



# NJMPF

## Index Tracking versus Active Management

### (Who is winning the battle?)

Your Fund, Your Savings, Your Future

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Investing in an index fund has its primary advantage lower fees - also known as Passive Management as the strategy is achieved by simply investing in the same shares and in the same proportion as the index chosen to track. Active Management, on the other hand, uses research and skill to create a portfolio which outperforms a chosen benchmark.

Reasons for investors underperforming include not matching their risk profiles, bad timing in the market and not investing regularly. Active or Passive investment doesn't solve these issues.

NJMPF's view concurs with the generally accepted practice that active portfolio management by top quality investment managers, through techniques such as stock-picking and sector rotation within equities, can add additional value over index-tracking. The impressive results over the long term for NJMPF Members and Pensioners proves just this.

