P., WisdomTree, 1968–2026. A twin deficit is defined as the combination of a fiscal deficit, where the government spends more than it collects in taxes and other revenues, and a current account deficit, where the country imports more goods, services, income and transfers than it earns from abroad. Both are combined and expressed as a percentage of GDP. **Historical performance is not an indication of future performance and any investments may go down in value.**

The WisdomTree solution

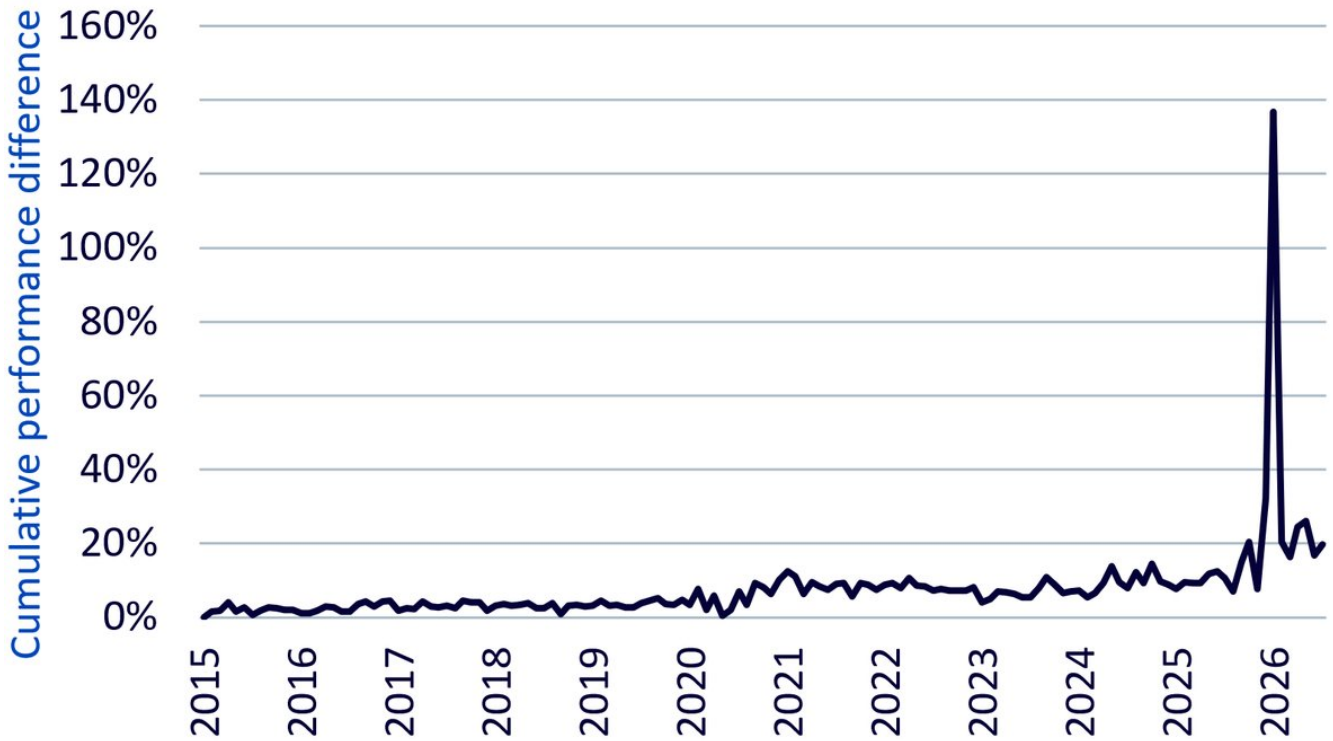
WisdomTree has long offered a euro-hedged synthetic silver exchange-traded commodity (ETC), **WisdomTree Silver – EUR Daily Hedged (ESVR)**. We are now introducing currency-hedged physical silver ETCs:

- **WisdomTree Physical Silver – EUR Daily Hedged (AGSE)**
- **WisdomTree Physical Silver – GBP Daily Hedged (PAGP)**

This gives investors a physically backed silver exposure with daily currency hedging.

The distinction between synthetic and physical exposure matters. Structural contango in silver futures markets can lead to weaker long-term performance for synthetic silver products relative to physically backed products. In the chart below, we show the performance difference between the silver hedged index that underpins **WisdomTree Physical Silver – EUR Daily Hedged** and the index that underpins **WisdomTree Silver – EUR Daily Hedged**, the Bloomberg Silver Sub Euro Hedged Daily Total Return Index. The cumulative difference has generally moved upwards over the longer term, indicating that the physical exposure has outperformed the synthetic exposure over the period shown.

Figure 3: Physical vs synthetic performance



Source: WisdomTree. Data from 31/01/2015 to 31/07/2026. Physical silver based on Morgan Stanley EUR Daily Hedged Physical Silver Index, combined with London Bullion Market Association Silver Prices. Synthetic silver based on Bloomberg Silver Sub Euro Hedged Daily Total Return Index. Both are re-indexed to zero on 31/01/2015, and the chart shows the difference in monthly index levels. **Historical performance is not an indication of future performance and any investments may go down in value.**

Product Name	ISIN	Exchange	Bloomberg Ticker	NAV Currency	Listing Currency	Mgmt Fee	Swap Fee	Index Name	Index Ticker	Listing date
WisdomTree Physical Silver – EUR Daily Hedged	JE00B9GQHM16	Xetra	AGSE GY	EUR	EUR	0.25%	0.10%	Morgan Stanley EUR Daily Hedged Physical Silver Index	MSCESLEU	15/09/2026
WisdomTree Physical Silver – EUR Daily Hedged	JE00B9GQHM16	Borsa Italiana	AGSE IM	EUR	EUR	0.25%	0.10%	Morgan Stanley EUR Daily Hedged Physical Silver Index	MSCESLEU	15/09/2026
WisdomTree Physical Silver – GBP Daily Hedged	JE00B84GRJ55	LSE	PAGP LN	GBP	GBP	0.25%	0.10%	Morgan Stanley GBP Daily Hedged Physical Silver Index	MSCESLBP	16/09/2026

Investing in silver involves risk and the value of an investment may fall, potentially resulting in a loss. Currency hedging is designed to reduce, rather than eliminate, the impact of movements between the US dollar and the relevant currency and may detract from returns when the US dollar strengthens. Hedging also involves costs and may not perfectly offset currency movements. Investors should consider the full risks of the ETCs set out in the relevant KID and Prospectus.

[1]Source: WisdomTree. Data from 31/01/2015 to 31/07/2026.

[2]Source: WisdomTree. Data from 31/01/2015 to 31/07/2026.

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