Currency hedging physical silver exposure

Published 15 September 2026

Nitesh Shah
Head of Commodities and Macroeconomic Research, WisdomTree Europe

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.

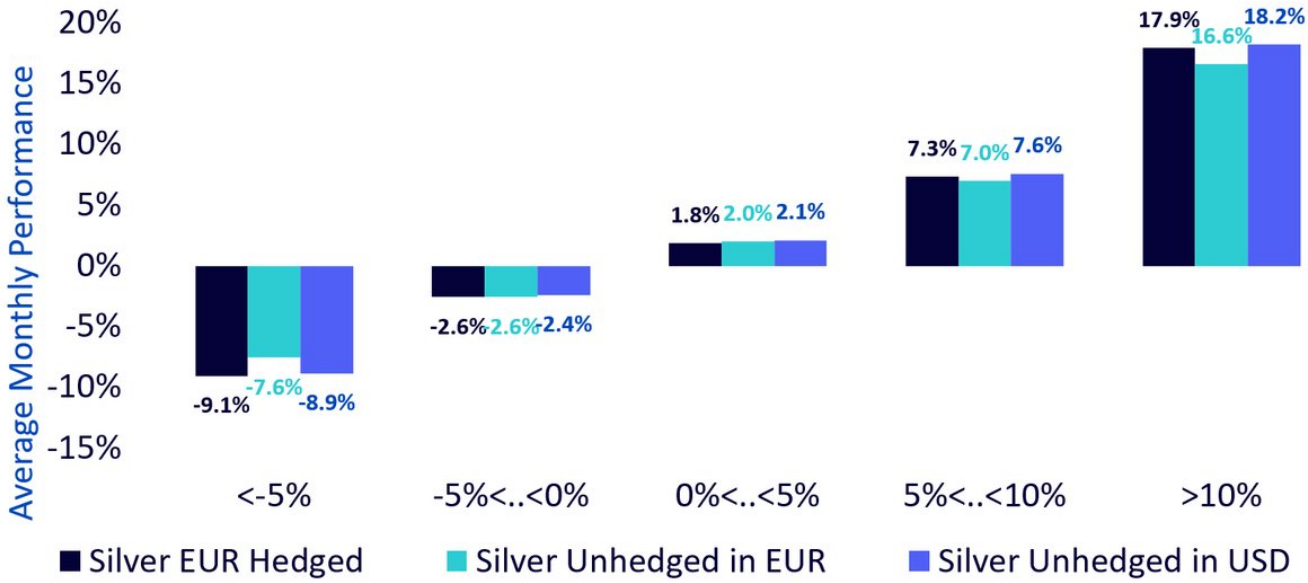
2025 silver rally aided by currency depreciation

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.

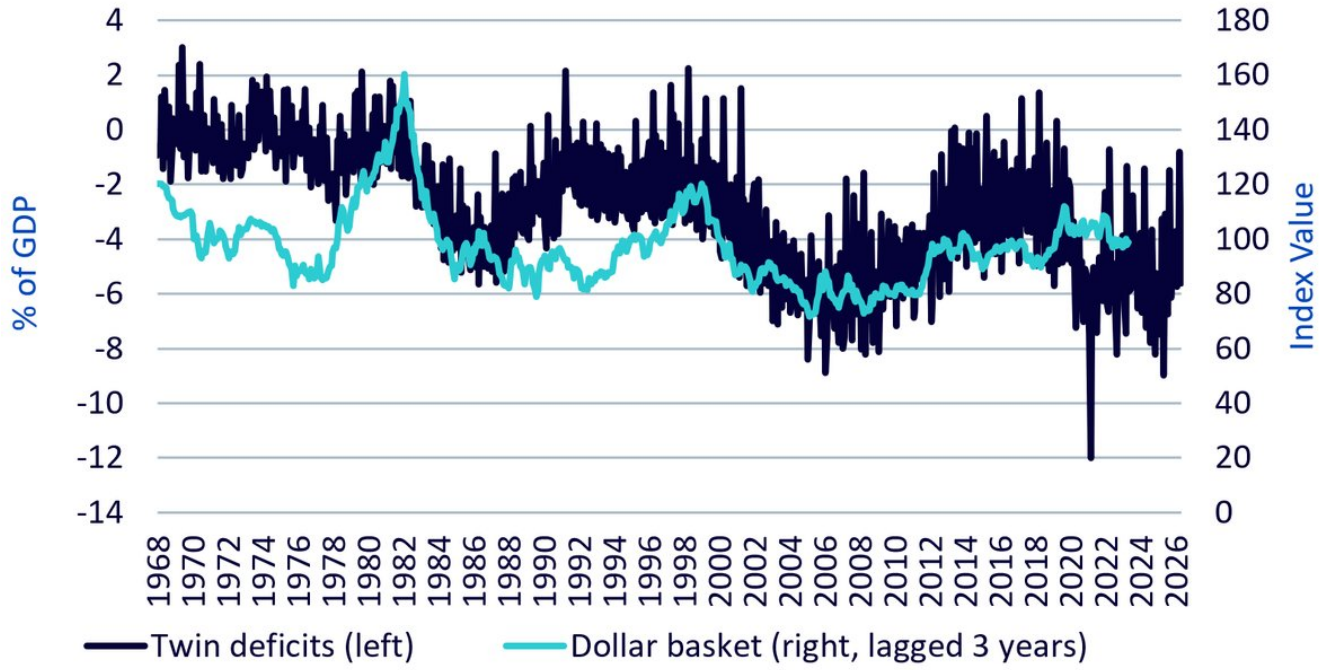
Potential for US dollar weakness ahead

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

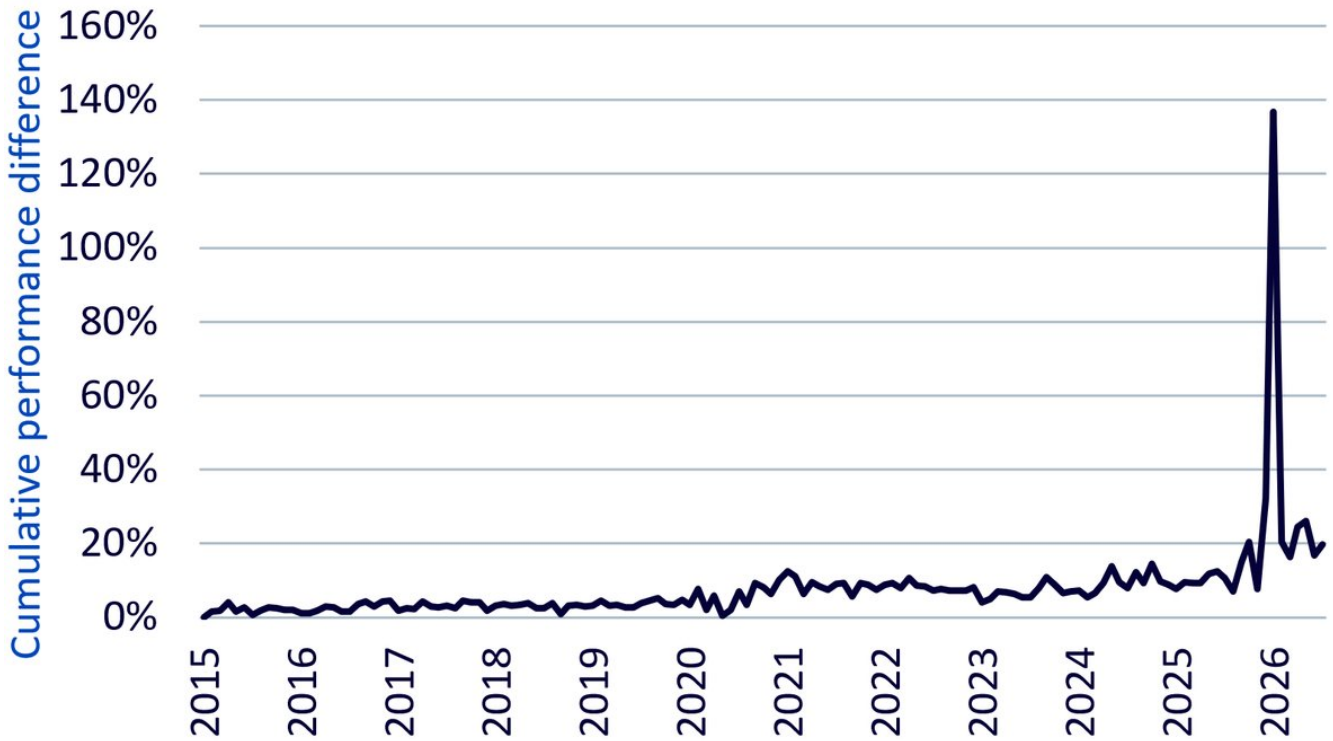
WisdomTree has long offered a euro-hedged synthetic silver exchange-traded commodity (ETC), **WisdomTree Silver – EUR Daily Hedged (ESVR)**. We are now introducing currency-hedged physical silver ETCs:

- **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.

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA") & Switzerland: This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA, except Switzerland: This document has been issued and approved by WisdomTree UK Limited or Atlantic House Investments Limited, which are both authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited, WisdomTree UK Limited and Atlantic House Investments Limited are referred to as "WisdomTree" (as applicable) throughout. Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not offer investment advice tailored to individual circumstances. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

This marketing communication should be read in conjunction with the relevant WisdomTree products' Prospectus, Key Investor Information Document ("KIID"), Key Information Document ("PRIIPS KID") as relevant. In particular, investors should carefully read the specific risks detailed under the section entitled 'Risk and Reward Profile' in the KIID, 'What are the risks and what could I get in return?' in PRIIPs KID and under the section entitled 'Risk Factors' in the Prospectus of the Issuer for further details of risks associated with an investment in the product(s) detailed herein. Further information regarding the WisdomTree exchange-traded product(s) detailed herein, such as a detailed list of the underlying investments and the indicative net asset value, can be obtained by visiting the WisdomTree website at (www.wisdomtree.eu).

An investment in WisdomTree exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. An investment in WisdomTree funds is dependent on the performance of the underlying investments, less costs.

Both WisdomTree ETPs and funds involve numerous risks including among others, general market risks relating to any relevant underlying index, credit risks on the provider of index swaps utilised in ETPs, exchange rate risks, interest rate risks, inflationary risks, liquidity risks, derivatives risk and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

Jersey ETCs

The products discussed in this document are issued by WisdomTree Hedged Metal Securities Limited, WisdomTree Hedged Commodity Securities Limited (the "**Issuer**"). The Issuer is regulated by the Jersey Financial Services Commission. Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the securities offered by the Issuer.

WisdomTree Hedged Commodity Securities Limited

Securities issued by the Issuer are direct, limited recourse obligations of the relevant Issuer alone and are not obligations of or guaranteed by Citigroup Global Markets Limited ("CGML"), Citigroup Global Markets Holdings Inc. ("CGMH"), Merrill Lynch International ("MLI"), Bank of America Corporation ("BAC") or any of their affiliates. Each of CGML, CGMH, MLI and BAC disclaim all and any liability whether arising in tort, contract or otherwise which they might have in respect of this document or its contents otherwise arising in connection herewith.

"Bloomberg®" and the Bloomberg Commodity Index(es)SM referenced herein are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by WisdomTree and its permitted affiliates including WisdomTree Hedged Commodity Securities Limited (together, WisdomTree). Bloomberg is not affiliated with WisdomTree, and Bloomberg does not approve, endorse, review, or recommend the exchange-traded product(s) referenced herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the index(es).

WisdomTree Hedged Metal Securities Limited

Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of Morgan Stanley & Co International plc, Morgan Stanley & Co. LLC,JP Morgan Chase Bank, N.A. and HSBC Bank plc, any of their affiliates or anyone else or any of their affiliates. Each of Morgan Stanley & Co International plc, Morgan Stanley & Co. LLC and JP Morgan Chase Bank, N.A. and HSBC Bank plc disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

The Morgan Stanley Indices are the exclusive property of Morgan Stanley & Co. LLC and Morgan Stanley & Co. International PLC and/or their affiliates ("Morgan Stanley"). Morgan Stanley and the Morgan Stanley index names are service mark(s) of Morgan Stanley or its affiliates and have been licensed for use for certain purposes by WisdomTree Management Jersey Limited in respect of the securities issued by the Issuer. The securities issued by the Issuer are not sponsored, endorsed, or promoted by Morgan Stanley, and Morgan Stanley bears no liability with respect to any such financial securities. The prospectus of the Issuer contains a more detailed description of the limited relationship Morgan Stanley has with the Issuer and any related financial securities. No purchaser, seller or holder of securities issued by the Issuer, or any other person or entity, should use or refer to any Morgan Stanley trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting Morgan Stanley to determine whether Morgan Stanley's permission is required. Under no circumstances may any person or entity claim any affiliation with Morgan Stanley without the prior written permission of Morgan Stanley.

For Investors in Switzerland:

This document constitutes an advertisement of the financial product(s) mentioned herein.

In Switzerland, this communication is only targeted at Qualified Investors.

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website: https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports

For Investors in Monaco: This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.

For Investors in Israel:

Offering materials for the offering of the securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 ("the Securities Law") or section 25 of the Joint Investment Trusts Law, 5754-1994 ("the Joint Investment Trusts Law "), as applicable. The products are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum ("the Addendum") to the Securities Law, "Sophisticated Investors") who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or offering such product to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may be required to provide confirmation that it is a Sophisticated Investor purchasing a product for its own account or, where applicable, for other Sophisticated Investors.