Custom Indexing: The Benefits of Unbundling

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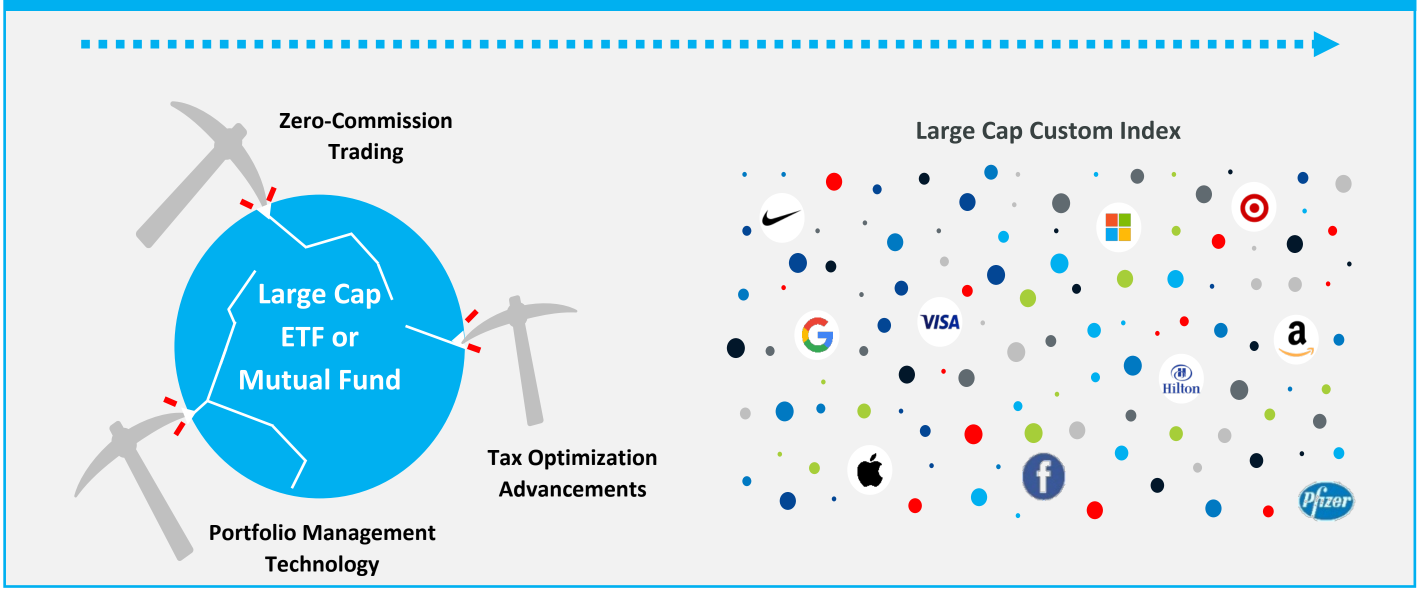
Unlike ETFs and mutual funds that offer *one* pre-packaged product for investors to purchase, the portfolio construction methodology behind Custom Indexing is personalized to an individual's unique circumstances, risk tolerance, goals, and preferences. Custom Indexes are implemented through a separately managed account (SMA), where investors can *directly own* a mix of individual securities rather than *indirectly owning* positions through shares of funds and ETFs.

Custom Indexing is a technology, and technology often removes barriers. Packaged funds sit in between investors and the stocks they own. While mutual funds and ETFs were wonderful innovations in their own right, recent advances in portfolio management technology coupled with zero-commission trading have enabled investors to access sophisticated strategies consisting of *direct* share ownership.

CUSTOM INDEXING UNBUNDLES ONE-SIZE-FITS-ALL FUNDS TO UNLOCK ADDITIONAL CAPABILITIES



THE BENEFITS OF 'UNBUNDLING' & OWNING INDIVIDUAL SECURITIES

The direct share ownership of Custom Indexes allows for more precise execution of high-end financial planning and offers benefits not available to ETFs, particularly in:

- Tax Loss Harvesting
- ESG & SRI
- Reducing Concentrated Stock Risk
- Allocation Flexibility

Tax Loss Harvesting

A key advantage to direct ownership of shares is the ability to actively capture losses on an ongoing basis. Tech-enabled tax loss harvesting is automatic in taxable Custom Indexes and our research suggests it can add between 0.5%-1.0% of annual after-tax excess return. Accounts are assessed daily for opportunities to realize losses from underperforming stocks, proceeds are reinvested in similar securities, and the losses captured can be used to directly reduce the investor's taxable capital gains.

ESG & SRI

In conversation with the financial advisor community, we have found that existing ESG funds can be quite limited in what they offer clients as they are constrained by a one-size-fits-all vehicle. ESG investors are by no means one-size-fits-all… some individuals are passionate about eliminating fossil fuel consumption, while others may prioritize board diversity. **The future of ESG investing lives in Custom Indexes where investors can precisely tailor to their specific values.**

With a Custom Index, advisors can personally design ESG/SRI exposures using restrictions, underweights, and overweights and overlay them on *any* allocation. In doing so, their clients can be confident that they own a portfolio which reflects their honest values and goals.

Reducing Concentrated Stock Risk

Managing concentrated positions is a common issue for advisors. Oftentimes an investor is an early employee or executive at a company and has much of their net worth tied to company stock held at a very low-cost basis.

Custom Indexing enables 2 key solutions to managing the risk associated with overweight positions: 1) build tailored portfolios that **optimize *around* the concentrated risk** by underweighting and/or excluding not only the concentrated stock itself, but also "nearest neighbor" stocks with similar risk exposures. And 2) leverage the power of tax loss harvesting to efficiently work down names by offsetting any capital gains with losses generated elsewhere in the Custom Index.

Allocation Flexibility

Unlike ETFs, mutual funds, and Direct Index providers that limit allocation choices to specific categories, Custom Indexing offers multiple allocation options **all in one single account.** Advisors and clients can target their own unique exposures based on region, size, and various factor/risk exposures (i.e. U.S., International Developed, Emerging Markets, Large Cap, Small-Mid Cap, Value, Momentum, Stability, Dividend Growth, etc.)

IN SUMMARY

ETFs and mutual funds suffer from a couple core problems: lack of customization and an inability to actively take advantage of underlying losses to combat tax drag.

Enabled by advances in technology, commission-free trading, and more, Custom Indexing now allows investors to build portfolios that are personalized to their specific situations and preferences. In the future, investors will no longer buy into someone else's investing formula: each investor will buy into their own.

Custom Indexing is the start of that future, and the time is now.

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- OSAM may rebalance an account more frequently or less frequently than annually and at times other than presented herein.
- OSAM may from time to time manage an account by using non-quantitative, subjective investment management methodologies in conjunction with the application of factors.
- The hypothetical backtested performance results assume full investment, whereas an account managed by OSAM may have a positive cash position upon rebalance. Had the hypothetical backtested performance results included a positive cash position, the results would have been different and generally would have been lower.
- The hypothetical backtested performance results for each factor do not reflect any transaction costs of buying and selling securities, investment management fees (including without limitation management fees and performance fees), custody and other costs, or taxes – all of which would be incurred by an investor in any account managed by OSAM. If such costs and fees were reflected, the hypothetical backtested performance results would be lower.
- The hypothetical performance does not reflect the reinvestment of dividends and distributions therefrom, interest, capital gains and withholding taxes.
- Accounts managed by OSAM are subject to additions and redemptions of assets under management, which may positively or negatively affect performance depending generally upon the timing of such events in relation to the market's direction.
- Simulated returns may be dependent on the market and economic conditions that existed during the period. Future market or economic conditions can adversely affect the returns.
- Composite Performance Summary

For the full composite performance summary of this strategy. please follow this link: http://www.osam.com

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The risk-free rate used in the calculation of Sortino, Sharpe, and Treynor ratios is 5%, consistently applied across time.

The universe of All Stocks consists of all securities in the Chicago Research in Security Prices (CRSP) dataset or S&P Compustat Database (or other, as noted) with inflation-adjusted market capitalization greater than $200 million as of most recent year-end. The universe of Large Stocks consists of all securities in the Chicago Research in Security Prices (CRSP) dataset or S&P Compustat Database (or other, as noted) with inflation-adjusted market capitalization greater than the universe average as of most recent year-end. The stocks are equally weighted and generally rebalanced annually.

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