

The Return of Active Investing?

Few topics in investment management have generated as much debate over the past two decades as the question of active versus passive investing. Following years of strong growth in passive strategies, low-cost indexing appeared to have settled the discussion for many investors. Yet recent developments suggest that reality may be more nuanced. The rise of customized benchmarks, geopolitical uncertainty, growing market concentration, advances in artificial intelligence, and the increasing importance of sustainability considerations are challenging traditional definitions of both active and passive investing. Against this backdrop, we present a new edition of the CFA-VBA Journal with the theme *The Return of Active Investing?*

What quickly became apparent while compiling this issue is that active management is no longer a simple question of outperforming a benchmark through stock selection. Several authors argue that investment management is evolving toward a broader spectrum of active decisions, ranging from benchmark construction and portfolio design to risk management, sustainability integration, and governance.

In our first article, Arjen Dibbets, Arie Gravendeel and Tom Meijer explore how the Dutch pension reform (Wtp) reshapes the discussion around active management. They argue that active investing increasingly extends beyond alpha generation and now encompasses benchmark design, risk preferences, sustainability choices, and communication with pension participants. Similarly, Daria Plakhova, Durga Shankar, Gaston Siegelaer, and Hendro Sugandi demonstrate that even passive ESG investing contains important active elements, as benchmark customization and exclusion rules materially influence risk and return outcomes.

The active-passive debate is further explored from different perspectives. Hania Schmidt argues that structural shifts in markets, including the growth of passive investing itself, retail participation, and advances in AI, continue to create opportunities for active

systematic investors. Dirk Broeders and Kristy Jansen provide a thoughtful counterbalance by presenting what they call "the uneasy case for active management": a recognition that changing market regimes, tail risks, and investor constraints may justify active decision-making, while simultaneously acknowledging how difficult it remains to consistently add value after costs.

The practical reality of active investing is illustrated by Ilya van den Bosch, whose Peer Group Success Score highlights significant differences across regions and styles. His findings suggest that the question is not whether active management works, but where it works. Meanwhile, Ronald Kok's interview with industry leaders from State Street, Carmignac, and DWS reveals how the traditional boundary between active and passive investing is becoming increasingly blurred through hybrid approaches, active ETFs, and alternative index designs.

Beyond the active-passive discussion, this edition also examines the Total Portfolio Approach through an interview with Tatjana Ulićević, reflects on impact investing through a CFA Society Netherlands roundtable, and includes a scientific contribution on sustainability mindsets among investment professionals.

Taken together, the contributions in this edition suggest that the future of investing may not be active or passive. Rather, it may be about understanding where active decisions are being made, how they influence outcomes, and whether they truly add value.

We hope this edition provides fresh perspectives; challenges established assumptions and stimulates thoughtful discussion on active versus passive investing. Enjoy reading!

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