

The Power of Direct Indexing:



SMA Tax-Managed Models

What is Direct Indexing?

Direct indexing is the process of replicating a broad market index through the direct purchase of individual securities—rather than purchasing the index itself. With ownership of the underlying securities, advisors can add additional tax alpha to client portfolios.

Three Pillars of Direct Indexing

More Access

No investor — from everyday to high-net-worth clients — should be priced out of personalization.

More Transparency

Everyone deserves the comfort and confidence derived from complete investment transparency.

More Tax Management

The number that matters is the dollar amount you take home after taxes.

Direct Indexing Models

Orion Portfolio Solutions offers direct indexing, tax-managed models that reflect the principles of our three pillars. The direct indexing models are designed for everyday investors needing a low minimum investment but still wanting the personalization and tax-loss harvesting benefits that come with direct indexing.

What is Tax Alpha?

Tax Alpha is a portfolio's excess after-tax return, relative to its benchmark, adjusted for any excess pre-tax returns.

Excess After-tax Return

Excess Pre-tax Return

Tax Alpha

How to Access these Models:

The Orion Portfolio Solutions direct indexing models are available through our TAMP technology. Contact our team today to get started.

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Model	Tracked Index
U.S. Large-Cap Market Beta	Morningstar U.S. Large Cap
U.S. Large-Cap and Mid-Cap Market Beta	Morningstar U.S. Large Cap
U.S. Small-Cap Market Beta	Morningstar U.S. Small Cap
U.S. High Dividend Yield Tax Managed	Morningstar U.S. Large Cap
U.S. Quality Value Tax Managed	Morningstar U.S. Large Cap

MODEL DETAILS

Minimum Investment	Investment Securities Used	Target No. of Securities	Tax Management Strategies
\$50,000	ETFs and Stocks	50-100	Tax-Loss Harvesting

Disclosures

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Morningstar U.S. Large Cap Index is an index that measures the performance of U.S. large-cap stocks. These stocks represent the largest 70% capitalization of the investable universe. The Morningstar U.S. Small Cap Index is an index that measures the performance of U.S. small-cap stocks. An index is an unmanaged group of stocks considered to be representative of different segments of the stock market in general. You cannot invest directly in an index.

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Our Target Strategy Portfolios (TSPs) are SMA based portfolios that use quantitative rules to select stocks based on investment and behavioral factors. The U.S. Quality Value TSP pursues companies with higher earnings quality and lower levels of debt, and that trade at lower valuations relative to the market. As a result, this portfolio places emphasis on up to 300 companies with historically moderate earnings growth, stable balance sheets, and below-average valuations relative to the market or industry peers. The U.S. High Dividend Yield TSP pursues companies with above-average dividend yields, higher earnings quality, and lower levels of debt. As a result, this portfolio places emphasis on up to 100 companies that are perceived to have sustainable higher dividend yields over time.



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