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Investing for a
world of change



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The enduring role of active management

As markets evolve, so too does the argument for active management. While passive investing has grown rapidly in recent years, it hasn't eliminated the value that skill, research, and informed judgment can add to investment portfolios. In fact, as market returns become more uneven and leadership narrows to a few dominant stocks, the case for active investing is becoming stronger than ever.

Finding opportunities in inefficient markets

Even after decades of market development, inefficiencies remain, especially in emerging markets. Information is often incomplete, analyst coverage can be limited, and some indices include large, financially weak state-owned companies. Yet, the opportunities for active managers are abundant. In fact, simply avoiding those names alone can be a steady source of excess returns. But, where active managers truly excel is in their ability to identify and capitalise on those inefficiencies, turning them into opportunities. Frequent IPOs, policy shifts, and uneven access to capital all create an environment where fundamental analysis and local insight give active managers the edge.

Control and customisation

The role of active management has evolved beyond simply trying to outperform benchmarks. Many investors now seek portfolios that reflect their specific goals and objectives, such as reducing carbon intensity, targeting particular regions, or managing risk exposure more precisely. Active management allows for that flexibility. It allows investors to fine-tune their portfolios to match their risk tolerance, sustainability preferences, and long-term objectives in ways that passive strategies often can't.

Turning concentration into opportunity

Today's global markets are heavily concentrated, with a small group of mega-cap technology companies driving much of the performance. This concentration increases risk for passive investors and reduces diversification. But it also sets the stage for active managers. As market leadership broadens, and history suggests it will, new sources of alpha can emerge. When performance differences between stocks widen, careful research and selective positioning become particularly valuable in identifying opportunities.

Two examples stand out. Within our Global Equity Fund, TKO Group and Rheinmetall have been among the leading contributors to relative performance, returning approximately 64% and 333%, respectively, for the 12 months ending 30 September 2025 (in USD).¹ Because these stocks are relatively small in terms of market capitalisation, they receive limited weight in major indices, meaning that passive investors would likely have missed out on this return.

Blending active with passive

When constructing an investment portfolio, we believe the 'active vs passive' argument is a flawed one. Instead, the conversation should focus on how best to use both approaches effectively. Passive exposure remains a low-cost way to capture broad market returns, while active investing adds flexibility and precision. For investors with bespoke or complex needs, such as risk liabilities, target returns, or diversification requirements, active management provides the adaptability and discretion that passive strategies can't. The ability to interpret data, anticipate change, and act decisively when opportunities arise remains a key source of long-term value.

Looking ahead

As global markets continue to adjust to shifting policies, technological advancements, and new regional dynamics, we anticipate increased dispersion and broader opportunities. For investors, the question is no longer whether active management adds value, but rather, where and how to deploy it most effectively. Markets will continue to evolve, but the need for insight, selectivity, and conviction remains constant. When executed well, active management isn't an outdated idea; it's the discipline that turns complexity and change into opportunity, and opportunity into alpha.

1. Past performance is not necessarily a guide to future performance.

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