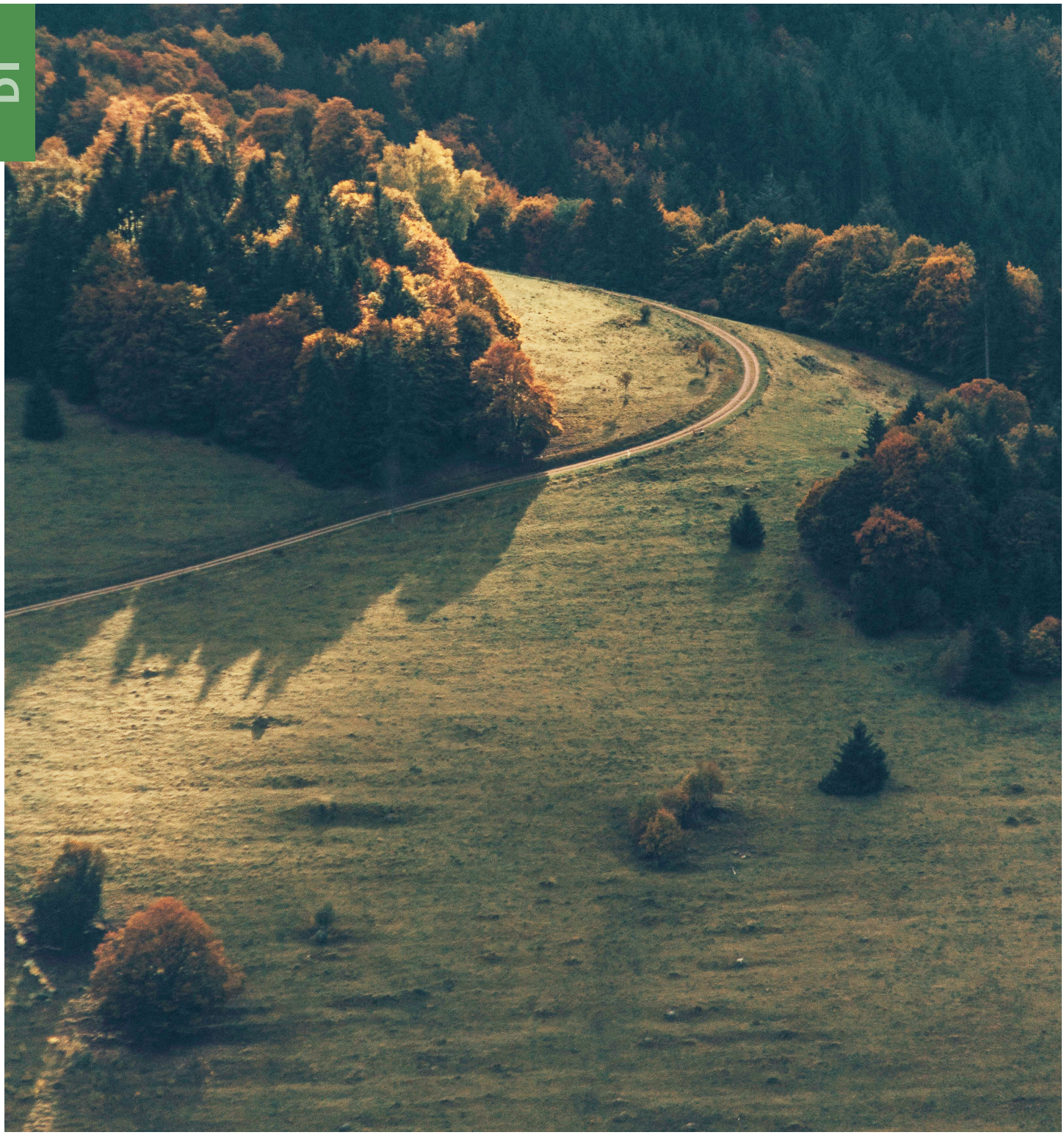
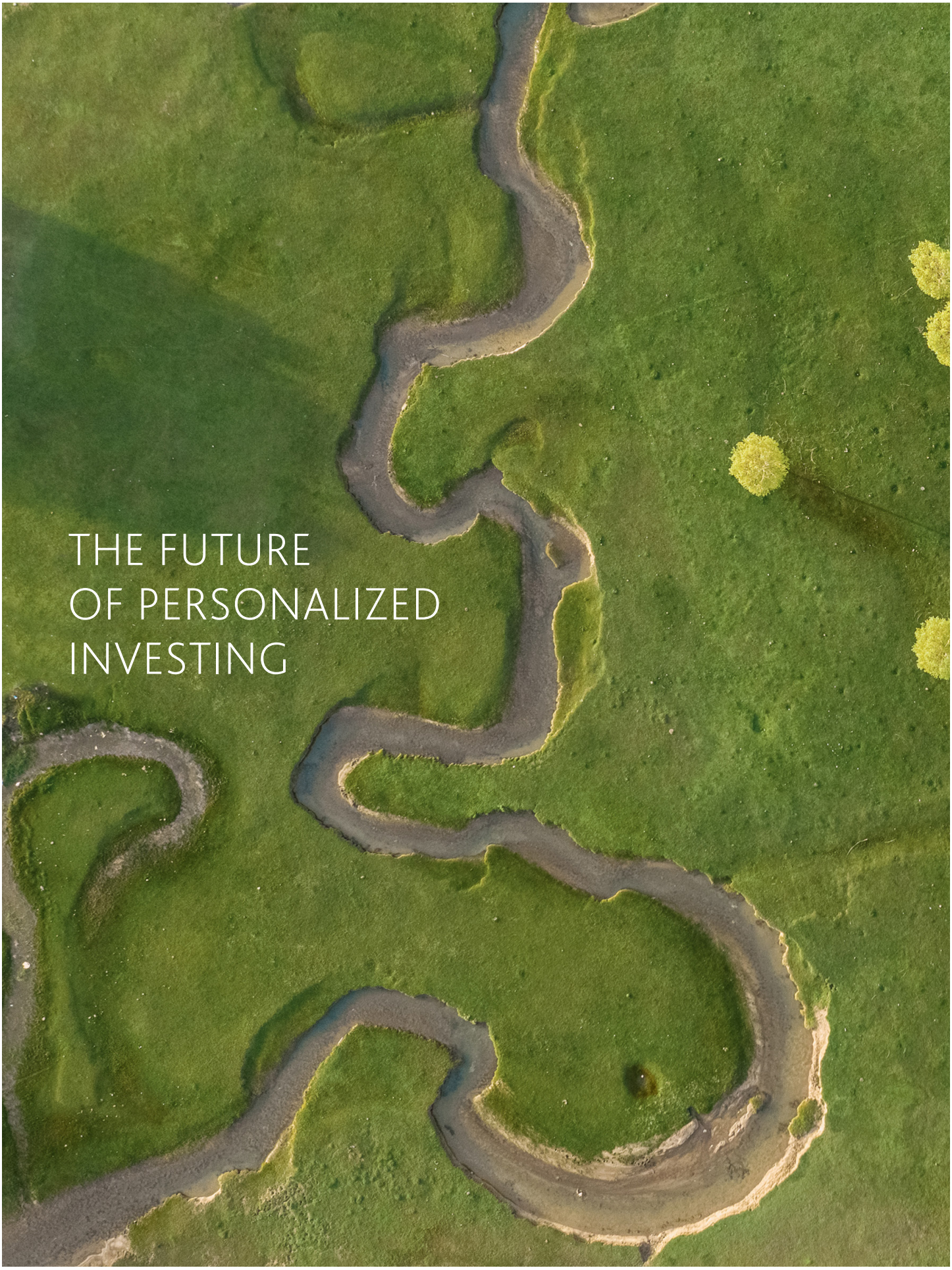
MAINSTREET ADVISORS

Demystifying Direct Indexing

DI




THE FUTURE
OF PERSONALIZED
INVESTING

The MSA Direct Indexing platform is a robust and powerful investment tool to deliver customized solutions, advanced tax optimization, and personalized account management.

Direct Indexing is ...

Direct indexing is an innovative investment strategy that empowers investors to directly own individual securities from an index, such as the S&P 500, while customizing their holdings to align with their specific financial goals, preferences, or values.

Direct indexing offers greater transparency and control compared to owning a "one-size-fits-all" mutual fund or ETF. This strategy also enables investors to actively manage the tax impact of their holdings by leveraging opportunities to optimize the tax treatment of individual securities within their portfolio.

Direct Indexing vs Traditional Vehicles:

	MUTUAL FUND	ETF	MSA DIRECT INDEXING
SYSTEMATIC	✔	✔	✔
LOW FEES		✔	✔
TRANSPARENCY		✔	✔
BENCHMARK TRACKING		✔	✔
SECURITY-LEVEL LIQUIDITY			✔
SECURITY-LEVEL CUSTOMIZATION			✔
SECURITY-LEVEL TAX EFFICIENCY			✔

Direct Indexing Customization

The benefits of direct indexing include the ability to personalize an index, minimize tracking error with a streamlined selection of securities, and optimize tax efficiency through tax-loss harvesting.

Tailor your investing specifics with enhanced customization:

Our platform offers multiple index-based portfolios available to customize according to your needs, preferences, and values. For instance, you may want to invest in a broad-based index, but need to exclude your employer stock, feel strongly about a social issue impacting your holdings, or wish to lean into a factor or market trend.

Customization Factor Tilts, Thematic Investing, Exclusion/Inclusion

FACTOR TILTS

- Growth
- Yield
- High-Quality
- Values Based

THEMATIC INVESTING

- Artificial Intelligence
- Cyber Security
- Renewable Energy
- Electric Vehicles

EXCLUSIONS / INCLUSIONS

- Exclude Companies from the Index
- Include Additional Non-Index Stocks

Track a benchmark, and fewer holdings:

Our platform takes an optimized approach to reduce tracking error against the respective index by identifying the optimal securities to hold within the index. Tracking error measures how closely a portfolio's performance matches that of the underlying index, using the standard deviation of the difference in returns. This process allows us to greatly reduce the number of portfolio holdings versus the entire index, while delivering performance results in-line with expectations.


THERE'S TRADITIONAL
INDEX INVESTING,
AND THEN THERE'S
MSA PERSONALIZED
INDEXING.

What is MSA Personalized Indexing?

MSA Personalized Indexing reimagines traditional investing [ie. ETFs and mutual funds] by offering direct ownership of individual stocks that mirror the characteristics of an index. This approach provides enhanced transparency and allows for greater personalization to align with your unique goals and values.

MSA Personalized Indexing can help enhance the benefits of traditional index investing.

TAX-EFFICIENT



Tax optimization aims to minimize tax liabilities, potentially enabling your portfolio to outperform the index on an after-tax basis.

CUSTOMIZABLE



Select from a range of index-based strategies to achieve the market exposure you choose, with the flexibility to exclude specific stocks and/or entire industry categories.

PROFESSIONALLY MANAGED



MSA portfolio managers leverage proprietary technology to optimize your portfolio and monitor it on a daily basis.

Which of my accounts are right for MSA Personalized Indexing?

1 Do you have a concentrated stock position?

Direct indexing provides the flexibility to exclude specific stocks from a portfolio, offering a valuable solution for clients with concentrated holdings in one or a few securities. This feature helps mitigate concentration risk through tax-efficient diversification.

For instance, consider an executive at a large technology company with significant vested stock acquired through corporate stock plans and incentives. While seeking exposure to a broad stock market index, direct indexing can be used to exclude overlapping securities from the executive's portfolio, effectively reducing concentration risk while achieving broader diversification.

2 Are you in a higher tax bracket?

Clients in higher tax brackets may find significant advantages with direct indexing. Unlike index mutual funds or ETFs, directly owning individual securities of an index creates opportunities for tax-loss harvesting. This strategy involves selling securities at a loss to offset realized gains elsewhere in the portfolio, potentially reducing the investor's overall tax burden.

Tax-loss harvesting provides both immediate and deferred tax benefits:

Realized Benefits: Immediate tax savings from offsetting capital gains with harvested losses.

Unrealized Benefits: Delayed tax liability by reinvesting the tax savings that would have otherwise been paid without tax-loss harvesting.

Clients with substantial capital gains, whether from another portfolio or outside equity accounts, can leverage direct indexing to efficiently manage their tax exposure while aligning their portfolio with long-term financial goals.

3 Are you interested in aligning your investments with personal values that are important to you?

Index-based strategies provide broad diversification, but for some clients an index can feel too expansive. Direct indexing addresses this by allowing clients to exclude specific securities or industries, enabling them to align their portfolios more closely with their personal values.

For example, environmental/social/governance investors may wish to avoid companies involved in tobacco products, gambling, fossil fuels, or weapons manufacturing. With direct indexing, MainStreet Advisors can help clients customize their portfolios to reflect these preferences while still preserving the core benefits of index investing, such as diversification and market exposure.

4 Are you sensitive to performance dispersion from an underlying index?

Performance sensitive investors who prefer their investments to closely track an index are a good fit for direct indexing. Our platform takes an optimized approach to reduce tracking error against the respective index by identifying the optimal securities to hold within an index.

5 Are you philanthropic and contribute to charities on an ongoing basis?

Direct indexing provides a unique opportunity for charitable giving by leveraging appreciated portfolio holdings. Instead of writing a check to a charity, account holders can donate appreciated stocks from their direct indexing account. This approach not only supports charitable causes but also allows account holders to reinvest the amount they would have donated back into their direct indexing account, creating new, higher-cost tax lots and enhancing the account's tax efficiency.

6 Are you investing for medium to long term growth?

Direct indexing can play a versatile role in a diversified portfolio, but many clients view it as a core, long-term strategy. Medium to long-term investors are particularly well-positioned to benefit from the compounding effects of potential tax alpha—the value generated within a portfolio through effective tax management.

MSA Personalized Index Portfolios

MainStreet offers five index-based portfolios to meet client needs.

MainStreet Personalized Indexing begins with a diversified equity portfolio that can be tailored to your unique needs. These strategies are designed for long-term growth and prioritize tax-efficiency. Serving as a solid core foundation for your portfolio, MSA Personalized Indexing can be complemented with additional investments to reflect your personal preferences and goals.

S&P 500 PORTFOLIO

Designed to capture representation of the S&P 500 which is a leading stock market index tracking the performance of 500 major publicly traded U.S. companies across various industries.

ETF	IVV
HOLDINGS	100

LARGE GROWTH PORTFOLIO

Designed to capture representation of the Russell 1000 Growth Index which tracks the performance of the growth-oriented segment of the largest 1,000 U.S. companies.

ETF	IWF
HOLDINGS	100

LARGE VALUE PORTFOLIO

Designed to capture representation of the Russell 1000 Value Index which tracks the performance of the value-oriented segment of the largest 1,000 U.S. companies.

ETF	IWD
HOLDINGS	100

DIVIDEND PORTFOLIO

Designed to capture representation of the Dow Jones U.S. Dividend Index which tracks the performance of U.S. companies with a consistent history of paying dividends.

ETF	SCHD
HOLDINGS	50

ESG PORTFOLIO

Designed to capture representation of the MSCI KLD 400 Social Index which is a socially responsible investing (SRI) benchmark that includes U.S. companies with strong environmental, social, and governance (ESG) practices.

ETF	DSI
HOLDINGS	100

Let us show you how MSA Personalized Indexing can enhance your investment strategy with tailored solutions, tax efficiency, and greater control.

With MainStreet Advisors you can expect:

- A disciplined process with a long-term focus
- Outstanding client service
- Sound advice based on diversified investment models
- Highly motivated and experienced group of investment professionals

MAINSTREET ADVISORS

MainStreet Investment Advisors, LLC (MainStreet") is a federally registered investment adviser under the Investment Advisers Act of 1940. Registration as an investment adviser does not constitute an endorsement of MainStreet by the SEC nor does it indicate that MainStreet has attained a particular level of skill or ability.

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