

MODULE 1, LESSON 1.2 WORKSHEET



Passive vs Active Investing

Investing Essentials for Beginners

Key Concepts at a Glance

- **Active Investing:** An approach where investors or fund managers try to outperform the market by selecting individual investments and making frequent decisions.
- **Passive Investing:** An approach that aims to match the performance of the overall market by investing in index funds or ETFs.
- **Fees** The annual costs charged by investment funds, which reduce your returns over time.
- **Core Idea:** Consistently low costs and long-term discipline often matter more than trying to predict market winners.

A Simple Example

An active fund charges 1% per year. A passive fund charges 0.2% per year.

Over time, that fee difference compounds. Even if two funds earn the same return before fees, the lower-cost option leaves more of your money invested and growing.

This is one reason passive investing often performs better in the long run.

Take a Moment to Reflect

- Have I ever tried to pick individual stocks or funds?

- How do I feel about researching investments and monitoring markets regularly?

- Would I prefer a simple, low-effort approach if it meant steadier long-term growth?

Key Takeaway

You don't need to beat the market to build wealth.
Owning the whole market can be enough.

What Comes Next?

Lesson 1.3 explores compound growth and how time and consistency can turn small investments into long-term wealth.

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