

Custom Indexing Leader Canvas Surpasses \$1 Billion in AUM After First Year of Operation

More than 70 percent of client accounts are customized by financial advisors to be completely unique to each individual's preferences

STAMFORD, CT, February 2, 2021 — O'Shaughnessy Asset Management, LLC (OSAM) announced today that its industry-leading Custom Indexing platform, Canvas®, surpassed \$1 billion in assets under management after its first year of operation. Canvas is a web-based platform that allows financial advisors to build and maintain Custom Indexes in separate accounts that are individually tailored to the client's specific needs, preferences, and objectives. The quantitative asset management firm launched Canvas at the close of 2019 and worked closely with nine RIA clients to develop and hone the platform.

"Custom Indexing is the next evolution of Indexing and Direct Indexing," said Patrick O'Shaughnessy, CFA, Chief Executive Officer of OSAM. "Great new technologies often remove barriers. For advisors passionate about innovation, Canvas allows them to easily build customized, diversified, and tax-efficient portfolios. The platform also reduces the operational and system overload for RIAs, which leads to greater scale for firms and their advisors. Considering the clear benefits, we believe that by 2025 a majority of all advisors in the U.S. will use web-based software to create and manage Custom Indexes for clients."

Dimensions of Customization

Canvas offers several investment dimensions with which advisors can create and manage portfolios.

- Asset Allocation – Select weights to stocks and bonds, including region and market cap segmentation.
- Factors – Weight into factors based on individual objectives such as: excess return, downside protection, and income generation. Canvas factors are based on 30 years of proprietary research, not generic industry definitions.
- Direct Indexing – Choose what percentage of the portfolio to invest in passive market exposure. Investing directly in the underlying positions instead of index funds or ETFs allows advisors to harvest tax losses.
- Environmental, Social, and Governance (ESG) – Divest from offenders, and/or control for companies based on 51 different themes such as climate change, deforestation, data privacy, gender diversity, and/or governance structure. Build custom themes relevant to client needs and monitor the impact in real time.
- Tax Loss Harvesting – Optimize for after-tax results including automatically harvesting tax losses throughout the year. More specifically, control how aggressively to harvest losses by setting tracking error levels or a specific tax-dollar budget.
- Position Level Customization – Control client portfolios to the individual position level. Exclude individual stocks, sectors, industries, and other categories easily.
- Fixed Income – Round out your allocation with fixed income ETFs. Canvas offers 25 different ETF allocation options using credit and duration levers.

Web-Based Platform Focused on RIA Scale

The functionality available through Canvas is exceptional within the wealth management industry. The platform is designed to be intuitive and convenient and was built in collaboration with advisors to replicate the way they think, automate processes, increase the speed of information, and be adaptable. Each new piece of functionality added to Canvas is built in the interest of advisor scale and efficiency, intended to completely remove time-consuming paperwork and email chains.

The RIA clients on the platform are among the most innovative firms in the category and are committed to evolving their investment capabilities and infrastructure. Among the additional functionality to highlight:

Portfolio Builder – Within Portfolio Builder advisors can easily build firm models, making the marginal account set-up and subsequent customization seamless.

Tax Transitions – Historically, transitioning an account can be a massive tax and operational burden. Within Canvas, advisors can easily run a transition analysis based on current holdings and see the expected tax cost/benefit, subsequent deviation from the model, and applicable metrics for various transition timelines, all within seconds. From here, advisors can select a roadmap and open an account in under 2 minutes.

Performance – Canvas performance allows advisors to evaluate all accounts in one centralized location and further drill into an unrivaled look at individual account performance – truly detailing the impact of every allocation decision on every account, including after-tax information.

“Index investing has always been formulaic,” added O’Shaughnessy. “But investing means something unique to each client. We recently built an ESG strategy for an advisor tailored to suit the needs of independent, working women. With time, we expect to only see more of this as investors will no longer want to settle for investing fully into someone else’s formula. Investors will want their own.”

As of today, advisors are managing more than 580 client accounts on Canvas. More than 16 percent of these accounts have an ESG component.

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 manages a family of mutual funds in the U.S. and serves as a sub advisor to a family of mutual funds in Canada. The firm has managed client assets since 1996. For more information on Canvas, please go to canvas.osam.com.

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