



## Silver Prices Are on the Rise: Buy These 2 ETFs to Get in on the Action

### Description

Silver bullion has been on an absolute tear recently, with prices up over 15% year to date. This comes amid strong headwinds faced by stocks and bonds alike, with inflationary fears and pending interest hikes punishing both assets.

Recent geopolitical tensions stemming from the Russian invasion of Ukraine have further amplified [market volatility](#). Right now, investors are in a state of “extreme fear”, with many buying hard assets like silver en masse, sending its price soaring.

### How can I buy silver?

To get access to silver, some people will buy physical bullion or miner stocks. The problem with the former is that the bid-ask spread is expensive, and storage can be a pain. The problem with the latter is that they are correlated more with stocks than actual silver is, which limits your downside protection.

Your best bet here is an exchange-traded fund (ETF) that tracks the spot price of physical silver held in a vault. When you buy a share of the ETF, you essentially own part of that silver and exposure to its price movements.

It is important to buy physical silver ETFs, and not futures-based ones as the latter can have price discrepancies arising from the underlying derivatives used. We want to make sure we’re tracking the spot price, and not the future price.

### The iShares option

Up first is **iShares Silver Trust** (NYSE:SLV). SLV provides exposure to the day-to-day movement of the spot price of silver bullion by holding it in a storage vault. The ETF costs a management expense ratio (MER) of 0.50% to hold.

With over \$14 billion in assets under management (AUM), this fund is the largest of its kind. Currently,

SLV has 17,046 tonnes of silver in trust. The ETF currently trades at -0.34% to NAV and has a 30-day bid-ask spread of 0.05%.

## The Sprott option

Up next is **Sprott Physical Silver Trust** (NYSE:PSLV). PSLV is a closed-end trust that invests in fully-allocated silver bars. The cool thing with PSLV is you can actually redeem your ETF shares for physical silver bullion if desired.

The custodian for PSLV is the Royal Canadian Mint, which is as safe as it gets. PSLV currently holds 154 million ounces of silver, with a market value of \$3.96 billion. The ETF costs a MER of 0.62% to hold.

## The Foolish takeaway

Investors looking to take advantage of surging commodity prices and economic uncertainty can use silver ETFs like SLV and PSLV to gain exposure. Silver has historically done well during times of market turmoil and a small allocation to it in your portfolio can provide downside protection.

Holding silver also protects us against tail risks like stagflation and war. As a perceived “safe” and “hard” asset, silver is where investors flee to when their local currency suffers, or when their local economy has stagnated. With the high uncertainty in the market right now, buying silver could be a good defensive play, if you can stomach the volatility.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSEMKT:PSLV (Sprott Physical Silver Trust)
2. NYSEMKT:SLV (iShares Silver Trust)

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