

# 5 Ways to Help Boost Your Practice by Leveraging Direct Index UMAs

Direct indexing can unveil compelling investment options for your clients to help deliver the potential benefits of a passive investment approach with the flexibility of portfolio customization. It can also provide tax efficiencies beyond what ETFs or mutual funds provide, including the ability to manage year-round tax-loss harvesting. Through our scalable UMA capabilities, Adhesion Wealth's Personal Indexes program takes direct indexing one step further by combining a highly personalized investment experience with the performance potential of direct indexing—and brings it down to smaller accounts and households.

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## 1 Create Personalized Portfolios

With Personal Indexes, you can tailor direct indexing solutions to client-specific values, investment styles, and factor tilts such as momentum, volatility, or valuation.

## 2 Generate Potential Tax Alpha

Personal Indexes allows satellite managers in a core/ satellite program to seek gains while using the larger direct index core to harvest tax losses. This dynamic combination of tax-aware account management with index-based investment goals is generally not available through ETFs or mutual funds.

## 3 Low-Cost, Easy-to-Manage Solutions

When looking for an effective way to reduce overall costs to your clients, a low-cost direct index core module within a UMA solution can be considerably more affordable—and easier to monitor—than conventional single and dual-contract SMA programs.

## 4 Absorb Legacy Holdings More Efficiently

For firms looking to recruit advisors or pull clients away from wirehouse firms, direct indexing can be used to absorb low basis holdings rather than liquidate and create a taxable event.

## 5 Reduce Trading & Turnover

By placing multiple managers into a single UMA account and layering on Adhesion's dynamic overlay management, securities can be sold and then absorbed into a direct index core. There, they can be journaled between manager sleeves to help reduce trading, commission and tax impact.

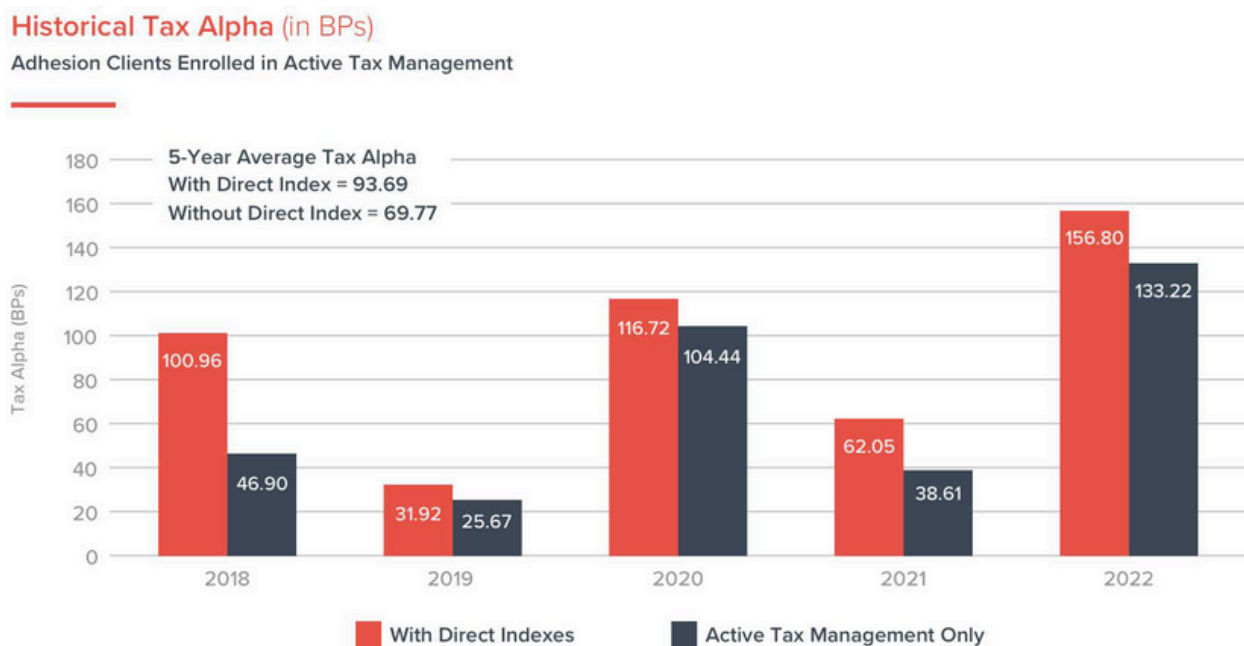
## Other Potential Benefits

- **Differentiation:** It's easy for competitors to clone ETF strategies or a single stock portfolio, but a tax-advantaged index-based UMA is highly differentiated and can generate added value.
- **Defensibility:** Direct indexing through Personal Indexes can help to overcome the active/passive objections that could be voiced by clients.
- **Trust-Building:** The ability to personalize portfolios to the specific needs of your clients —while providing next-level diversification, tax management, and transparency—helps generate trust and strengthens the advisor/client relationship.

## Adhesion's Direct Indexing Advantage: Designed to Reduce the Tax Burden

Investors that enroll in our direct indexing and active tax management programs have historically experienced better outcomes. The Adhesion Investable Index Series shows how our high-quality direct index strategies can provide tax-aware portfolios that focus on tax loss harvesting while demonstrating index-like tracking characteristics—with the potential for generating upside results.

**Example:** Advisor Joe has a new client with \$100,000 in tax liabilities with a portfolio value of \$2.5 million. Joe enrolled his client in Active Tax Management with Direct Indexing and was able to reduce the client's tax liability by 25%, representing a 1% savings on the portfolio's market value.



Tax Alpha refers to actual client accounts tax savings based on Adhesion's tax harvest program, using presumed highest short- and long-term gain rates. This illustration analysis does not consider outside, non managed taxable events. Tax Alpha is cited as a % of improvement where the liability reduction is compared to the client's portfolio valuation.

The illustration only reflects accounts fully enrolled in the Tax-Loss Harvesting program for an entire calendar year. Accounts that had no starting tax liability (where total losses generated are 'banked' for future tax years) were excluded.

## Questions?



To learn more about how Adhesion Wealth can help boost your practice in efficient ways possible, visit [www.adhesionwealth.com](http://www.adhesionwealth.com)

To schedule a demo, send an e-mail to [sales@adhesionwealth.com](mailto:sales@adhesionwealth.com) or call 888-295-8351.

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**Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results.** UMAs are not suitable for all investors and should be evaluated for suitability by financial professionals prior to investing.

**For more complete information about the various investment solutions available, including the investment objectives, risks, and fees, please refer to the Disclosure Brochure. Please read it carefully before investing. For a copy, please contact Adhesion.**

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Tax analysis reports are not a replacement for other tax reports for tax filing purposes. Investors seeking more information should contact their financial and/or tax advisors.