

The Case for Gold and Silver in Portfolio Construction



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Gold and silver can be powerful complements to stocks and bonds. After an impressive run for both metals, investors are considering these investments as enduring components in their portfolios.

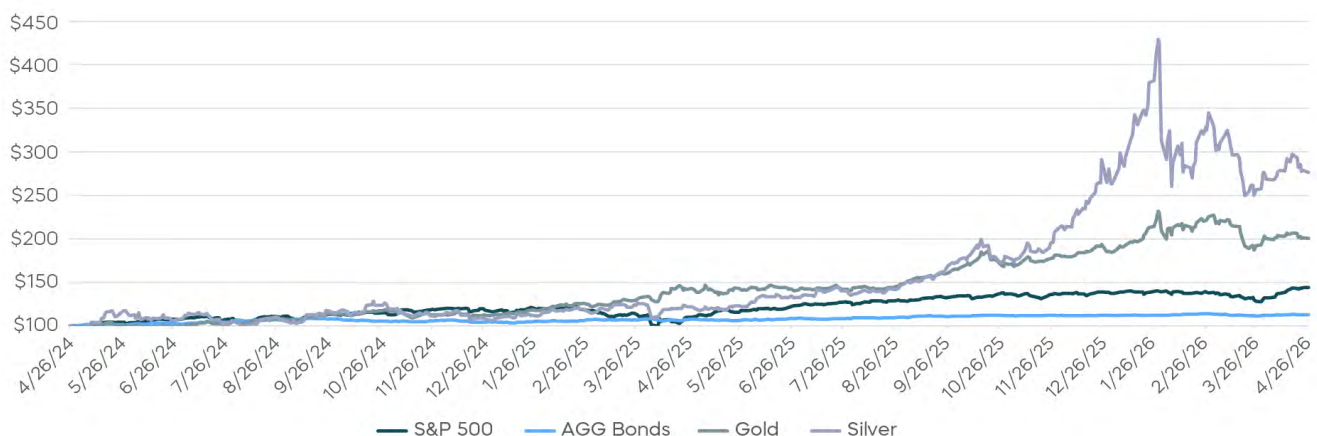
Here’s why:

- Traditional 60/40 portfolios don’t offer comprehensive diversification in all markets, especially when bond yields are low.
- “Real” assets like gold and silver may offer meaningful diversification benefits (see charts below).
- Precious metals have the potential to outperform during inflationary periods, when markets face financial or geopolitical stress, or when currency debasement is a concern.

Get 2x or -2x exposure to gold or silver with ProShares ETFs:

<div style="background-color: #1a3d4d; color: white; padding: 10px; border-radius: 10px; width: 100px; margin: 0 auto;"> <p style="font-size: 24px; margin: 0;">UGL</p> <p style="font-size: 12px; margin: 0;">2x Gold</p> </div>	<div style="background-color: #1a3d4d; color: white; padding: 10px; border-radius: 10px; width: 100px; margin: 0 auto;"> <p style="font-size: 24px; margin: 0;">GLL</p> <p style="font-size: 12px; margin: 0;">-2x Gold</p> </div>	<div style="background-color: #1a3d4d; color: white; padding: 10px; border-radius: 10px; width: 100px; margin: 0 auto;"> <p style="font-size: 24px; margin: 0;">AGQ</p> <p style="font-size: 12px; margin: 0;">2x Silver</p> </div>	<div style="background-color: #1a3d4d; color: white; padding: 10px; border-radius: 10px; width: 100px; margin: 0 auto;"> <p style="font-size: 24px; margin: 0;">ZSL</p> <p style="font-size: 12px; margin: 0;">-2x Silver</p> </div>
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Gold and Silver’s Exceptional Run

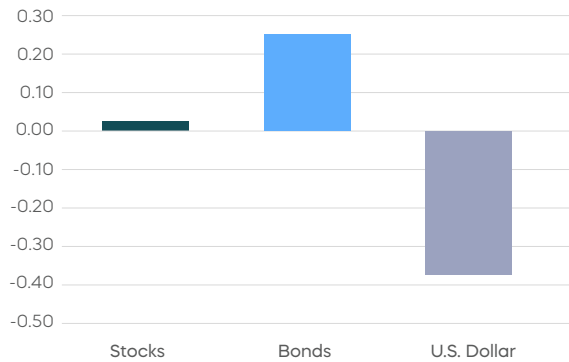


Source: Bloomberg. Chart data includes S&P 500 Index (total return), Bloomberg Aggregate Bond Index (total return), gold spot price, silver spot price. All data rebased to a starting value of \$100.

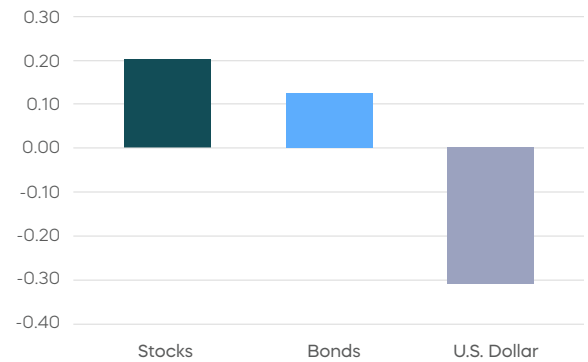
Gold and Silver Over Time

Let's look at gold and silver over time: Since 1989, gold has exhibited near-zero correlation to equities and a modest positive correlation to bonds. Silver, by contrast, has shown a higher correlation to equities and a weaker relationship with bonds. Meanwhile, both have maintained strong negative correlations to the U.S. dollar. An allocation to metals offers investors a means to potentially decouple a portion of their portfolio returns from U.S.-focused stocks and bonds.

Gold Historical Correlations



Silver Historical Correlations



Source: Bloomberg and ProShares internal calculations of gold and silver correlations from October 1989 through March 2026.

Gold and Silver's Record Run

Right now, investors may be reconsidering gold and silver given elevated prices. It's possible that historic gains for metals mean that, if markets turn, they could be poised for a fall alongside other assets—rather than offering the expected portfolio diversification protection outlined above.

A sharp reversal could catch investors off guard, and short-term divergences may reflect shifts in short-term positioning, central bank demand, or broader macro conditions.

The Investment Opportunity or Understanding Key Investment Drivers

Gold's relationship with interest rates and use as an inflation hedge is well established. Silver has a more hybrid performance, influenced by both monetary and industrial drivers.

Gold has long served as a store of value, particularly during periods of monetary expansion. Its supply grows slowly relative to fiat currencies, reinforcing its role as a hedge against currency debasement and inflation uncertainty. Another key driver of gold over time is its relationship with real interest rates, or nominal yields adjusted for inflation. When real yields decline, gold has historically become more attractive.

Silver shares many of these characteristics, but it can also benefit from industrial demand. It is widely used in electronics, solar, and other applications tied to global growth and electrification. This dual nature means that silver can behave differently across cycles, often moving with gold in inflationary or easing environments, while benefiting from industrial demand during growth-driven expansions. As a result, silver tends to be more volatile than gold, but it can offer additional upside in reflationary or pro-cyclical regimes.

Portfolio Considerations and Risk Management Tools

For investors with long-term allocations to gold or silver, or who are considering including them in their long-term portfolio, a strategy for periods of short-term volatility may warrant consideration, including use of inverse or hedging instruments.

Leveraged ETFs offer the potential to magnify returns during sharp rallies. And inverse funds can provide short exposure to gold or silver that may be used to hedge downside risk, manage portfolio volatility, or adjust exposure without liquidating long-term holdings.

Learn More

UGL

Ultra Gold ETF

ProShares Ultra Gold seeks daily investment results, before fees and expenses, that correspond to two times (2x) the daily performance of the Bloomberg Gold Subindex.

GLL

UltraShort Gold ETF

ProShares UltraShort Gold seeks daily investment results, before fees and expenses, that correspond to two times the inverse (-2x) of the daily performance of the Bloomberg Gold Subindex.

AGQ

Ultra Silver ETF

ProShares Ultra Silver seeks daily investment results, before fees and expenses, that correspond to two times (2x) the daily performance of the Bloomberg Silver SubindexSM.

ZSL

UltraShort Silver ETF

ProShares UltraShort Silver seeks daily investment results, before fees and expenses, that correspond to two times the inverse (-2x) of the daily performance of the Bloomberg Silver SubindexSM.

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These funds generate a K-1 tax form.

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