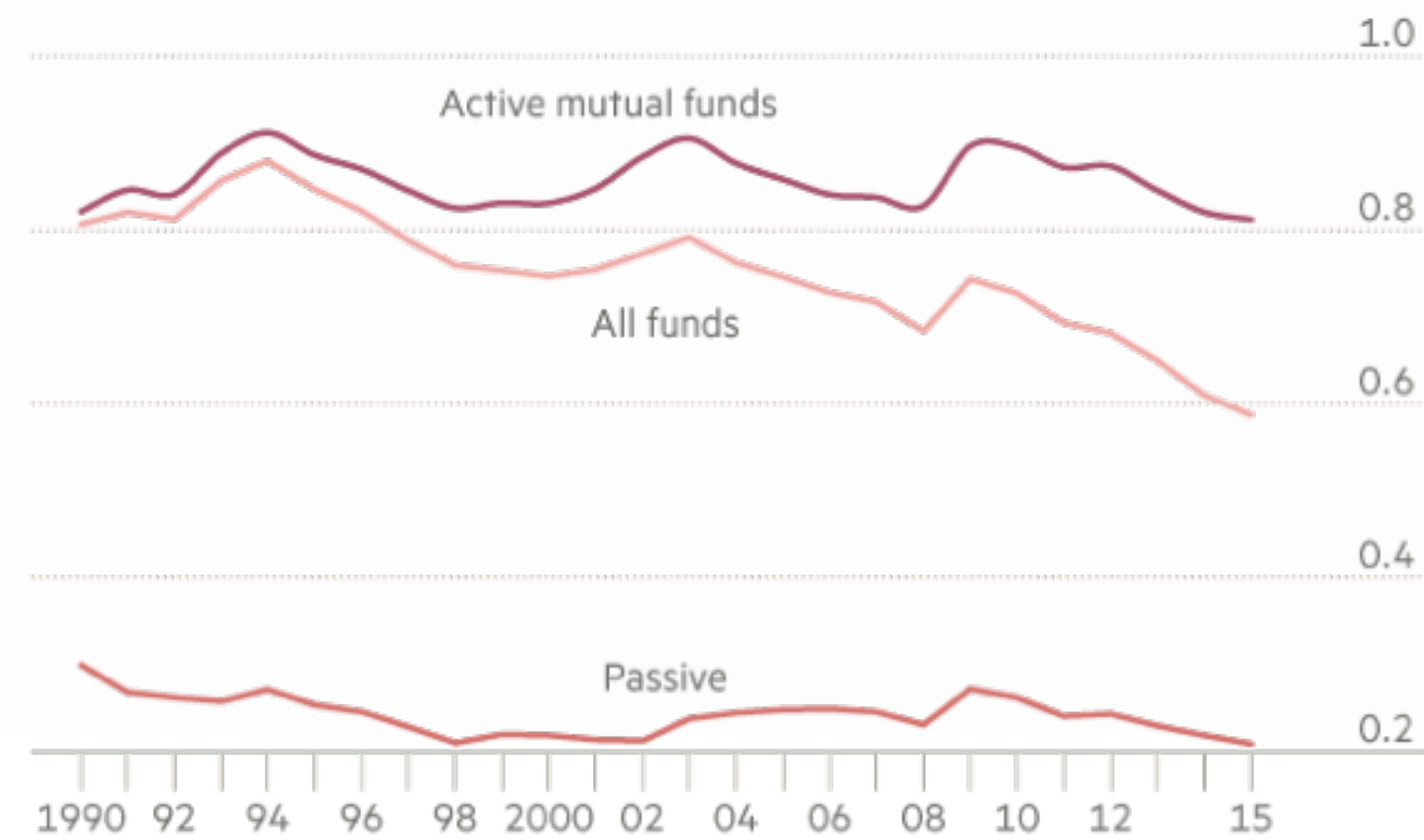


2. Active vs Passive investing

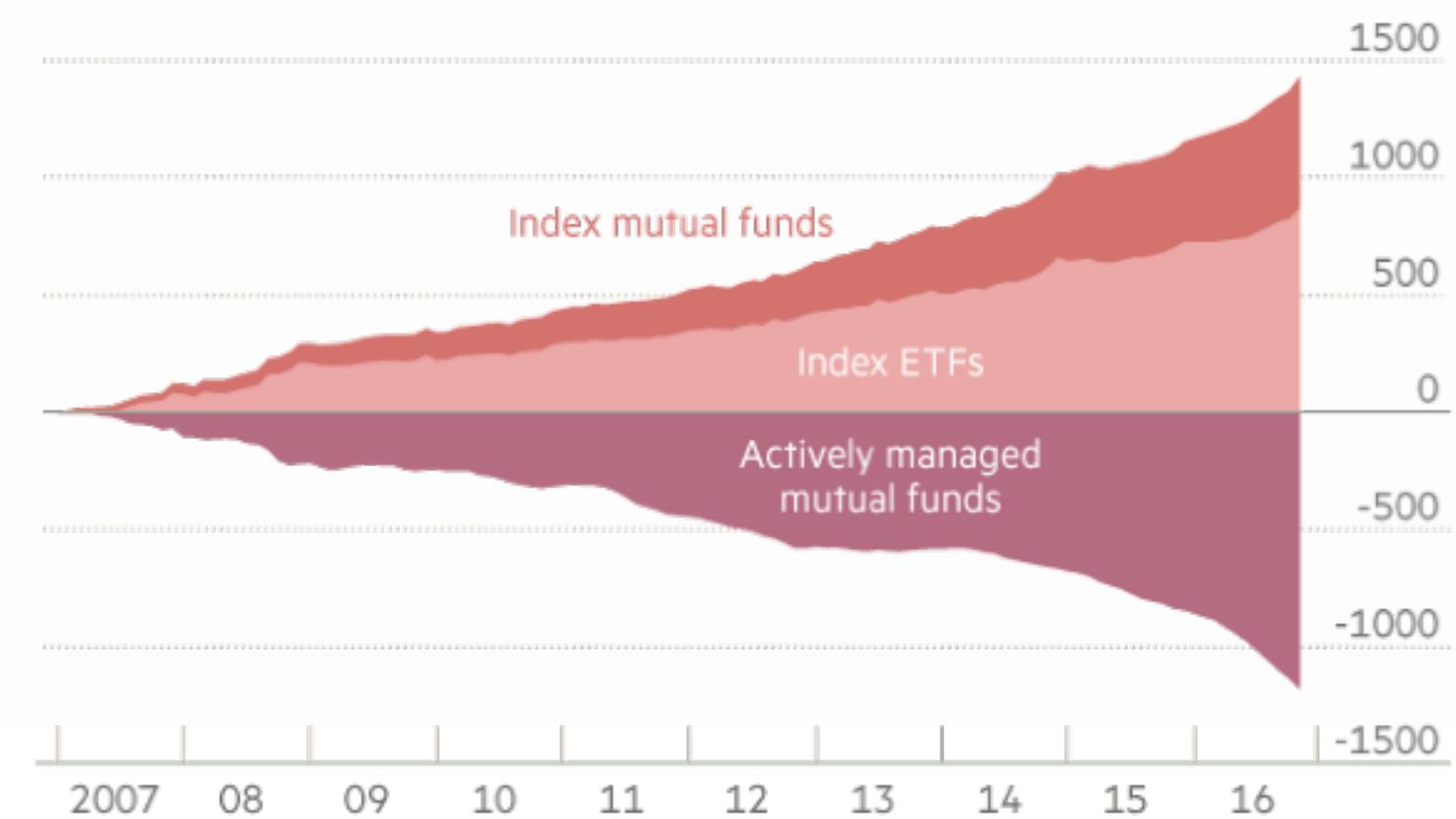
Fees on US equity mutual funds
Per cent



Weighted by assets under management; passive includes index funds and passive ETFs
Source: Morningstar

FT

Flows from active to passive funds in US equities
\$bn



US domestic equity funds; 2016 figure as of Nov 30 2016
Sources: Investment Company Institute; Simfund; Credit Suisse

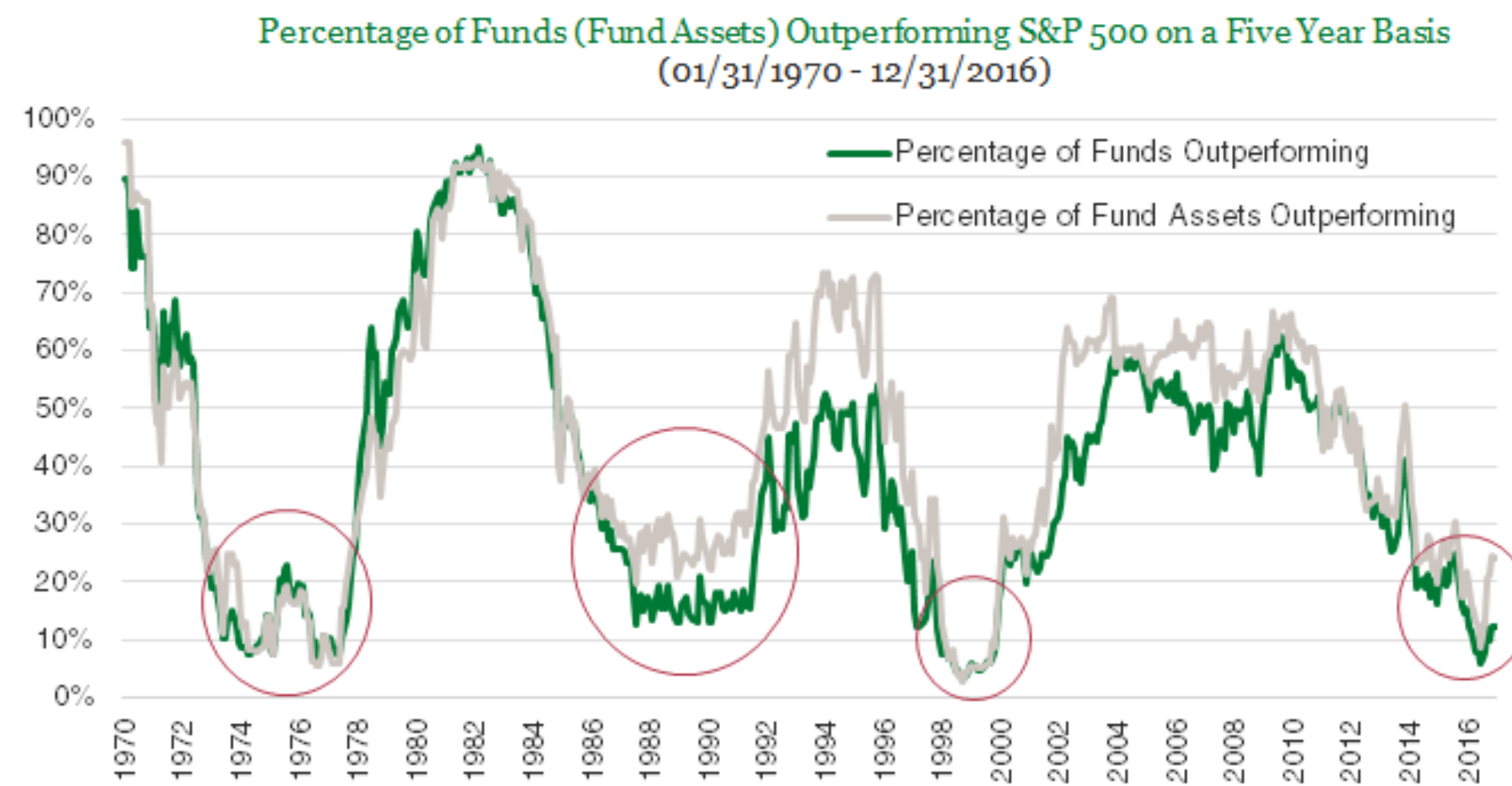
FT

source: Financial Times

The main upside is much lower fees

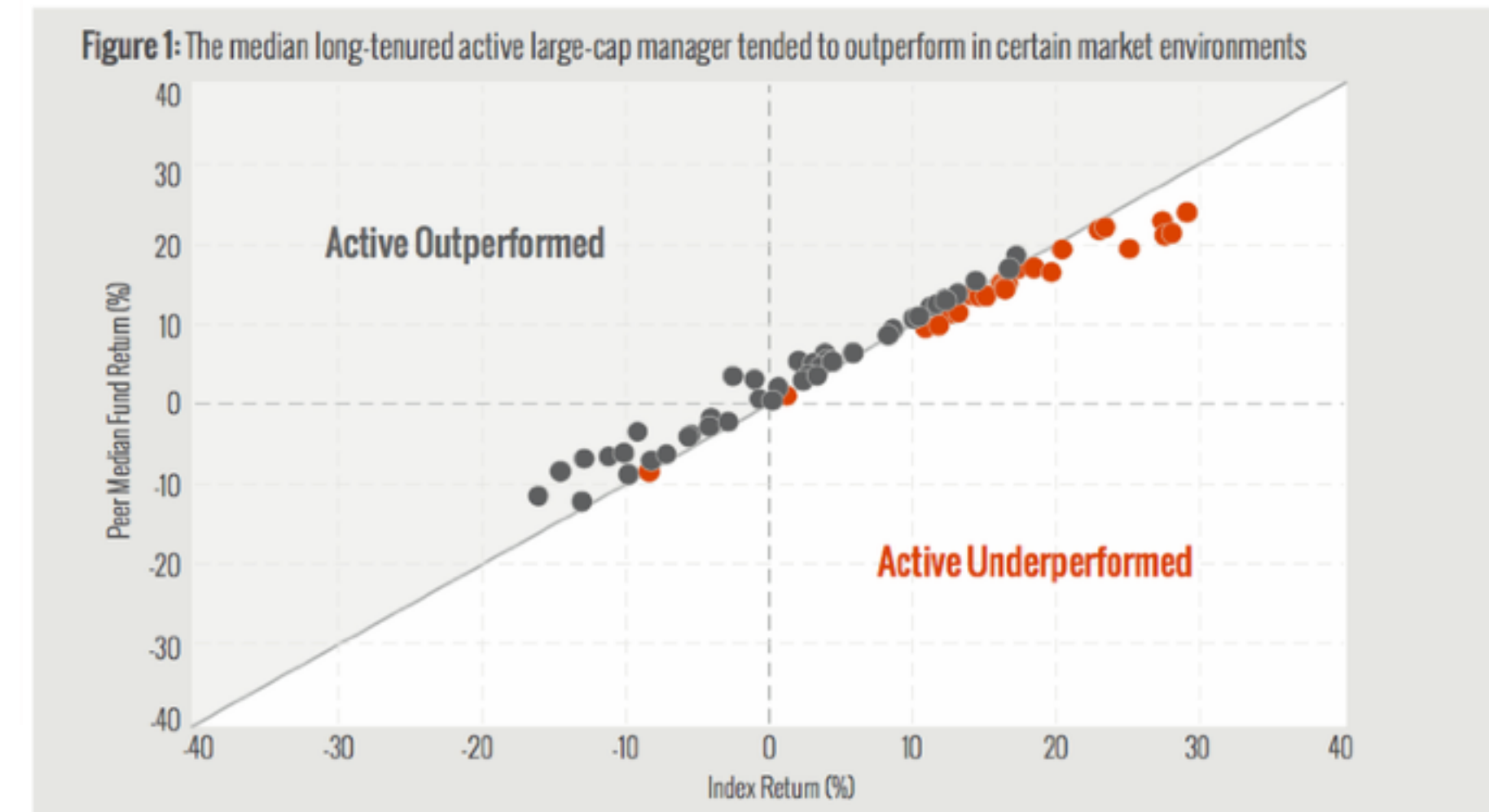
The risk is having more downside during tougher years

2. Active vs Passive investing



Source: Nomura Instinet; Joseph Mezrich
Past performance does not guarantee future results.

Sources: ~~Nomura Instinet~~, Joseph Mezrich, MarketWatch. <https://www.marketwatch.com/story/how-should-active-management-fit-into-ones-portfolio-2017-03-25>; Morningstar



Sources: AMG Funds, Morningstar.

The main upside is much lower fees than in traditional asset management, and a usually better-than-active return during expansionary markets.

The risk is having more downside during tougher years (which is mostly underrepresented in recent years), and suffering even more if an investor will change his approach during more turbulent market environments (what is common among investors).