

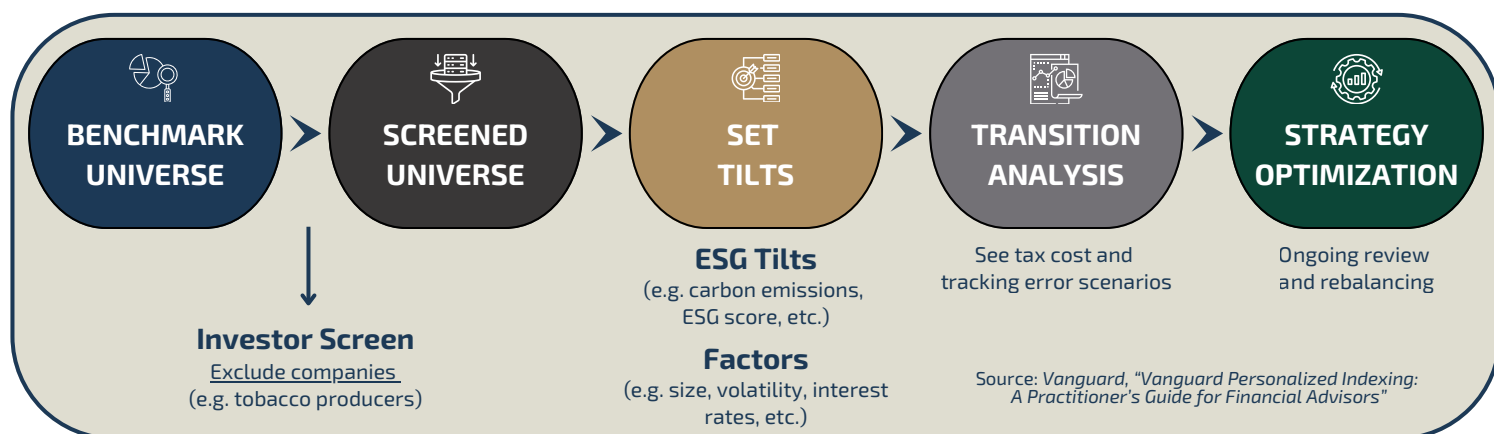


WHY DIRECT INDEX?

...TAX OPTIMIZATION OPPORTUNITIES!

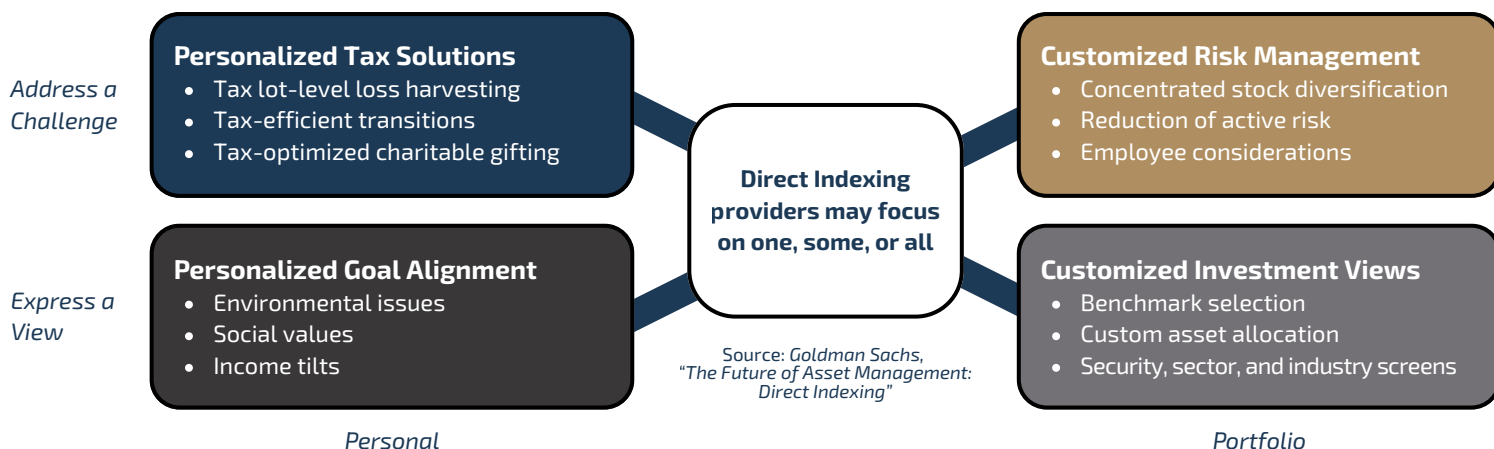
Direct Indexing is a personalized investment approach that combines the benefits of customization and tax efficiency in ways traditional index mutual funds or ETFs cannot. It lets investors directly own individual stocks in a separately managed account that seeks to replicate an index (like the S&P 500), often holding either a full set or a representative sample of the index's securities to achieve similar returns.

This structure allows investors to exclude specific stocks or sectors based on personal values or objectives, such as ESG preferences. The tax advantages come from owning individual securities, which makes strategies like tax-loss harvesting possible. Investors can sell certain holdings at a loss to offset capital gains elsewhere, or carry losses forward to reduce taxes on future gains from assets like real estate, businesses, or other investments.



The Benefits — Is Direct Indexing for You?

Direct Indexing offers numerous advantages, grouped below into four key categories. Once practical only for the wealthy, today's zero-commission trades and fractional shares have made this strategy accessible to a far broader range of investors.



Concentrated Stock Position

- Exclude stock(s) from the portfolio and build around the stock position to improve diversification. Capital losses can be used to reduce the size of the concentrated stock position.

Sale of Investment Property, Business, or any other Large Capital Gain

- Control when and how losses are generated to offset capital gains while maintaining style and sector exposures similar to the benchmark.

SELL —————> BUY	
We sell a basket of securities trading at a loss to realize capital losses.	We replace the sold securities with similar names to ensure the portfolio continues to perform in line with the market.
• Verizon • The Home Depot • Boeing • Kellogg • The Coca-Cola Company • Walmart • Pfizer 	• AT&T • Lowe's • Honeywell • Conagra Foods • PepsiCo, Inc • Target • Johnson & Johnson 
This is a hypothetical example. Source: Goldman Sachs, "The Future of Asset Management: Direct Indexing"	

Dividend Control

- Owning individual stocks allows investors to have direct control over dividends, which can be a significant advantage for those focused on income-generating investments.



Values Alignment

- The ability to align your portfolio with personal values to exclude certain areas or industries of the market, and tilt the portfolio towards areas or industries that align with mission, vision, and values.

Charitable Giving

- The ability to donate individual stocks to charities supporting causes that align with personal beliefs and values. Direct Indexing can harvest losses and donate the low-cost basis securities to charitable organizations.

Summary

Direct Indexing is a powerful custom investment strategy that can meet the many needs of the investor based on their individual preferences and investment goals. Direct indexing is becoming increasingly popular, especially among investors who seek more control over their investment portfolios and those with specific tax considerations.

To determine whether Direct Indexing would be beneficial for you, contact an Asset Strategy advisor today.

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