

# Is Your “Actively Managed Fund” Really Actively Managed?

This week’s AAI **Weekly Digest** highlights these “must-read” AAI articles:



## Tracking the S&P 500 With Mutual Funds and ETFs

There are more than 40 mutual funds and exchange-traded funds (ETFs) widely available to investors that explicitly list the S&P 500 in their name. These funds track the large-cap index or follow a strategy based on a variant weighting or a subset of the index. A challenge for investors seeking passive exposure to the large-cap index is choosing which fund to invest in. The decision depends on both the characteristics being sought and the willingness to look closely at the strategy a fund is designed to follow. Here is a discussion of some of the basic differences between the various S&P 500 funds.

## Selecting Active Equity Mutual Funds: Don't Get Caught in the Middle

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*Howard*

About 70% of active equity mutual funds are closet indexers that generally fail to beat the market

after fees. Mutual funds with market-beating performance tend to be highly active, hold relatively fewer stocks and are of smaller size. This article highlights how to weed out closet indexers and identify truly active funds.

## Discontinuing the Model Fund Portfolio, but Keeping the Level3 Passive Portfolio

After 14 years, which is a fair period of evaluation and even included one of the three major crashes of the last hundred years, it seems the Model Fund Portfolio has not been able to beat the S&P 500 index.

## An Inside Look at ETFs



ETFs, like mutual funds, are pooled investments, but two primary features promote trading of an ETF's price close to its underlying value. Here is a behind-the-scenes look at how ETFs function.

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Our [Member Question](#) for this week is:

***How do you invest in real estate? (choose all that apply)***

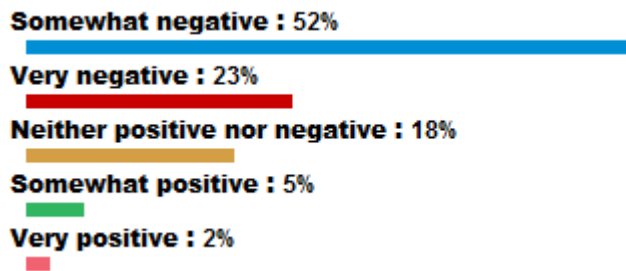
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**Vote to answer this week's Special Question: *If the tax reforms being***

*considered by Congress did away with deductions for mortgage interest and/or property taxes, how would that change how you invest in real estate?*

### Last Week's Results:

**If Congressional Republicans are not able to reach a consensus on tax reform, how much of an impact will this have on the U.S. stock market over the next six to 12 months?**



*Poll results are as of 9 a.m. (Central) on Monday. 2,819 respondents.*



### AAll Survey: Lack of Tax Reform Will Have Negative Impact on Stock Market

Our readers weigh in on the impact failed tax reform could have on U.S. stocks. In addition, our latest special question asked what steps our readers are taking to make sure descendants or trustees can manage their digital accounts after they are gone.

2017



Investors added \$249.4 billion to exchange-traded funds (ETFs) during the first half of 2017, not far from the \$287.5 billion added during full-year 2016. As of the end of June, total assets under management (AUM) for U.S.-listed ETFs was only slightly under \$3 trillion, up 30% from 12 months ago. The latest update to AAI's annual ETF guide includes detailed return information and data on more than 2,000 exchange-traded products.

The AAI Weekly Digest is one of the many **benefits** of AAI membership. To learn more, consider a **30-day Trial AAI Membership** to start becoming an effective manager of your own assets.