

Selecting a Passive Investment Manager

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Agenda

- What is passive management?
- Why go passive?
- What skills do passive managers need?
- What to look for in a passive manager.

What is passive management?

- Replicate market performance
 - No underperformance
 - No outperformance

Why go passive?

- Failure of active managers to outperform
- Lower fees
- Eliminate manager selection risk
- Consistent performance
- Less monitoring

What skills do passive managers need?

- Index replication
- Cashflow management
- Trading
- Benchmark changes
- Corporate actions

What to look for in a passive manager

- Size
- Fees
- Tracking error
- Suitable benchmark
- Added value
- Trading costs
- Cashflow management
- Systems
- Client service