



THE END OF INDEXING

Six structural mega-trends that threaten passive investing

By Niels Jensen

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*“The lessons learned in the stupendous global bull market of the last 40 years will serve us very poorly in the years ahead. With *The End of Indexing*, Niels Jensen offers a treasure trove of market insights, presented in a global context, that will help readers reach their goals despite the coming headwinds.”*

- Rob Arnott, founder and CEO of Research Affiliates

*“Niels Jensen is particularly well versed in not only the trends of the markets, but how to take advantage of them. I have worked closely with Niels for over 15 years and I rank him as one of the most astute investors I know. His book, *The End of Indexing*, it is not only a remarkable study of market trends and economic reasoning, it is done with his inimitable style and grace in writing that makes everything he writes so readable... This is a book you're going to want to read more than once. And every time you do you will learn something new and important.”*

- John Mauldin, five times bestselling author and chairman of Mauldin Economics.

“... Keynes taught us the dangers of being myopic. So, for example, it is important to consider both short-term ‘momentum’ and long-term ‘value’ when investing: they are, as it were, two sides of the same coin. Niels’ book, and the approach he takes to separating out key long-term structural issues and hammering home their importance, may help to redress the balance. And it may well help a number of investors to improve upon their own approaches.”

- Sushil Wadhvani, Founder of Wadhvani Asset Management

Index-tracking is the flavour of the day - it accounts for around one-third of the total US mutual fund market, and is still growing rapidly. Indexing appears to be unstoppable.

But, in *The End of Indexing*, investment veteran Niels Jensen presents a different vision. In a forthright and compelling examination of the investment landscape, Jensen argues that the economic environment we are entering will be unsuited to index-tracking strategies.

This new and innovative book **The End of Indexing** identifies six structural mega-trends that are set to disrupt investors around the globe:

1. End of the debt super-cycle
2. Retirement of the baby boomers
3. Declining spending power of the middle classes
4. Rise of the East
5. Death of fossil fuels
6. Mean reversion of wealth-to-GDP

In conjunction, these six themes have the potential to create conditions resembling a perfect storm that will result in low economic growth for decades to come. Investment techniques and methodologies - including passive investing strategies - that have worked so well in the bull market of the last 35 years will no longer deliver acceptable results.

Niels Jensen reflected on the six structural mega-trends. In particular, he remarked, *“Whether we like it or not, society is ageing, and that is a trend that will negatively impact economic growth and equity returns for many years to come. Sadly, I can say the same about almost all the other structural trends I discuss... It is quite ironic that, as we are about to enter the most challenging environment for equities for half a century, everybody wants to index. It can only end in tears.”*

As a new investment approach is called for, **The End of Indexing** provides investors with a guide to the challenging environment ahead and a warning about the future decline of index-tracking.

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Introduction; The Declining Everything; The Big Conundrum; The End of the Debt Super-Cycle; The Retirement of the Baby Boomers; The Declining Spending Power of the Middle Classes; The Rise of the East; The Death of Fossil Fuels; Mean Reversion of Wealth-to-GDP; The Perfect Storm; How to Improve Productivity; What's Next?; Why Index Investing Will Dwindle; Bibliography

ABOUT THE AUTHOR

Niels Clemen Jensen has over 30 years of investment banking and investment management experience. He began his career in Copenhagen in 1984 before moving to Sherson Lehman in London in 1986. In 1989 he joined Goldman Sachs and became co-head of its U.S. equity business in Europe in 1992, a post he held until 1996, when he joined Oppenheimer to manage its European business. In 1999 he re-joined Lehman Brothers, now in charge of European Wealth Management. In 2006 he was appointed Director of Trafalgar House Trustees Limited, advising one of the UK's leading corporate pension funds on its investment strategy.

Niels founded Absolute Return Partners in 2002 and is Chief Investment Officer. He is a graduate of University of Copenhagen with a Masters Degree in economics.

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