July 2026 | Investment Perspective

Active or Passive Investing?

A simple guide to how your money can be invested.

The basics

When your money is invested, it's typically managed in one of two ways:

- **Active** - aiming to outperform the market
- **Passive** - aiming to track the market

Understanding the differences can help give you a clearer picture of how your money is invested.

What's the difference?

Active investing

Active investing involves experienced fund managers making investment decisions on your behalf. They select investments they believe have the potential to outperform the wider market while seeking to manage risks as market conditions change.

Key benefits:

- Potential for higher returns
- Flexibility to adjust to market conditions and manage risk

Things to consider:

- Typically higher costs
- Performance can vary depending on decisions and market conditions

Passive investing

Passive investing aims to match the performance of a specific market index, such as the FTSE 100 or S&P 500. Rather than trying to outperform the market, it simply follows it.

Key benefits:

- Lower cost
- Broad market exposure and diversification

Things to consider:

- Cannot respond to market changes
- Fully exposed to market ups and downs

What about strategies in between?

- Some investment approaches combine elements of active and passive investing.
- These hybrid approaches use a rules-based methodology to enhance outcomes by targeting specific company characteristics, or "factors", such as size, value, and quality.
- Unlike active investing, hybrid strategies do not rely on day-to-day investment decisions made by fund managers.
- At the same time, they go beyond traditional passive investing by seeking to capture factors that have historically delivered superior risk-adjusted returns, rather than simply tracking a market index.

How active and passive investing can shape returns

Markets don't always behave as expected, and risks and opportunities can change quickly.

- Active investing aims to respond to these changes
- Passive investing follows the market, regardless of the wider economic backdrop
- Hybrid approaches apply consistent rules to try and improve outcomes

By combining these approaches, investors can benefit from different sources of return and investment styles.

Our approach

At Omnis, we believe active and passive strategies can work effectively together as part of a diversified investment approach.

- We believe in the value of active management and select skilled fund managers from around the world to run our funds.
- We use passive investments selectively where they can improve cost efficiency, diversification or market exposure.
- By combining active and passive approaches where appropriate, we aim to create well-diversified portfolios that balance opportunities for outperformance with broader market exposure.

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At a glance

Approach	Active	Passive	Hybrid
Objective	Outperform the market	Match market performance	Improve outcomes relative to the market
How it works	Expert managers make investment decisions	Follows a market index	Rules are used to select, weight or adjust investments with the aim of achieving better outcomes than the market index.
Decision-making	Human-led	Rules-based	Rules-based with oversight
Flexibility	High – can adapt to conditions	None – follows the index	Limited – follows predefined rules
Cost	Typically higher than passive	Typically lower than active	Typically mid-range
Return potential	Can outperform or underperform the broader market	Matches market	Performance is typically constrained by predefined rules
Risk management	Can respond to changing markets, but outcomes depend on the quality of fund managers' decisions	Fully exposed to market movements	Can manage market risk through asset allocation

Our solutions

Our range of solutions reflects this balanced approach:

- **Omnis Agility range**
  Globally diversified portfolios that combine predominantly actively managed Omnis funds with selective passive exposure through Exchange Traded Funds.
- **Omnis Managed Portfolio Service (OMPS)**
  Globally diversified portfolios invested entirely in actively managed Omnis funds.
- **The Omnis Managed Funds**
  Invested in a combination of actively managed and hybrid funds, while using passive strategies for more targeted exposure to specific markets, sectors or asset classes.
- **Omnis Access Funds**
  A passive range of funds, built using index-tracking investments from Legal & General Asset Management, supported by our active asset allocation experience.
- **Omnis Multi-Asset Income**
  An actively managed solution designed to provide a sustainable level of income.

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