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Investing for a  
world of change

# Understanding active and passive management

Active and passive investment strategies offer investors access to diversified portfolios designed to grow their wealth over time. Each approach has distinct features. Understanding how they work can help investors make informed choices and build balanced portfolios aligned with their financial goals.

Active management involves a fund manager or team making investment decisions to outperform a benchmark or index. Managers actively select securities, sectors, or asset classes they believe will deliver superior returns over time.

Passive management seeks to replicate the performance of a particular market index, such as the FTSE/JSE Top 40 or S&P 500, by holding the same securities in the same proportions.

## Characteristics of active and passive management

	Active	Passive
<b>Objective</b>	To <b>outperform</b> a specific benchmark or index.	To <b>match</b> the performance of a chosen benchmark or index.
<b>Approach</b>	Managers use research, analysis, and market insights to make investment decisions.	The portfolio mirrors the index composition with minimal changes.
<b>Flexibility</b>	Portfolios can be adjusted based on market conditions or opportunities.	Generally lower, as there is less trading and no active decision-making.
<b>Holdings disclosure</b>	Holdings may be disclosed <b>daily or quarterly</b> , depending on the investment approach.  Ninety One actively managed exchange-traded funds (AMETFs) will disclose holdings <b>quarterly</b> , reflecting the need to protect proprietary investment insights and preserve the integrity of active strategies.	Holdings are usually disclosed <b>daily</b> , as portfolios track a publicly available index.
<b>Fees</b>	Typically <b>higher</b> , reflecting the value of professional expertise, in-depth research, and active decision-making aimed at outperforming the market over time.	Typically <b>lower</b> , as portfolios aim to <b>replicate</b> an index with limited active input.
<b>Performance</b>	Can outperform or underperform depending on the manager's skill and market cycles.	Tracks the benchmark or index's returns - no outperformance, but no large deviations.

## Combining active and passive strategies

Combining active and passive strategies allows investors to benefit from both approaches within a diversified portfolio. Passive investments provide a low-cost foundation and broad market exposure, while active management enables skilled fund managers to identify opportunities for outperformance and manage risk through different market cycles. By blending these approaches, investors can achieve cost efficiency, maintain consistent market participation, and potentially enhance returns through targeted active strategies. The combination also diversifies investment style, reducing reliance on any single strategy. Exchange-traded funds (ETFs) provide an effective way to implement this blend, offering a flexible and transparent structure for both active and passive investments.

ETFs trade like shares on the stock exchange, giving investors daily liquidity, price transparency, and access to a wide range of strategies through a single trade.

## How ETFs have evolved: The rise of actively managed ETFs (AMETFs)

ETFs were traditionally passive, designed to track an index. However, investment innovation has led to the development of actively managed ETFs (AMETFs), a new generation of funds that combine active investment expertise with the accessibility and flexibility of ETFs.

AMETFs allow professional managers to apply active strategies within the ETF structure, giving investors access to the same level of portfolio management found in traditional unit trusts, but with the added benefits of real-time pricing, intraday liquidity, and continuous trading during market hours.

### Benefits of active management

Potential for outperformance | Dynamic decision-making | Expert portfolio construction | Risk management



Intraday liquidity | Accessibility | Trading efficiency | Diversification

### Benefits of an ETF

#### How AMETFs combine the best of both worlds

The expertise and insight of active fund management.

The transparency and tradability of ETFs listed on the JSE.

The flexibility and accessibility modern investors expect

## Why Choose Ninety One for AMETFs?

With over 30 years of active investment expertise, R3.5 trillion\* in assets under management, and a global team of nearly 250 investment professionals across 22 offices in 15 countries, Ninety One brings its proven capabilities to the ETF market. Our ETFs offer flexible, low-minimum access to the same underlying portfolios managed by Ninety One's experienced investment teams, helping to bridge the gap between traditional unit trusts and exchange-traded offerings. Our new actively managed ETFs bring a new dimension to how you can combine the flexibility and transparency of an ETF with Ninety One's compelling long-term track record in active investment.

## Our AMETF range

	<b>Ninety One Diversified Income Prescient Feeder Actively managed Exchange Traded Fund</b>	<b>Ninety One Global Diversified Income Prescient Feeder Actively managed Exchange Traded Fund</b>
	91DINC gives investors access to Ninety One's well-established multi-asset income strategy in a listed format, targeting stable, above-cash returns with downside risk management. The portfolio is Regulation 28 compliant and diversified across local bonds, investment grade credit, cash, property, equities, and offshore assets, with a strong focus on income generation and capital preservation.	91GINC offers offshore diversification through a global, low-duration, multi-asset income strategy aiming to deliver US dollar cash +1.5 over rolling 12 months with no negative returns. With a focus on high-quality fixed income assets and built-in currency diversification, the fund seeks to deliver consistent yield while limiting drawdowns.
<b>JSE Code</b>	91DINC	91GINC
<b>Benchmark</b>	STeFI Composite	Overnight SOFR (ZAR)
<b>Performance Target</b>	The portfolio aims to maximise yields, delivering above cash and above-inflation returns over time.	Overnight ZAR SOFR + 1.5% (gross of fees) over rolling 12 months with no negative returns.

## What Ninety One's AMETFs offer

- **Active management** for better outcomes
- **ETF accessibility** for everyday investors
- **Trusted expertise** from a global investment leader

Visit [ninetyone.com/AMETF](https://ninetyone.com/AMETF) to learn more >

## Important information

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CISs are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Management Company. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year. Transaction Costs (TC) is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Exchange traded funds are listed on an exchange and may incur additional costs.

Though the Management Company has appointed Ninety One SA (Pty) Ltd, FSP 587, an authorised financial services provider, under the Financial Advisory and Intermediary Services Act, 2002 as its investment manager, the Management Company retains full legal responsibility for any third party-named portfolio. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks, and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees.

Performance has been calculated using net NAV to NAV numbers with income reinvested.

Exchange Traded Funds vs Unit Trusts: Whilst both unit trusts and ETFs are regulated and registered under the Collective Investment Schemes Control Act, ETFs trade on stock exchanges just like any other listed, tradable security. Actively managed ETFs (AMETF) offer exposure to CIS and differ from other ETFs which track indices because the fund manager actively selects and adjusts the fund's holdings and asset allocation to try to outperform a benchmark. Unlike a unit trust, which can be bought or sold only at the end of the trading day, an ETF can be traded intraday, during exchange trading hours.

For any additional information such as fund prices, brochures and application forms please go to [www.prescient.co.za](http://www.prescient.co.za).

This portfolio operates as a white label fund under the Prescient ETF Scheme, which is governed by the Collective Investment Schemes Control Act.

The Management Company may close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.

The Management Company (Prescient) and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient and Ninety One are members of the Association for Savings and Investments South Africa.

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\*as at 30 September 2025

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