



INVEST BETTER *with* BRENTHURST

IN THIS ISSUE

Passive investing has enjoyed dominance for decades, but research now suggests those index funds may deliver lower returns as markets become more concentrated. Blending passive exposure with active strategies - or using active ETFs - could offer greater flexibility and resilience in a changing investment landscape.

INVESTING WITH SA'S

LEADING BOUTIQUE WEALTH MANAGER

WINNER 2020 & 2017 | RUNNER-UP 2023 & 2018
TOP 3 2022 & 2021 | TOP 4 2025 & 2019

RANKED AMONGST THE TOP WEALTH MANAGERS FOR 9 CONSECUTIVE YEARS

JHB (HQ)	+27 (0) 11 799 8100
JHB (SANDTON)	+27 (0) 10 035 1391
PTA	+27 (0) 12 347 8240
CAPE TOWN	+27 (0) 21 418 1236
BELLVILLE	+27 (0) 21 914 9646
CLAREMONT	+27 (0) 21 100 3901
STELLENBOSCH	+27 (0) 21 882 8706
PAARL (VAL DE VIE)	+27 (0) 21 100 3901
GEORGE	+27 (0) 44 050 6057
MAURITIUS	+ 230 5843 5215

COULD THE TIDE BE CHANGING FROM PASSIVE TO ACTIVE INVESTING STRATEGIES?

RENEE EAGAR | CERTIFIED FINANCIAL PLANNER®, HEAD OF BWM CLAREMONT

If you are a disciplined investor, then the way your money is invested matters. And the strategies that helped it grow in the past, might not work as well in the future. That's not an assumption; it's what the latest research shows.

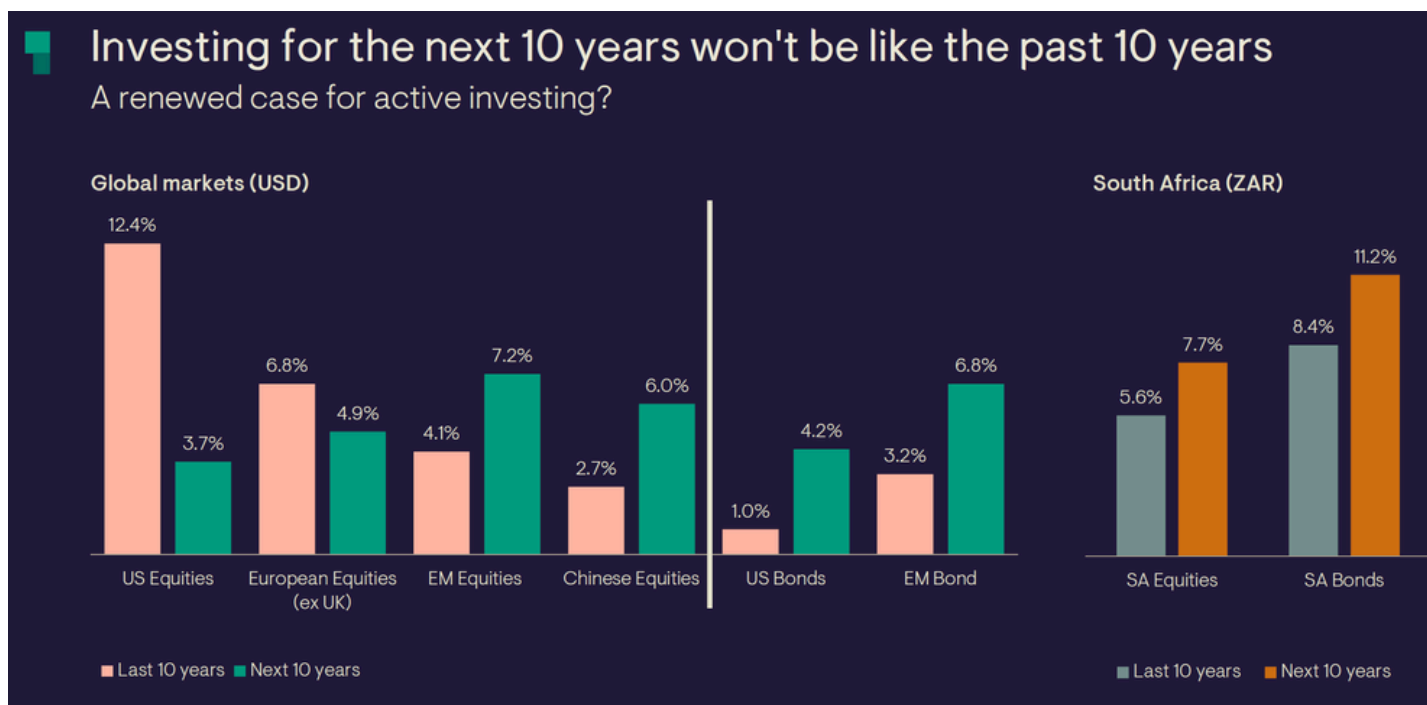
For the past 20 years, markets' tracker funds (especially in the US), known as passive investment strategies, have delivered strong returns. Many retirement funds tracked those markets using low-cost investments called ETFs. These funds simply follow the index, and for a long time, it has been a winning strategy.

THE RAPID RISE OF PASSIVE FUNDS

The influx into this strategy, particularly in the US, has resulted in ETFs holding nearly \$12 trillion. That's about a quarter of their entire investment market. Even in South Africa, passive investing is growing quickly. A few years ago, it made up only a tiny slice of the local market. Today, it's around 9%. Chances are, some of your money is already invested this way.

That approach worked well in a world where a handful of tech companies drove most of the markets' growth. But markets are changing. The same indices that performed so well, are now more concentrated than ever.

Looking ahead, those big-name shares are expected to deliver much lower returns. The outlook for US equities over the next 10 years is significantly weaker than in the past decade.



Source: Bloomberg & Ninety One's 2025 Capital Market Assumptions

Signs are evident that returns will come from a broader mix of asset classes – emerging markets, bonds, credit and more. This shift means that simply tracking a big index may no longer be enough to grow your wealth the way you need to.

TIME FOR A RETHINK?

You're not the only one rethinking matters. After years of investors removing their money from actively managed funds, that trend is slowing. In fact, we may soon see money flowing into active strategies again. Some of it is already moving, but it's harder to spot, because many of these flows are channelled into active ETFs.

On paper, these are classified as passive, but the underlying strategies are anything but.

That's why active investing is back on the cards. Unlike passive funds, active managers make decisions. They don't just follow the index, they decide which shares, asset classes, sectors or regions to invest in.

That flexibility can help them avoid overvalued companies and find better opportunities elsewhere, especially when returns are no longer concentrated in just a few stocks. This kind of selective approach matters.

PAVING A NEW WAY FORWARD

According to Investopedia, many active funds have underperformed their benchmarks over the past decade. That's true, and it's one reason passive investing gained such a loyal following, but that was back then. The investing environment is different now, and it's changing fast.

WHAT WORKED BEFORE, MIGHT NOT WORK GOING FORWARD. THAT'S WHY PAYING ATTENTION TODAY CAN HELP YOU AVOID SURPRISES LATER.

Of course, in recent years, no active manager has consistently beaten the index. That's a fact. But the point isn't to outperform the market every year, it's to give your savings a smoother, more resilient ride, and to adjust when markets change.

That's why many people are moving toward a combined approach. Using passive funds for broader exposure keeps costs down. Adding some active strategies helps capture opportunities and manage risk when the market environment gets tougher.

Active ETFs offer a new middle ground: low-cost, but with the ability to respond and adapt.

SO, WHAT SHOULD YOU DO? START BY REVIEWING WHERE YOUR MONEY IS INVESTED. IF MOST OF IT IS IN PASSIVE FUNDS, IT MIGHT BE TIME TO RETHINK WHETHER THAT'S ENOUGH.

The key is not to stand still; there is a greater need to reconsider all the options. The investing world is shifting, and faster than we can keep up with. Small changes to your strategy today could make a big difference to your wealth over time, and particularly over the longer term.



RENEE EAGAR | CERTIFIED FINANCIAL PLANNER®, HEAD OF BWM CLAREMONT

Renee is head of the Claremont office. She is a CERTIFIED FINANCIAL PLANNER® professional and a member of the Financial Planning Institute of South Africa. Renee received the prestigious SA Top Wealth Manager Award at the 2024 Krutham Top Private Banks and Wealth Manager Awards. Additionally, she was also recognised as one of SA's top three financial advisors at the 2022 Intellidex Awards. Renee has been in the financial services industry since 1998 and has worked for institutions such as TMA and Investec Asset Management. She obtained her Higher Certificate in Financial Markets in 2004 and attained her CERTIFIED FINANCIAL PLANNER® designation in 2006. Renee is fully qualified to give advice on all investment matters.

Phone: +27 (0) 21 100 3901 | **Email:** renee@brenthurstwealth.co.za

MISSED ANY OF OUR PREVIOUS ARTICLES?

[CLICK HERE TO READ PREVIOUS ARTICLES](#)



CONTACT ANY OF OUR HIGHLY QUALIFIED FINANCIAL ADVISORS AT OUR NINE OFFICES COUNTRYWIDE TO DISCUSS YOUR INVESTMENT STRATEGY.

EMAIL US:
invest@brenthurstwealth.co.za

Johannesburg	+27 (0) 11 799 8100	Claremont	+27 (0) 21 100 3901	SATELLITE OFFICES:	
Sandton	+27 (0) 10 035 1391	Bellville	+27 (0) 21 914 9646	KZN: Arin Ruttenberg	+27 84 582 8581
Pretoria	+27 (0) 12 347 8240	Stellenbosch	+27 (0) 21 882 8706	FREE STATE: Iniel Van Zyl	+27 72 298 3212
CPT Waterfront	+27 (0) 21 418 1236	Val de Vie Estate	+27 (0) 21 100 3901	NORTH WEST: Maria Smit	+27 79 696 6860
George	+27 (0) 44 050 6057	Mauritius	+230 5843 5215	MPUMALANGA: Marise Reinach	+27 72 795 3604

Brenthurst Wealth Management is an authorised financial services provider (Reg No: 2004/012998/07) FSP No.7833. This e-mail and any file attachments transmitted with it are intended solely for the addressee(s) and may be legally privileged and/or confidential. If you have received this e-mail in error please destroy it. If you are not the addressee you may not disclose, copy, distribute or take any action based on the contents hereof. Any unauthorised use or disclosure is prohibited and may be unlawful. The view and opinions expressed in this e-mail message may not necessarily be those of the management of Brenthurst Wealth Management (Pty) Limited.