

Case Study

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"We've read just about every investment book out there, but can't come to a decision on how to invest our money."

Tom & Jenny's Issues

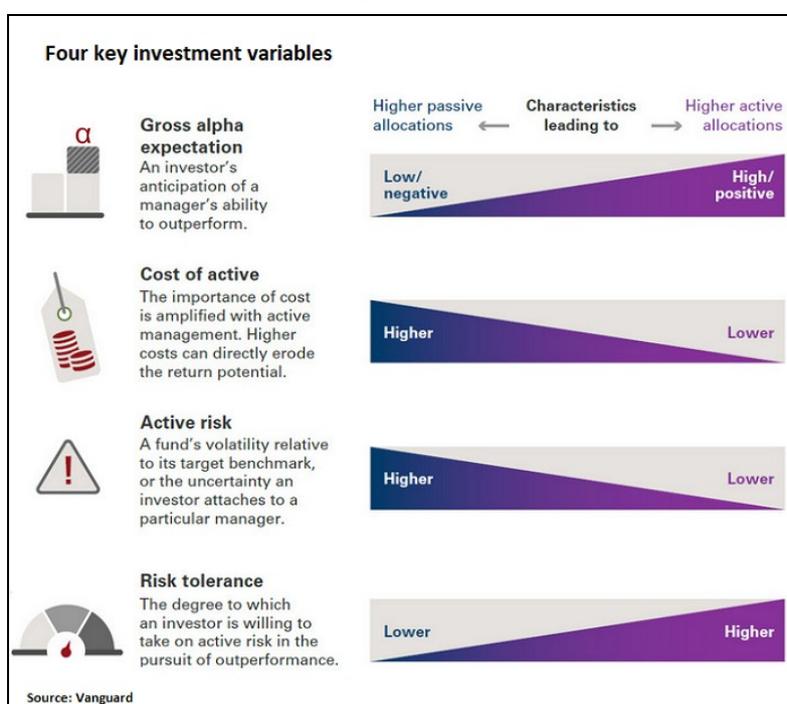
01. Worried about getting it wrong.

02. Can't decide on passive vs. active manager.

03. Feeling overwhelmed with decision-making.

Tom & Jenny

Tom and Jenny are knowledgeable investors with a substantial sum to invest; \$4 million. Their problem was that they could not agree on whether to use a passive or active manager. The best method for obtaining an appropriate investment style is to have clear goals, minimise costs, being diversified, and maintain discipline.



Through discussion, the following points were made:

- 1 Start with indexing**
Indexing is a valuable starting point for all investors. A lack of ability to identify top active manager talent will likely result in an all-indexing solution.
- 2 Think about talent, cost and patience**
The use of active management is dependent on talent, cost and patience. Being able to withstand the bumpy road to outperformance is just as critical as low cost and top talent.
- 3 There is no one right answer**
Active-passive allocation is a decision, not a debate. The answer depends on one's expectations from each manager, analysis of costs and unique risk tolerance.

The conclusion reached bearing in mind the key investment variables was:



That is passive investment strategy was used a base with an active investment strategy as an adjunct.

SHERYL SUTHERLAND
INVESTMENT FIDUCIARY