What is **Evidence-Based Investing**?

Investing grounded in empirical research

EBI uses peer-reviewed academic evidence to design highly diversified, low cost portfolios

portfolio sense – a more dependable way to invest	VS	TRADITIONAL ACTIVE
Aims to capture the return of the market with a buy-and-hold strategy via index tracker and rules-based funds. They trade in-frequently and stay invested through good times and bad.	RETURN	Attempts to beat the market and deliver excess returns. This can increase risk and unpredictability. Research shows that only about 1% of active fund managers beat the market over the long term[1].
Portfolios are built around a core of ultra low-cost index tracker funds. EBI focuses on minimising the costs in their widest sense, including avoiding the cost of underperformance by active managers.	COST	Typically, higher costs as you're paying a manager to pick stocks, furthermore managers will look to buy and sell securities in attempt to beat the market, with each trade usually incurring a cost which can be significant.
Portfolios provide access to most of the world's publicly available equities and bonds via funds provided by some of the world's largest asset managers. The portfolios aim to reduce risk via diversification.	RISK	Lower diversification as the strategy involves stock picking, which will invariably result in higher volatility and lead to potential liquidity issues.
Attempts to replicate the returns of an index or asset class, does not attempt to capture excess returns, but seeks to match the performance of an index or asset class.	STRATEGY	Attempts to add value over the returns of an index. This may be achieved by picking the next 'winning' stocks, portfolios are often highly concentrated with fewer securities and less diversification.
Believes in the assumption of market efficiency and a concept called the Efficient Market Hypothesis (EMH). It contends that stocks will always trade at a fair value price that reflects all available information.	BELIEFS	Believes that markets are inefficient and as a result, stocks are mispriced. Active managers attempt to identify market opportunities and exploit pricing inefficiencies.
With a buy and hold strategy when markets go down, the portfolio will go down with it.	TIME	Active managers may be able to defend against down markets by tactical asset allocation. However, they would need to make two correct decisions, when to remove risk and when to add it back. Something proven very difficult to do.

[1]D, Black. et al. 2017. New Evidence on Mutual Fund Performance

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