



PRODUCT BRIEF

Tax-Aware Indexing for Modern RIAs

Tax-managed equity model portfolios designed to help RIAs build differentiated solutions for high-net-worth clients.

What Is Direct Indexing?

Direct Indexing (DI) enables investors to own a broad set of individual securities weighted to perform similarly to a chosen index. Unlike traditional index funds, DI offers the flexibility to add after-tax value while maintaining benchmark alignment.



Key Advantages

- Own individual stocks rather than a single pooled fund
- Target capital loss goals with automated loss harvesting
- Maintain close benchmark performance



Ideal For

- High-net-worth investors seeking tax efficiency
- Clients with concentrated stock positions
- RIAs integrating tax planning directly into investing

Capturing the Growing Direct Indexing Opportunity

Market Momentum

Direct indexing is accelerating as one of the fastest-growing segments in wealth management. The market currently represents \$864.3 billion in assets, growing at a rate of 22.4 percent annually, yet only 18 percent of advisors have adopted this approach. Independent research from Cerulli Associates projects that direct indexing assets will surpass \$1.5 trillion by 2025¹, signaling a major shift toward customized and tax-aware investment solutions.

Generational Demand

Investor expectations continue to evolve as personalization becomes a standard. Three in four millennials report they are likely to invest in direct indexing within the next year, reflecting strong demand from emerging wealth segments. At the same time, 62 percent of Gen X and 56 percent of Baby Boomers identify tax optimization as a top priority, underscoring the broad, multi-generational appeal of tax-managed strategies².

Competitive Advantage for Advisors

Advisors who embrace DI position their firms for meaningful long-term differentiation. By moving beyond market commentary and into proactive, personalized portfolio guidance, firms can deliver deeper value across client relationships. Tax-managed portfolios are emerging as one of the most important drivers of practice growth, client retention, and overall firm valuation over the next decade.

Why Choose Direct Indexing Through SS&C Black Diamond® Wealth Solutions

Personalization at Scale

We combine SS&C ALPS Advisors investment expertise with Black Diamond's portfolio management technology to deliver convenient and flexible access to tax-aware equity portfolios with institutional efficiency.

Tax-Smart Implementation

Our ongoing tax managed rebalancing process aims to minimize realized gains and enhance after-tax returns within the context of an advisor specified tax cost budget or loss target.

Seamless Advisor Experience

Advisors manage everything within Black Diamond using proposal tools, real-time reporting, and integrated client views.

Key Features

Feature	Benefit
Tax loss-harvesting	Capture and realize losses without abandoning index alignment.
Capital gains deferral	Reduce tax drag and support long-term compounding.
Multi-index flexibility	Choose across US and International equity indices and styles.
Integrated in Rebalancer	Access Direct Indexing as SMAs or as sleeves inside your own custom model portfolios.

How It Works

Portfolio Construction

We approximate the target index using individual securities while applying client restrictions.



Ongoing Monitoring

Our technology monitors for loss-harvesting and tax management opportunities.



Tax Management Execution

Trades are generated to realize losses while maintaining overall exposure.



Advisor Reporting

All activity is reported through Black Diamond, keeping clients informed and engaged.

Using Black Diamond Wealth Solutions for your Direct Indexing needs creates a level of flexibility and portability not available with traditional Direct Index SMA solutions.

Use Cases

Household DI

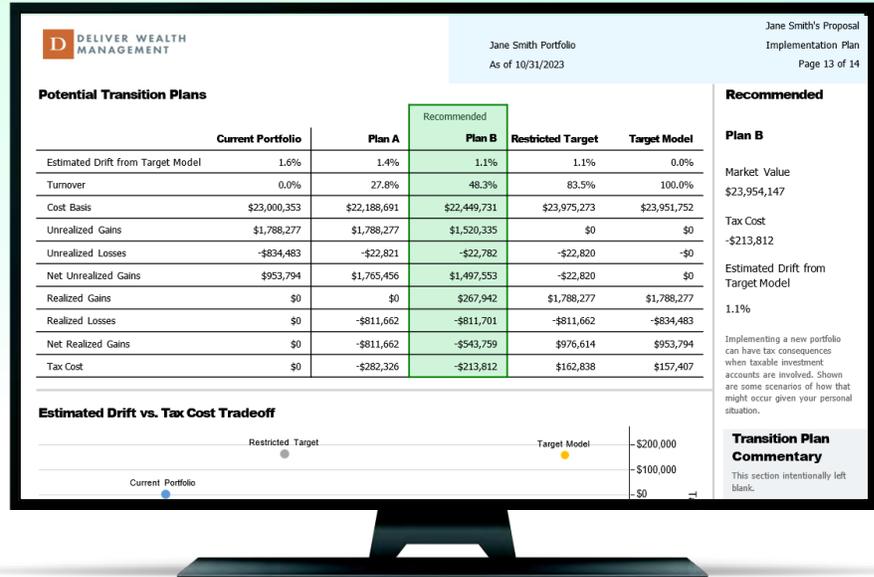
Implement a Direct Indexing mandate across multiple non-qualified or qualified accounts while maintaining tax loss harvesting benefits in non-qualified accounts with a simplified aggregate household exposure.

Sleeve DI

Implement a Direct Indexing mandate in a taxable account that has a multi-asset ETF or MF model architecture around it, eliminating the need for separate custodial entities.

Transition DI

Implement Direct Indexing alongside other taxable accounts in a way that acknowledges tax liabilities from a tax smart transition and harvests losses selectively and specifically to offset those gains and exposures in the legacy portfolio.



Benefits for Advisors

- Deliver highly customized tax-aware portfolios without operational complexity.
- Strengthen client relationships with personalized strategy and tax awareness.
- Stand out from advisors limited to pooled investment products.
- Leverage Black Diamond's analytics, reporting, and CRM integration.

1. Cerulli Associates. (April 10, 2025). Direct indexing assets close year-end 2024 at \$864.3 billion [Press release].

2. Charles Schwab & Co., Inc. (2024). ETFs and beyond study 2024: Findings.

For More Information

For more information, please get in touch with your SS&C Black Diamond Wealth Solutions representative, visit ssblackdiamond.com, or email info@ssblackdiamond.com.

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