

O'Shaughnessy Asset Management Introduces New Emerging Markets Suite On Custom Indexing Platform Canvas®

STAMFORD, CT, July 28, 2021 — O'Shaughnessy Asset Management, LLC (OSAM), a leading quantitative asset management firm, today announced the introduction of a suite of emerging markets (EM) and developed ex-U.S. ADR strategies on Custom Indexing platform Canvas®. OSAM develops systematic, custom portfolios that optimize for the goals of financial advisors and their clients. The new offering consists of both passive and active strategies in which the passive strategies deliver market replication, and the active strategies leverage proprietary quantitative research to optimize for risk-adjusted excess return.

"The search for alpha or excess return is leading investors to the emerging markets," said Patrick O'Shaughnessy, CFA, Chief Executive Officer of OSAM. "Good companies headquartered in developing countries often trade at a steep discount relative to peers in developed countries. This is not due to a lack of fundamental earnings power. Research demonstrates emerging market companies show higher revenue growth and return on capital and have recently started outperforming their developed peers. The valuations and spreads indicate opportunity in this region, and we believe our methodology for selecting stocks lends itself well to sorting the winners from the losers."

Nonetheless, investing overseas comes with inherent risk, specifically in emerging markets. OSAM's factor-based emerging and developed markets strategies eliminate low performing companies across OSAM's quality factor groupings and then weight into high performing companies based on valuation and momentum. Various risk controls are then applied to select and weight the most promising companies while maintaining an appropriate risk profile. As with all strategies in Canvas, advisors incorporating EM can decide if and how much active or factor exposure they want, and further customize the portfolio for environmental, social, and governance (ESG) considerations by excluding certain stocks and/or overweighting stocks of companies exhibiting positive actions. In addition, all taxable Canvas accounts can be optimized for after-tax return. Financial advisors can input tax budgets – used to transition and rebalance portfolios – to cap the tax bill of their clients.

"Emerging markets generally have a low correlation with developed markets. Passive or active exposure to emerging markets companies provides an added degree of portfolio diversification for investors in international developed and U.S. markets," added O'Shaughnessy. "We believe these new strategies are attractive due to their high expected return and diversification benefits. Continuing to release new strategies and factors to our opportunity set helps make Canvas a better product and furthers the dimensions by which advisors and their clients can build precisely what they want."

About OSAM

O'Shaughnessy Asset Management (OSAM) is a quantitative asset management firm based in Stamford, CT. The firm delivers a broad range of equity portfolios to institutional investors, individual investors, and high-net-worth clients of financial advisors. OSAM also serves as the investment advisor for a U.S. mutual fund and as a sub advisor to a family of mutual funds in Canada. The firm's team has managed client assets since 1996. For more information, please go to www.osam.com.

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