

Harvesting Strategy

Got Direct Indexing Customization?

Direct indexing offers investors two very powerful advantages: [tax benefits](#) and customization. We talked [here](#) about the differences in tax benefit capabilities between 1) individual equity direct indexers, and 2) Exchange Traded Fund (ETF) direct indexers such as Green Harvest.¹ Now let's talk customization.

There are two forms of customization: intra-asset class and inter-asset class.² The below table summarizes the different levels of potential customization between the two:

Direct Index Approaches	Intra - Asset Class	Inter - Asset Class
Individual Security	Allows selection of specific stocks to include, exclude or re-weight	U.S. stocks and bonds only ³
ETF-oriented	Allows similar selection and re-weighting around specific factors, such as sector, industry, investment style and/or theme, such as ESG (Environmental, Social and Governance)	U.S. stocks and bonds as well as most other major asset classes, such as: foreign developed and emerging markets, and commodities

While both approaches offer some flexibility, only ETF-oriented direct indexing enables the full spectrum of inter-asset class customization. Talk to us about your customization goals and strategies that aim to maximize the opportunity for tax benefits.

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¹ There are other considerations between different direct indexing approaches besides TBC, such as liquidity/trading cost, complexity, holding costs.

² Intra and Inter refer respectively to comparisons "within" and "between" different areas such as asset classes like stocks, bonds, commodities

³ An investor who wants direct access to foreign equity could consider American Depositary Receipts (ADR's) which are limited in selection. It may also be possible to open an account to access foreign markets but may entail foreign tax reporting obligations and other complexities.



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