IBOSS

# PASSIVE INVESTING

CLIENT GUIDE

CAPITAL AT RISK

# Welcome



# Definitions

## Index

**In finance, an index is a statistical measure that reflects the performance of a group of stocks, or other assets.**

It acts as a benchmark for investors to track the overall performance of a specific market segment or sector. For example, the FTSE 100 in the UK, or the S&P 500 in the US, are well-known market indices.

## Diversification

**Diversification means not putting all your eggs in one basket.**

Instead of relying on just one type of investment, your money is spread across different companies, sectors, and parts of the world.  This way, if one area doesn’t do well, other investments can help balance things out — making your overall portfolio more stable over time.

## Asset Allocation

**Asset allocation is the process of dividing your investments among different asset classes, such as stocks and bonds.**

It involves determining the ideal percentage of your portfolio to allocate to each asset type based on your risk tolerance, investment time horizon, and financial objectives.

## Active Oversight

**Active management means a team of experts is regularly making decisions about where your money is invested**.

They aim to find the best opportunities, avoid potential risks, and adjust your investments when markets change — rather than just following the market automatically.

# What is Passive Investing?

**Passive investing is a simple, low-cost way to grow your money over time.**

Passive investing focuses on keeping costs low by buying funds that are designed to replicate the performance of a market or index.

This means that passive funds look to invest in the same companies, at the same levels as the market.

Example

The biggest stock market in the UK is the FTSE 100, which consists of the UK's 100 largest publicly traded companies.

A passive fund may therefore choose to track the UK by buying all 100 stocks that make up the FTSE 100.

This investment style requires less buying and selling, making it simpler and often cheaper than active investing.

Coupled with some strong returns from passive products over recent years, passive investing has increased in popularity and is now used by millions of cost-conscious investors worldwide.

# The Risks of Passive Investing

**Like any investment strategy, passive investing comes with risks.**

While lower costs are close to assured, passive products do not guarantee that your portfolio has a broad exposure to a variety of assets and markets.

For example, many passive funds follow indices that are weighted based on the size of a company or country. The larger the investment, the bigger the position in your portfolio. However, there are many market environments where bigger is not always better, and having an allocation to smaller companies or countries can be beneficial in either reducing the risk of your portfolio or stimulating longer-term growth.

As passive funds simply track the market, they are unable to position themselves dynamically according to prevailing market conditions. Therefore, an element of intervention is sometimes necessary to maintain a diversified portfolio.

# Why Diversification is Essential

**A well-balanced and diversified portfolio should include a mix of investments that perform differently over time.**

**By diversifying across different asset classes, sectors, and regions, investors can mitigate risk and capitalise on a broader range of opportunities.**

# IBOSS Passive MPS: Active Oversight

**We believe that passive investing still requires some level of oversight.**

As a result, whilst the IBOSS Passive MPS is constructed using passive funds, and therefore the cost is lower, you also benefit from active oversight by our experienced investment team.

The team review your portfolio and makes changes quarterly. This active approach to portfolio management can help mitigate risk, avoid overexposure to specific areas, and capitalise on market opportunities – something most passive investments don't do on their own.

# Why IBOSS?

**With IBOSS, you don't have to choose between cost-efficiency and professional oversight.**

**Our passive range offers both – providing a smart, well-priced, and balanced range of investment portfolios.**

## Experience

The award-winning team at IBOSS have successfully managed a range of investment options since 2008.

## Choice & Flexibility

Whether you are a risk-taker or more risk-averse, our choice of nine risk-rated portfolios is designed to suit a variety of investment preferences.

## Value for Money

We believe that value for money extends beyond just cost, and while our portfolios are competitively priced, we aim to deliver value through investment returns, risk management, and service.

## Service

You and your adviser benefit from a first-class support team, quarterly updates, and clear, jargon-free communication.

**The IBOSS MPS range is 5 Star rated by Defaqto, an independent researcher of financial products. This shows it provides one of the highest quality offerings on the market. Unlike consumer reviews, Defaqto ratings are based on facts, not opinions.**

defaqto

DFM MPS on Platform 2025

EXPERT RATED

# Next Steps

**Is passive investing right for you?**

If you're looking for a cost-efficient way to invest without sacrificing active oversight and diversification, the IBOSS Passive MPS could be the ideal solution for you.

We encourage you to consult with your financial adviser, who can help you determine if this approach is suitable for your personal goals and circumstances.

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# Important Information

This communication is designed for informational purposes only and is not intended as investment advice. These investments are not suitable for everyone, and you should obtain expert advice from a professional financial adviser. Please note that the content is based on the author's opinion at the time of writing/publish date. Our views and opinions regarding certain investment themes and topics can alter over time as the macroeconomic background changes and other industry news is made publicly available, this is not intended as investment advice.

Past performance is not a reliable indicator of future performance. The value of investments and the income derived from them can fall as well as rise, and investors may get back less than they invested.

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