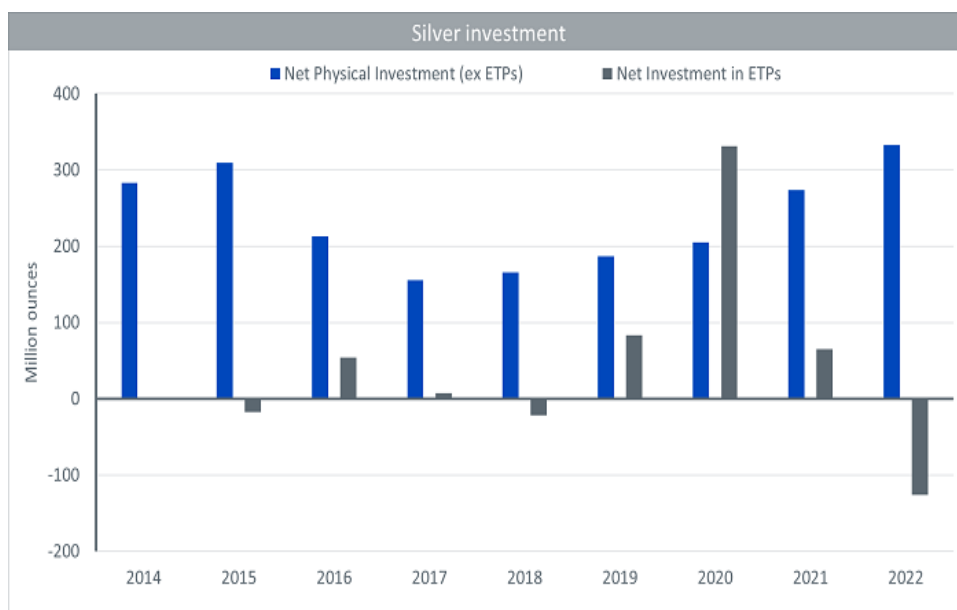


SILVER: THE GREAT RETAIL VS INSTITUTIONAL DIVIDE

Nitesh Shah – Head of Commodities and Macroeconomic Research, WisdomTree Europe
22 Jun 2023

In 2022, silver created a big divide in the commodities world: retail investors loved the metal, while institutional investors loathed it.



Source: World Silver Survey 2023, The Silver Institute, Metals Focus: 2014-2022. ETP = Exchange-Traded Product.

Historical performance is not an indication of future performance and any investments may go down in value.

Despite initial enthusiasm for the metal among both investor segments immediately after the Ukraine war, investment became bifurcated as the year progressed. Investment in bar and coin (net physical investment ex-exchange-traded product (ETP)), which was mainly retail investment, rose to new highs of 332.9 million ounces (10,356t), a 22%¹ rise over the year and the fifth consecutive year of gain.

In sharp contrast, ETPs saw their largest net outflows since 2011, down 11% year-on-year². Silver ETP investing is still very much driven by the institutional community.

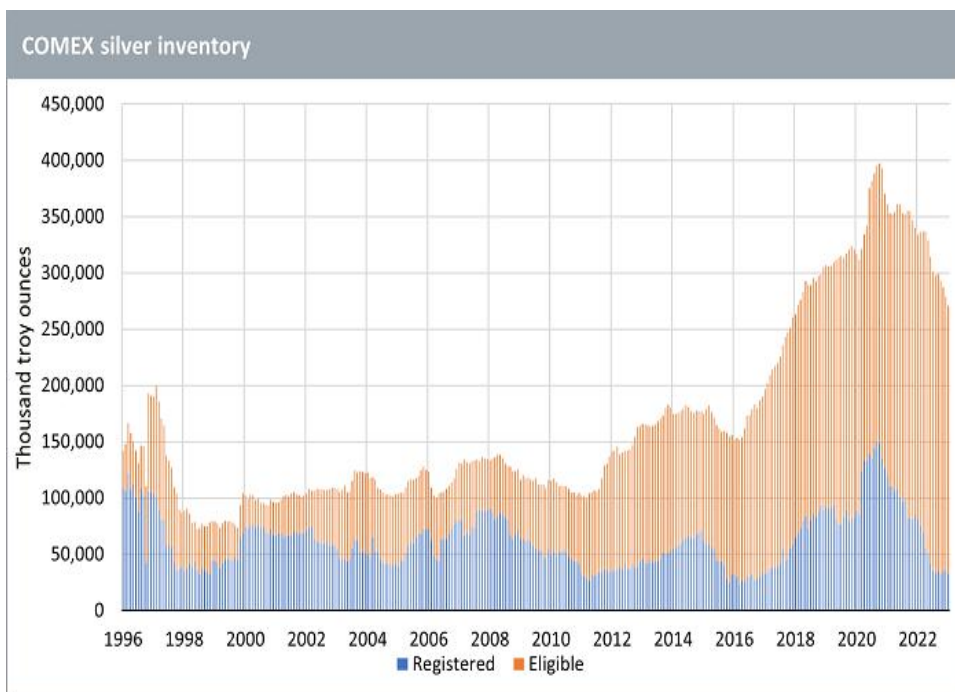
Corroborating these trends, we saw large outflows from London vaults, with silver falling to the lowest levels since the London Bullion Market Association (LBMA) started collecting the data. London-vaulted silver is once again dominated by ETPs and institutional flows.



Source: London Bullion Market Association. July 2016 – April 2023.

Historical performance is not an indication of future performance and any investments may go down in value.

Silver stock decline was not unique to London though. Silver held in New York-based CME COMEX vaults (to meet the needs of the silver futures), also fell sharply. Registered inventory³ has fallen to the lowest levels since 2017, and considerably below the elevated levels reached during the COVID-19 pandemic when the CME deliberately increased available inventory to assuage market concerns about metal stocks at a time when transporting them was under stress. Eligible inventory⁴ has also fallen back to 2018 levels but remains more than double 2016 levels.



Source: Bloomberg, WisdomTree, January 1996 – May 2023.

Historical performance is not an indication of future performance and any investments may go down in value.

Where did all the silver go?

The silver in institutionally dominated markets went to retail dominated markets.

US retail demand for bar and coin rose to a new high (134 million ounces), up from an average of 93 million ounces between 2010 and 2020⁵. These flows appear quite sticky, with little indication of selling so far this year.

Building on the rally in 2021, which followed 2020's heavy liquidations, Indian physical investment saw a staggering 188% jump last year and touched 79.4 million ounces (2,470t), its highest since the 2015 record. Importantly, while investment demand was lower than previous highs, it was still 40% higher compared to the pre-pandemic levels of 2019⁶.

Export data from the UK shows considerable flows to India to satisfy the country's retail markets. Exports to Canada were also elevated and CPM Group indicates that metal was delivered there from the US to meet demands from its retail markets.

Silver exports from United Kingdom to top countries, January 2022 to December 2022

Destination country	Million Ounces
India	183.3
Canada	75.5
Switzerland	40.8
Turkey	32.9
Germany	16
Spain	10.8
USA	7

Sources: CPM Group, UN Comtrade, May 2023.

Historical performance is not an indication of future performance and any investments may go down in value.

Will institutional money rediscover silver this year?

Speculative positioning in silver futures has been choppy in 2023, with the market being net short in early March. However, the onset of banking woes, triggered by the collapse of Silicon Valley Bank (SVB), not only lifted gold futures demand, but boosted silver futures demand from non-commercial users seeking to hedge their portfolios. The initial short covering sent silver prices considerably higher, from US\$20.05/oz in early March to US\$25.99/oz in early May. Silver prices, however, have pulled back since then to US\$23.54/oz⁷.

With a number of financial, economic and geopolitical risks underpinning gold, and by extension silver, we believe investors will refrain outright bearish bets against the metal.

It's yet to be seen if institutional investors will move meaningfully into silver ETPs. Given that economic headwinds harm silver where they support gold, we suspect investors seeking hedges will prefer the yellow metal. That being said, silver is often viewed as a leveraged play on gold, so may see more interest especially as gold [reaches fresh high](#) [S](#).



Source: Bloomberg, March 1995 to May 2023.

Historical performance is not an indication of future performance and any investments may go down in value.

Sources

¹ World Silver Survey 2023, The Silver Institute, Metals Focus: 2014-2022.

² World Silver Survey 2023, The Silver Institute, Metals Focus: 2014-2022.

³ Registered inventory is where a warrant has been assigned for delivery.

⁴ Eligible inventory meets all the specifications for delivery, in terms of size, quality etc, but has not been assigned a warrant, that is, the owner has not made it available for futures market delivery.

⁵ World Silver Survey 2023, The Silver Institute, Metals Focus: 2014-2022.

⁶ World Silver Survey 2023, The Silver Institute, Metals Focus: 2014-2022.

⁷ Bloomberg, 5 June 2023.

View the online version of this article [here](#).

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area (“EEA”): 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: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

For professional clients only. 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. These products may not be available in your market or suitable for you. 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.

An investment in 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. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks 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.

Short and leveraged exchange-traded products are only intended for investors who understand the risks involved in investing in a product with short and/or leveraged exposure and who intend to invest on a short term basis. Any investment in short and/or leveraged products should be monitored on a daily basis to ensure consistency with your investment strategy. You should understand that investments in short and/or leveraged exchange-traded products held for a period of longer than one day may not provide returns equivalent to the return from the relevant unleveraged investment multiplied by the relevant leverage factor. Potential losses in short and/or leveraged exchange-traded products may be magnified in comparison to investments that do not incorporate these strategies. Please refer to the section entitled "Risk Factors" in the relevant prospectus for further details of these and other risks associated with an investment in short and/or leveraged exchange-traded products. You should consult an independent investment adviser prior to making an investment in short and/or leveraged exchange-traded products in order to determine its suitability to your circumstances.

Jersey ETCs Issuer

The products discussed in this document are issued by WisdomTree Metal Securities Limited, WisdomTree Hedged Commodity Securities Limited, and WisdomTree 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 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 HSBC Bank plc and JP Morgan Chase Bank, N.A. any of their affiliates or anyone else or any of their affiliates. Each of HSBC Bank plc and JP Morgan Chase Bank, N.A. 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.

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 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 UK Limited and its permitted affiliates including WisdomTree 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 Multi Asset Issuer PLC

WisdomTree Multi Asset Issuer PLC (the "Issuer") issues products under a Prospectus ("WTMA Prospectus") approved by the Central Bank of Ireland, drawn up in accordance with the Directive 2003/71/EC. The WTMA Prospectus has been passported to various European jurisdictions including the UK, Italy and Germany and is available on this document.

WisdomTree Multi Asset Issuer PLC Exchange Traded Products ("ETPs") are suitable for financially sophisticated investors who wish to take a short-term view on the underlying indices and can understand the risks of investing in products offering daily leveraged or daily short exposures.

ETPs offering daily leveraged or daily short exposures ("Leveraged ETPs") are products which feature specific risks that prospective investors should understand before investing in them. Higher volatility of the underlying indices and holding periods longer than a day may have an adverse impact on the performance of Leveraged ETPs. As such, Leveraged ETPs are intended for financially sophisticated investors who wish to take a short-term view on the underlying indices and understand such risks. As a consequence, WisdomTree is not promoting or marketing WisdomTree Multi Asset Issuer PLC ETPs to retail clients. Investors should refer to the section entitled "Risk Factors" and "Economic Overview of the ETP Securities" in the WTMA Prospectus for further details of these and other risks associated with an investment in Leveraged ETPs and consult their financial advisors as needed. Neither WisdomTree, nor the Issuer has assessed the suitability of any Leveraged ETPs for investors other than the relevant Authorised Participants.

For Investors in Switzerland – Qualified Investors

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

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

The prospectus and the key investor information documents (KID) 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.