

June 2025

Why Silver? Why SIL?

Authored by:
Trevor Yates

Why Silver?

Demand: An Historic Store of Value Meets Cyclicalities

- Silver's demand profile is somewhat unusual, with the metal being a key input for industrial purposes and jewelry, as well as investment, making it a potential store of value that is also somewhat tied to the economic cycle.
- We expect the rapid growth seen for solar panels, for which silver is a major input, to continue, with the increasing need for energy generation capacity underpinned by structural megatrends such as electrification, urbanization, and artificial intelligence.

Supply: Structurally Challenged

- Over 70% of the world's silver is mined as a byproduct, meaning that it is not the primary metal extracted at the given project.¹ This is mainly due to the characteristics of silver ore bodies, which typically are found alongside copper, gold, and other minerals.² As a result, the geology of silver limits the supply side response and has recently led to silver prices remaining well above the marginal cost of production.
- Despite the strong increase in silver prices, we expect the rising cost of capital, high levels of mining cost inflation (labor, machinery, etc.), and the lack of availability of high-quality projects to weigh on the medium- to long-term supply outlook.

Silver Versus Gold?

- Although historically referred to as a store of value, silver's demand drivers are more tied to the global industrial cycle than gold's, making silver more economically sensitive.
- The above dynamic, coupled with the weak global industrial environment, can help explain why, despite the sharp rise in the price of silver, the gold-to-silver price ratio sits at the elevated level of 103x, with silver only being this discounted to gold less than 1% of the time since 1950.³
- As a result of the metal's discounted value relative to gold, silver appears poised to outperform gold if we see a pickup in global industrial activity.

Why SIL?

Focused on Miners

- Due to their high fixed costs, miners have historically offered more leverage to a change in the underlying commodity price (i.e., a rise in the commodity prices typically increases profitability more than the move in the commodity), making them a potentially attractive exposure given our bullish outlook for silver prices.⁴
- Miners also may offer dividends as a form of income, providing a potential cushion for investors.
- Despite the weak global macroeconomic environment, silver's favorable supply-demand balance has historically allowed miners to generate cash throughout the entire business cycle, reducing balance sheet risks for miners.

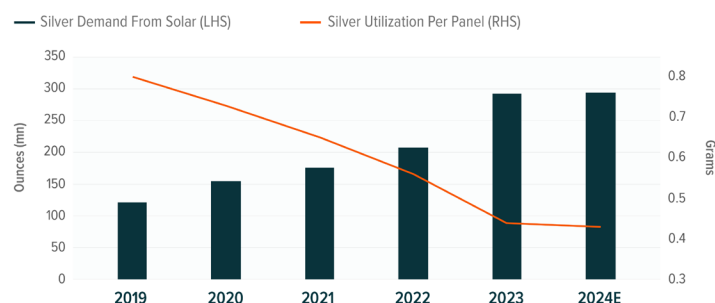
Varied Exposures

- SIL provides investors with a varied set of holdings across numerous countries, potentially reducing idiosyncratic production risks associated with individual companies.

A Client Friendly Structure

- SIL offers the liquidity and transparency of the ETF structure for a total expense ratio of 0.65%.

SILVER DEMAND IN SOLAR RISING DESPITE TECHNOLOGICAL ADVANCEMENTS



Sources: VettaFi. (2024, Nov 4). Solar Power Growth Will Propel Silver's Long-Term Prospects.

Related ETF

SIL – Global X Silver Miners ETF

Click the fund name above to view current performance and holdings.
Holdings are subject to change. Current and future holdings are subject to risk.



FOOTNOTES

1. Mining.com. (2024, October 4). Silver Miners Struggle to Keep up with Demand.
2. Provident Metals. Geology of Silver. Data accessed on April 27, 2025.
3. Bloomberg LP. Data from January 1, 1950 through April 22, 2025.
4. Global X ETFs with information derived from Bloomberg LP. Based on earnings-per-share for the Solactive Global Silver Miners Index versus year-over-year silver price return (measured using XAG CURRENCY). Data from January 1, 2019, through December 31, 2024.

GLOSSARY

Gold-to-Silver Ratio The gold-to-silver ratio measures the price of gold divided by the price of silver, providing a relative value of the two precious metals. An elevated reading may indicate a potential undervaluation of silver relative to gold.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information is not intended to be individual or personalized investment advice and should not be used for trading purposes. Please consult a financial advisor for more information regarding your situation.

Investing involves risk, including the possible loss of principal. Diversification does not ensure a profit or guarantee against a loss. SIL is non-diversified. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments may be subject to higher volatility. There are additional risks associated with investing in silver and the silver exploration industry.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Carefully consider the Fund's investment objectives, risks, and charges and expenses before investing. This and other information can be found in the Fund's summary or full prospectuses, which may be obtained at globalxetfs.com. Please read the prospectus carefully before investing

Global X Management Company LLC serves as an advisor to Global X Funds. The Funds are distributed by SEI Investments Distribution Co. (SIDCO 1 Freedom Valley Dr., Oaks, PA 19468), which is not affiliated with Global X Management Company LLC or Mirae Asset Global Investments.