



Hiroshi Watanabe/Stone/Getty Images

TECHNOLOGY

RiverFront, Baird Invest in Direct Indexing Platform

RiverFront and Baird have bought a minority stake in GAMMA Investing, a woman-owned direct indexing platform.

Diana Britton | Jan 11, 2022

Financial services firm Baird and global asset manager RiverFront Investment Holdings are the latest to get in on the direct indexing trend, with the two companies taking a minority stake in GAMMA Investing, a woman-owned investment firm providing custom index-based separately managed accounts to financial advisors.

GAMMA is led by CEO Lorraine Wang, former global head of ETF products and research at Invesco PowerShares, who founded the firm in 2020.

“Our investment in GAMMA demonstrates our belief that direct indexing is an important piece of the investment management ecosystem for the long-term,” RiverFront CEO Pete Quinn said in a statement. “Partnering with an industry veteran like Lorraine allows us to participate in the projected growth of direct indexing while allowing our investment team to stay focused on managing our existing solutions.”

GAMMA’s direct indexing strategies allow for customization based on an investor’s goals, social values and tax management objectives.

As part of the deal, GAMMA will add new members to its board of directors, including Karrie Southall, RiverFront’s chief operating officer; Laura Thurow, executive director of Baird’s Wealth Solutions and Operations; and Yu-Ming Wang, former president of Matthews Asia.

Baird and RiverFront join a wave of deals in the direct indexing space in recent years, in which some of the biggest players in asset management and financial services made broad inroads—essentially betting that the technology to create customizable portfolios for individual clients without, theoretically, abandoning the rules-based characteristics or risk profile of an index is an option that will resonate with investors.

Most recently, Pershing announced it would acquire customized direct indexing provider Optimal Asset Management . In October, Vanguard said it closed on its acquisition of Just Invest , a wealth management technology company with a direct indexing offering, announced in July . Franklin Templeton announced in late September that it would acquire O’Shaughnessy Asset Management (OSAM), a quant-based money management firm that has a custom indexing platform.

The race is on for custodians to provide direct indexing for advisors. In September, Charles Schwab announced it was piloting a direct indexing option for advisors. Betterment laid a foundation for direct investing , and Morningstar partnered with TIFIN's Magnifi to provide direct investing capabilities.

Source URL: <https://www.wealthmanagement.com/technology/riverfront-baird-invest-direct-indexing-platform>