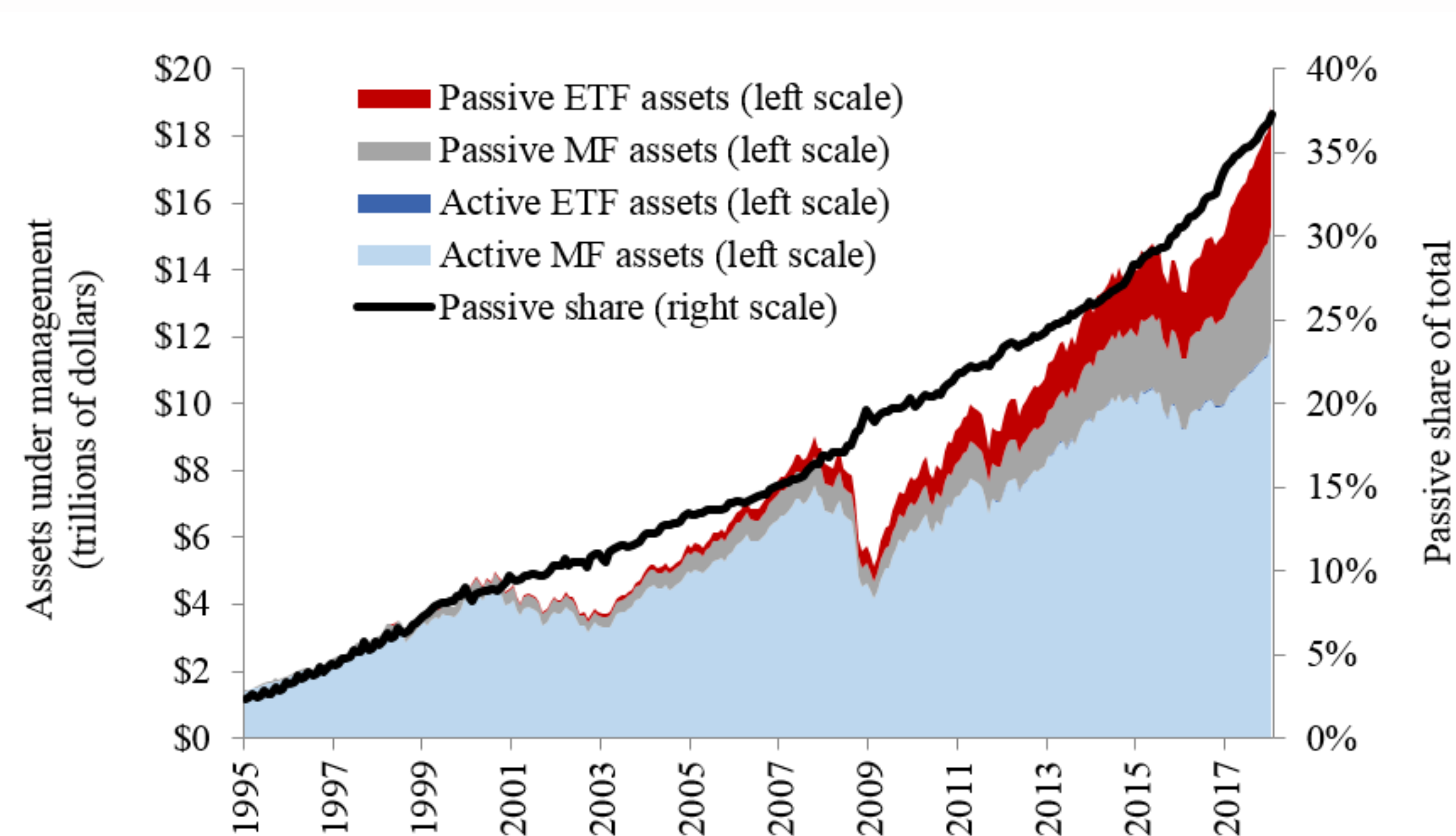


2. Active vs Passive investing

Choosing a fixed stock / bond index such as above is called **passive investing**.

Recent years have seen a steady rise in passive investing, with many advocates of buying & holding an appropriate index ETF.

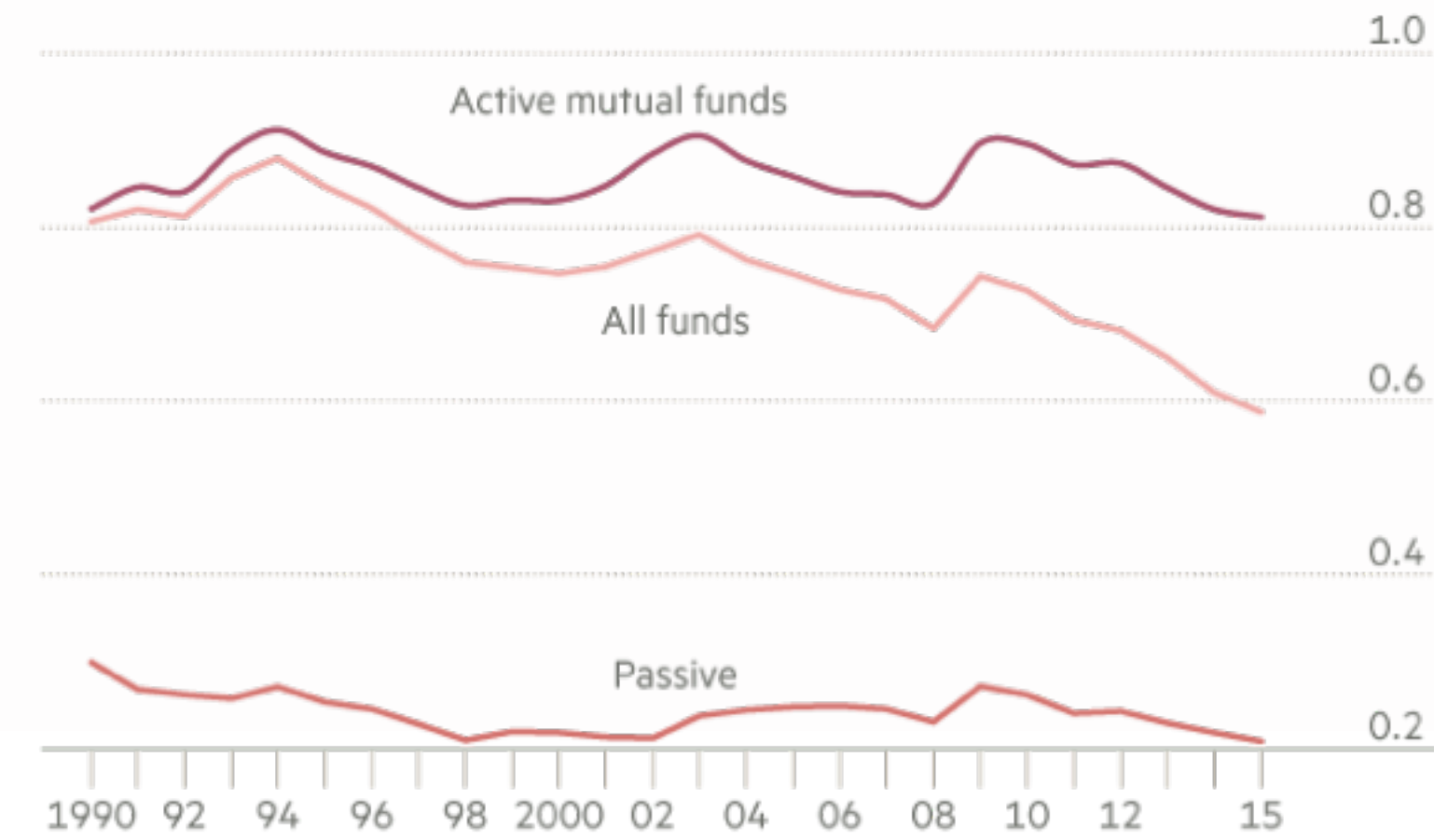


source: "The Shift from Active to Passive Investing: Potential Risks to Financial Stability?", Anadu et al., Federal Reserve Bank of Boston working paper, 2018

2. Active vs Passive investing

Fees on US equity mutual funds

Per cent



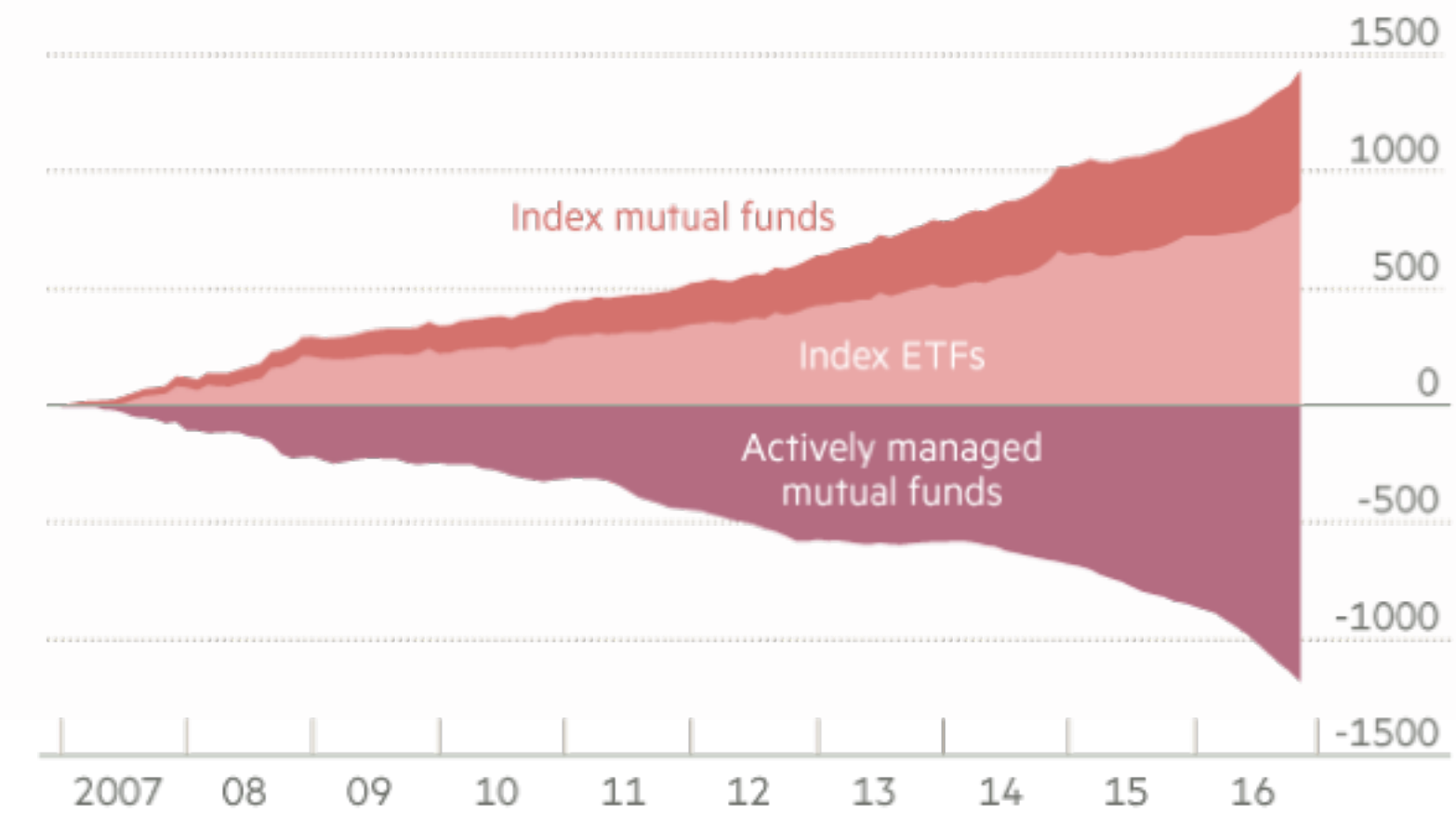
Weighted by assets under management; passive includes index funds and passive ETFs

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