The future is now

Direct indexing joins the mainstream

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An LSEG Business

Contents

Foreword

In modern wealth management, personalization at scale and enhanced after-tax returns are highly valued outcomes. For those reasons, direct indexing is growing fast as a solution for advisors to offer clients.

In our third annual survey of advisors' use of direct indexing, we identify the solution's emergence into the mainstream of wealth management."

As a provider of indexes and data to both the largest and emerging wealth platforms, with approximately $175 bn in direct indexing assets linked to our indexes spanning US and international equities including local securities and ADRs, FTSE Russell is in a strong position to see how the direct indexing market is growing and evolving. Our years of experience and leadership in direct indexing allow us to offer insights into the new opportunities it's bringing to the wealth management community.

In our third annual survey of advisors' use of direct indexing, we identify the solution's emergence into the mainstream of wealth management. We explore where adoption is happening fastest, the most valued features and capabilities, and remaining challenges to further use in client portfolios.

Adam Gebler
Americas Head of Wealth, FTSE Russell

Mike DiSanti
Index Sales Specialist, FTSE Russell

Advisors continue to increase their use of direct indexing (DI), while citing implementation and education as challenges to overcome

Key takeaways

Direct indexing has entered the mainstream of modern wealth management as a critical solution for customizing portfolios and achieving better after-tax outcomes for clients. The percentage of advisors using direct indexing has grown significantly in 12 months, according to our third annual survey.[1]

Younger advisors, larger practices and wirehouse/traditional channels are leading adoption. They're most familiar with direct indexing, use it the most and are keenest to improve their knowledge. They report very high satisfaction levels with their platforms (98% *satisfied*, including 63% *very satisfied*).

Advisors regard the solution as key for competitiveness and important for growing their business with high-net-worth (NHW) clients. Average allocations are rising in both number of clients and the percentage of client assets under management (AuM).

Looking forward, current users plan to increase adoption still further. Addressing challenges relating to implementation, technology integration and education may further accelerate momentum and spur new users.

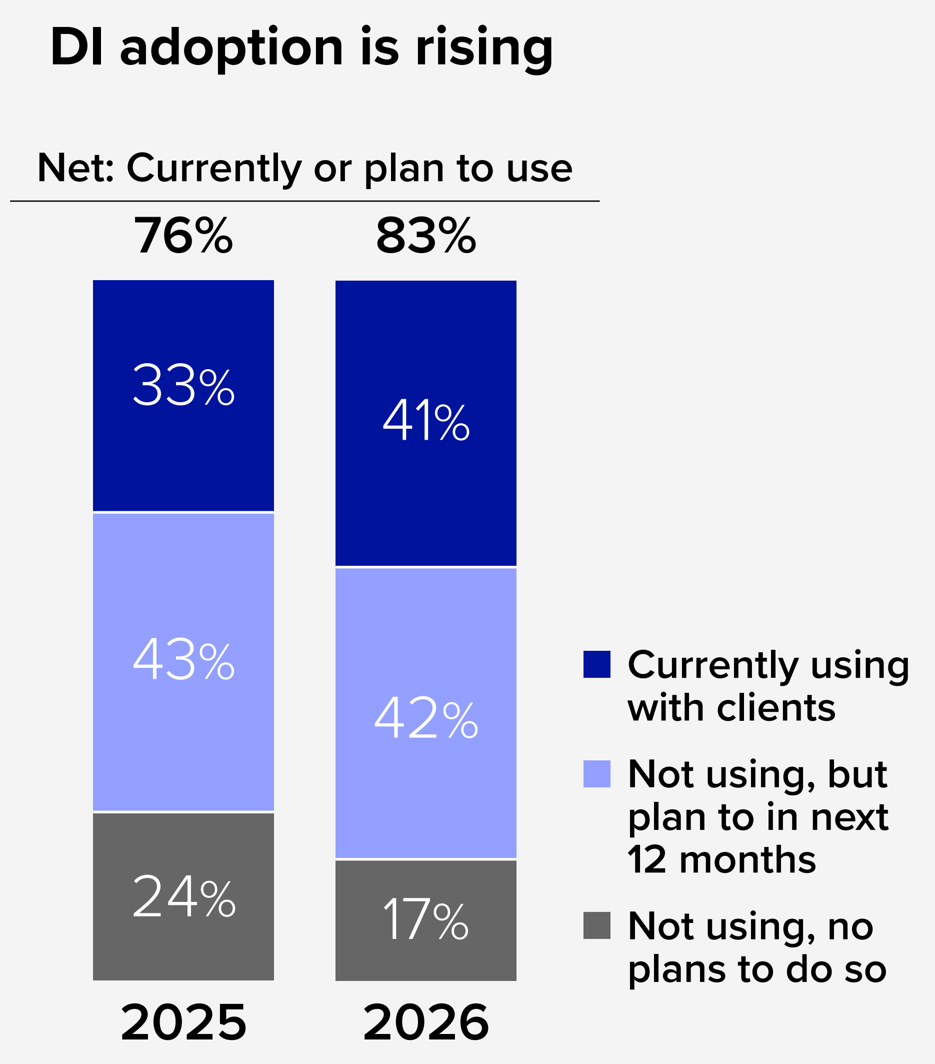
[1] Conducted by 8 Acre Perspective, the survey solicited input from 400 advisors between May 19th and June 9th, 2026. For more information, see About our research at the back of this report.

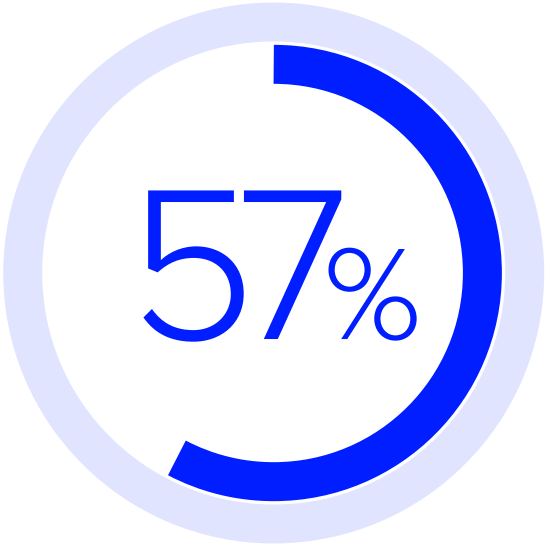
SECTION 1

Adoption gains momentum, led by large firms and younger advisors

Direct indexing has become an essential solution. More advisors are using it, led by the wirehouse/ traditional channel and the under 45s.

Illustrating the growth in direct indexing, more than four in 10 (41%) advisors report using it in 2026 – significantly higher than in our 2025 survey (33%). Adoption varies by channel, led by wirehouses and traditional firms' advisors where almost two thirds (63%) use it. That's far more than a third (33%) of independent broker-dealer (IBD) respondents and registered investment advisors (RIAs) (30%).





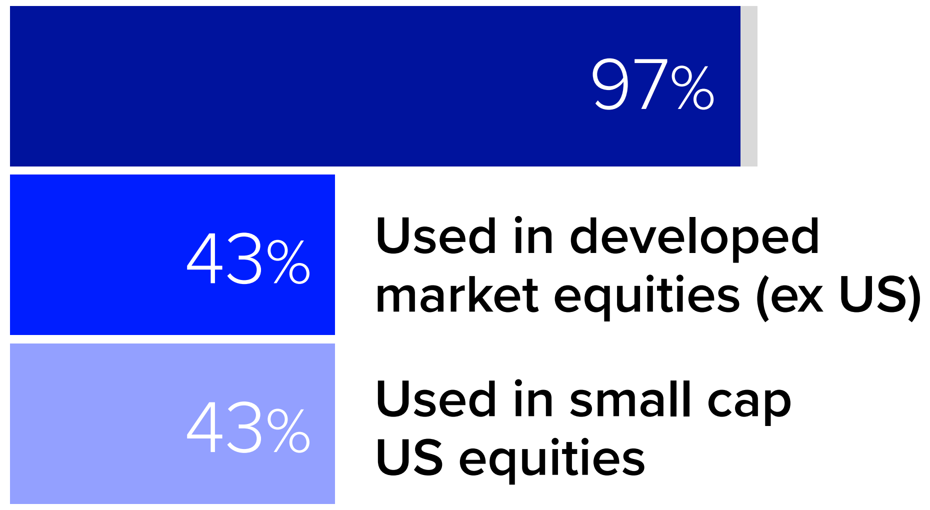
of advisors are “extremely" or “very familiar” with DI

Familiarity is high

More than half (57%) of advisors state they’re “extremely” or “very” familiar with direct indexing. Wirehouse/traditional advisors are the most familiar (71%) along with those under age 45 (77%).

Reflecting direct indexing’s primary use to date as a tax-loss harvesting solution for HNW clients, advisors managing at least $500 million in AuM are more likely to be aware of it. More than two thirds (68%) say they’re very familiar with direct indexing, compared with around half (53%) with smaller practices.

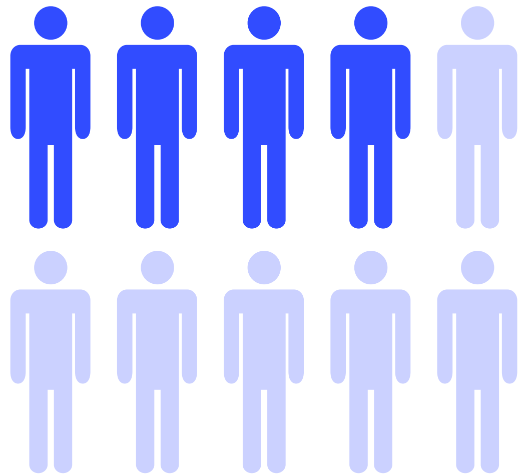
Advisors using DI with US large cap equities



DI moves into new markets

Advisors are using the solution with a wider range of assets. Almost all (97%) use it with US large cap equities, but more than four in 10 (43%) use direct indexing for developed market equities outside the US and small cap US equities. “The survey data around exposures is consistent with my conversations with platforms and advisors,” explains Mike DiSanti, FTSE Russell’s Index Sales Specialist. “While direct indexing originally was almost entirely focused on large cap US equities, almost half of respondents are now offering US small cap and international developed market exposures, which we see as a growth area.”

4/10 not yet using DI plan to in the next 12 months



Growth appears likely to continue

Four in 10 (42%) of those advisors not already using the solution plan to in the next 12 months. Almost all (83%) agree that AI and automation will help to drive growth. Wirehouse/traditional advisors show the strongest intentions to increase their use of direct indexing, with eight in 10 (81%) that are currently using the solution expecting to use more over the next 12 months.

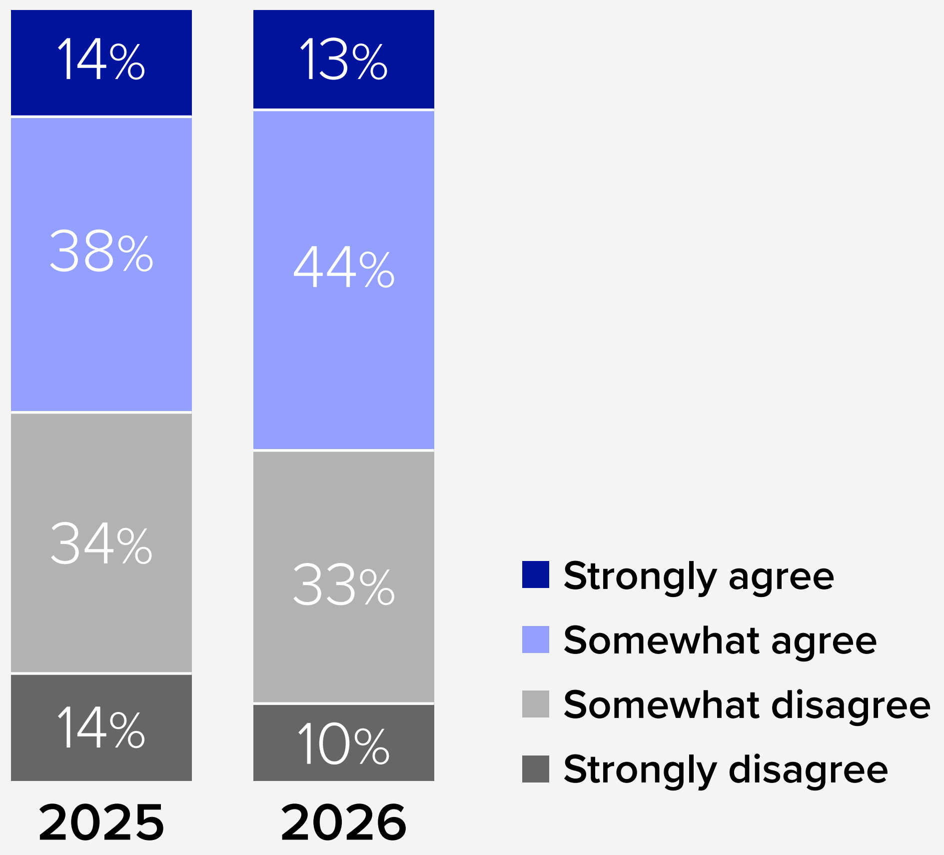
SECTION 2

Direct indexing emerges as a competitive necessity

Advisors increasingly regard direct indexing as essential for servicing clients, introducing a new level of personalization.

Over half (57%) of advisors agree direct indexing is essential for remaining competitive, even more than in 2025 (52%). Younger advisors especially feel that it's key to their practice, with two thirds (65%) under 45 agreeing. And over two thirds (69%) of wirehouse/traditional channel advisors think so – more than about half of IBD advisors (56%) and RIAs (48%).

Direct Indexing is becoming essential to remaining competitive in wealth management



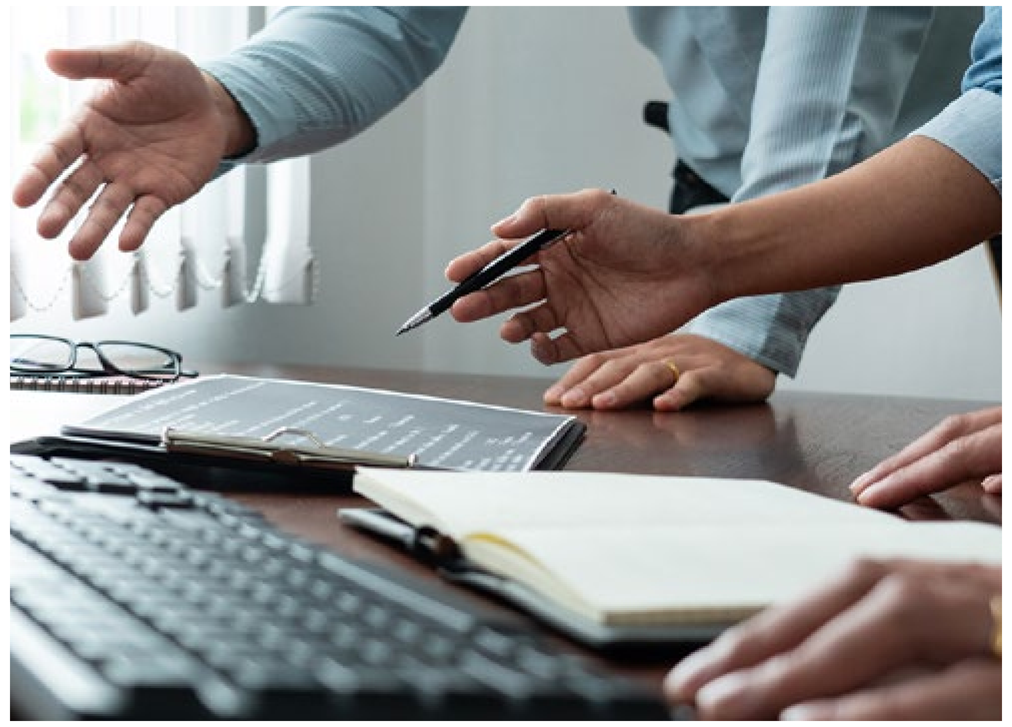
Most desired customization feature from a DI provider:

Tax-loss harvesting

66%

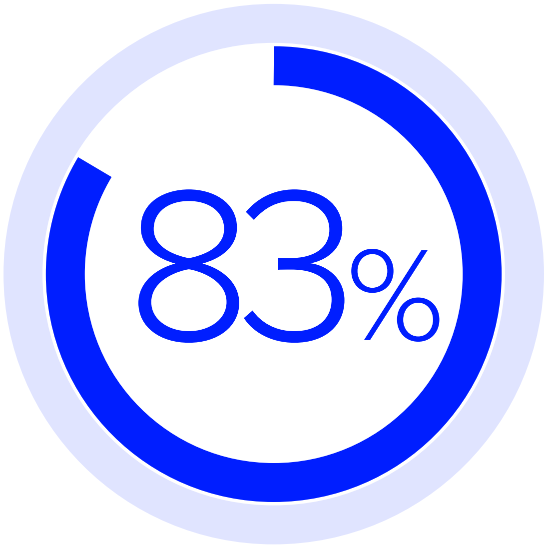
Tax benefits take center stage

Tax-loss harvesting is direct indexing's main benefit, according to two thirds (66%). Similarly, tax-loss harvesting is most discussed with clients, according to nearly two thirds (63%) of advisors.



We see in the survey, and hear from advisors that serve HNW clients, a greater emphasis on householding," notes Adam Gebler, Americas Head of Wealth, FTSE Russell.

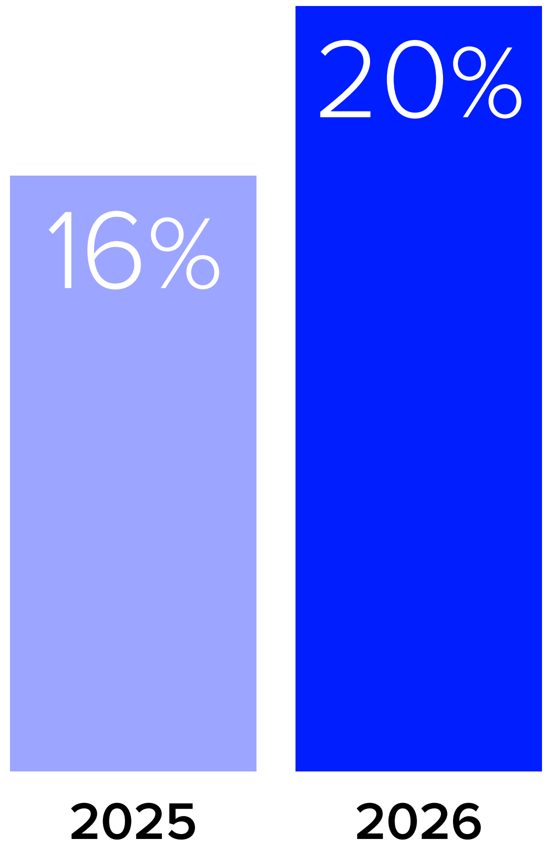
"This means that direct indexing technology must be able to coordinate tax management across multiple accounts in a client household."



of advisors agree DI helps grow/strengthen HNW business

A powerful tool for HNW growth

Direct indexing is especially beneficial for HNW clients. Eight in 10 (83%) advisors agree that it has helped them to grow/strengthen their HNW client business. The solution also helps wealth managers tailor their services at scale. Advisors agree that it enables the coordination of investment and tax management across multiple accounts within a household (87%) and delivers a level of personalization that ETFs and mutual funds can't match (82%).



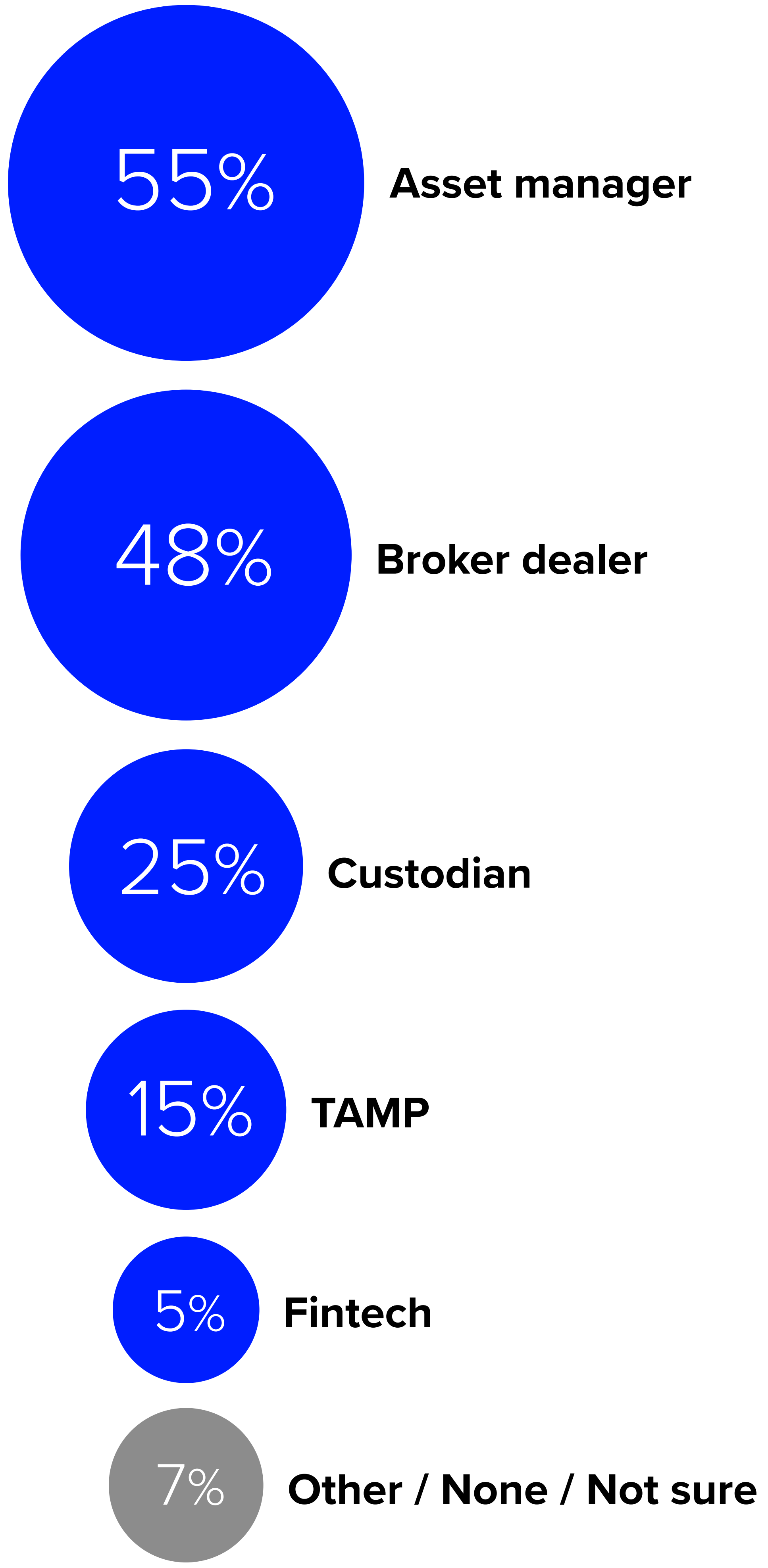
DI gains a bigger role

Direct indexing is becoming more established in advisors' suite of solutions. Survey respondents report that a fifth (20%) of client households, on average, have a direct indexing component – materially higher than 12 months ago (16%) – and are also allocating a higher percentage of AuM to the solution (the average is up to 17% from 13%).

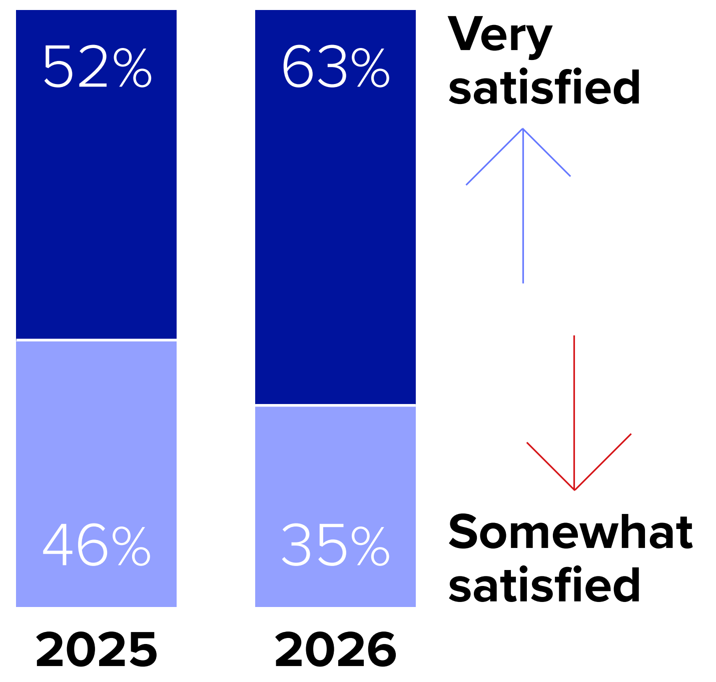
Platforms score highly for satisfaction, amid major education opportunity

Satisfaction with platform providers is high and getting higher. As use of direct indexing broadens out, a need for knowledge indicates a major education opportunity.

The main providers of access to direct indexing are asset managers (55%) and broker dealers (48%). But different types of advisors prefer different routes: wirehouse/traditional advisors gain access mainly via asset managers and broker dealers, IBDs chiefly use broker dealers, and RIAs use both custodians and asset managers.



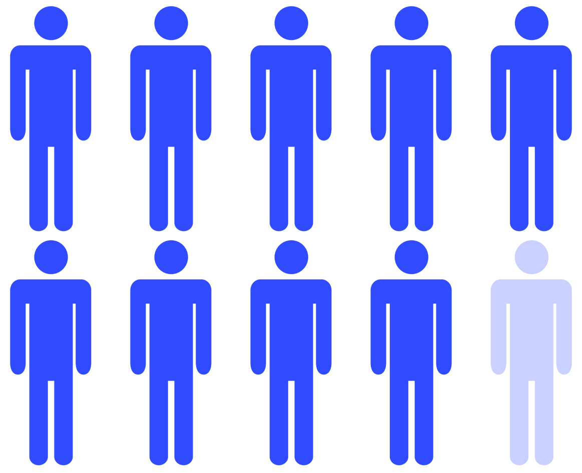
98% of advisors are satisfied with their primary provider



Advisor satisfaction reaches new heights

Similarly to 2025, almost every advisor taking part in our survey (98%) is satisfied with their DI platform, with nearly two thirds (63%) of them saying they're "very" satisfied, up from just over half (52%).

9/10 interested in building their knowledge



Education could unlock greater adoption

A clear education gap presents an opportunity for platforms to increase advisor loyalty and usage. While a third (32%) of advisors aren't yet confident talking to clients about direct indexing, almost nine in 10 (86%) are interested in building their knowledge. Notably, just as advisors under age 45 and wirehouse/traditional advisors are most familiar with direct indexing, they're also the most interested in enhancing their expertise.

Advisors favor:

- **One-on-one training — 41%**
- **On-demand video — 33%**
- **Live webinars — 33%**
- **White papers — 29%**

Personalized training leads the way

Advisors generally favor one-on-one training with asset managers/platform providers (41%), followed by on-demand video courses (33%), live webinars with experts (33%) and white papers (29%). Those who are extremely familiar with direct indexing tend to prefer one-on-one training (51%), while less aware colleagues are equally receptive to one-on-one training (38%), online video (36%) and live webinars (36%).

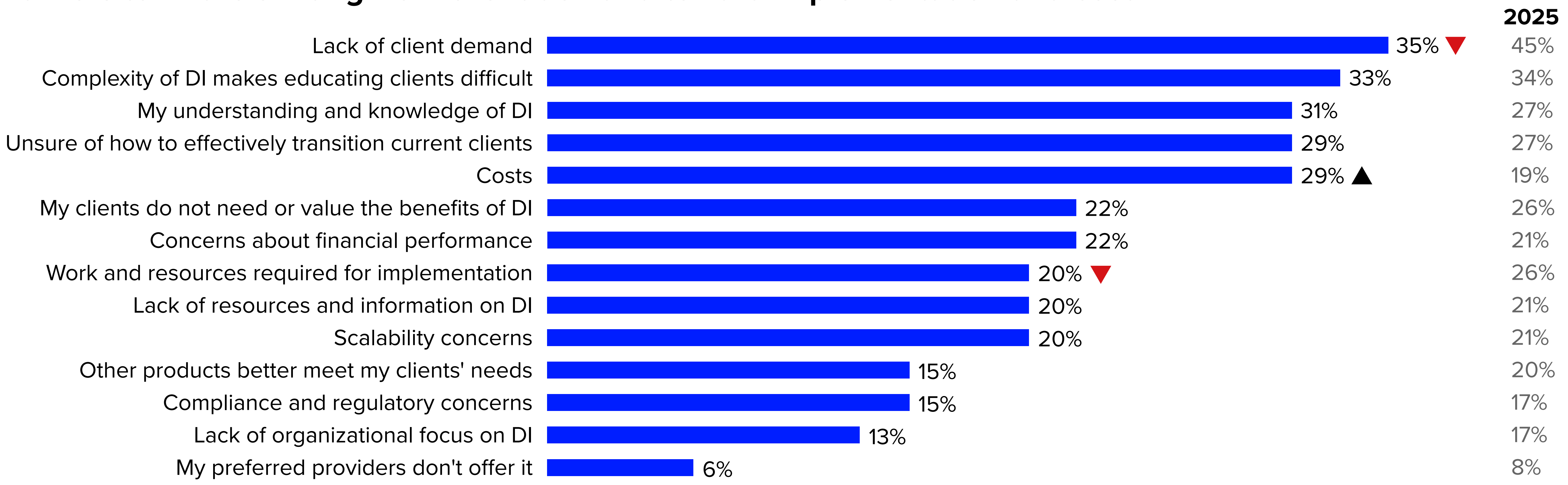
SECTION 4

Operational challenges are a hurdle to clear for future growth

Lack of client demand recedes as a challenge, but implementation and high costs remain an issue.

Fewer advisors find lack of client demand a challenge to direct indexing use. Just over a third (35%) called it out in the survey compared to 45% in 2025, with an even lower percent among advisors under age 45 (26%) citing it as a challenge

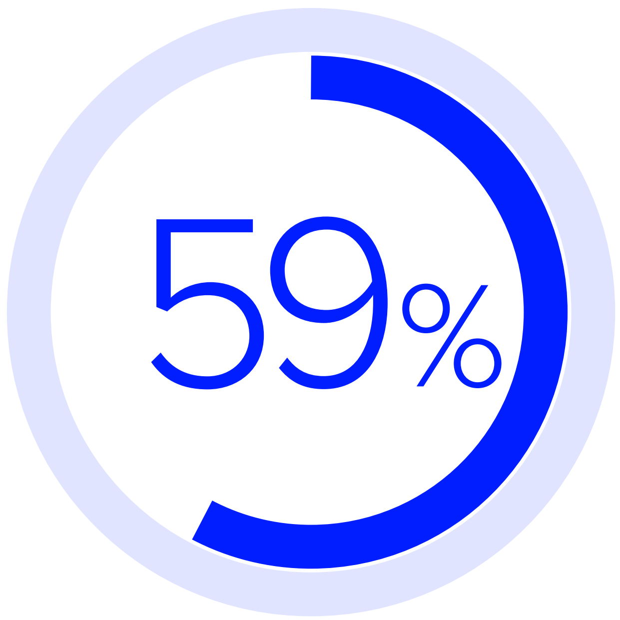
Barriers to DI are shifting from client demand toward implementation and cost



Only 15%
find implemention
“very easy”

Implementation remains a hurdle

Making implementation easier could speed future adoption. Only 15% of advisors describe implementation as “very easy”, largely unchanged from 2025 (13%).

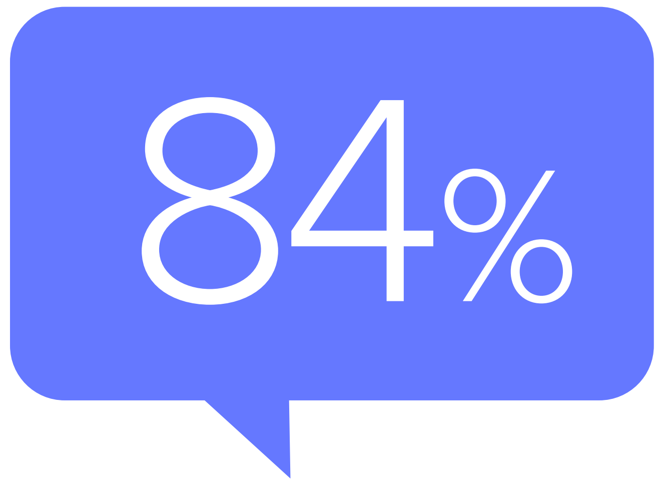


of advisors find tech integration a challenge

Tech integration remains a key hurdle

Well over half (59%) of advisors say integrating direct indexing with their tech stack is challenging – even more than last year (52%). IBDs face the greatest integration challenge: two thirds (65%) report difficulties. Even wirehouse/traditional channel advisors – with their scale and centralized infrastructure – find integration challenging (51%).

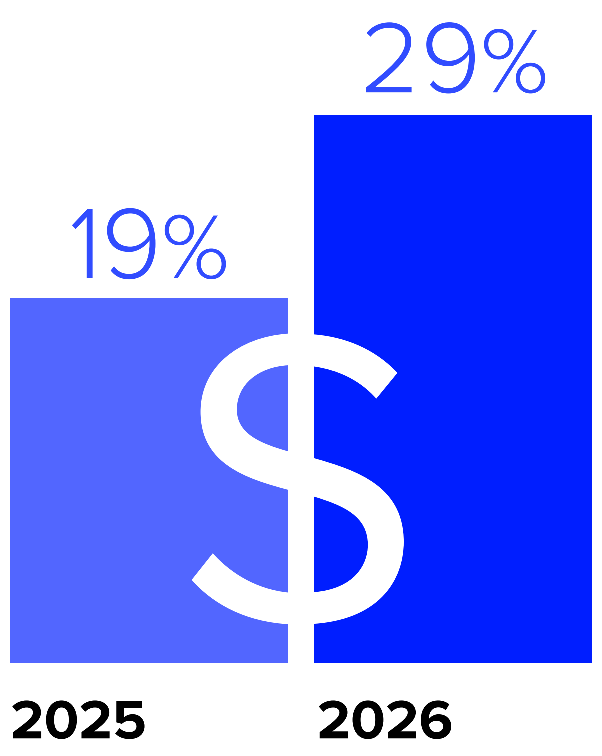
Those who find implementation easy



are confident in discussing with clients

Ease of implementation builds confidence

There’s a link between ease of implementation and advisor confidence. More than eight in 10 (84%) of those who find implementation easy are confident discussing direct indexing with clients. By contrast, only half (50%) of those who find it difficult are confident. The pattern repeats itself for technology integration. Over three quarters (77%) of those who don’t view integration as challenging feel confident with clients – significantly more than the six in 10 (61%) of those viewing tech integration as challenging. This shows the value of platform providers helping advisors with implementation and integration.



Cost is also a pain point

Approaching a third (29%) of advisors say so, up significantly from 2025 (19%). A particularly high number of RIAs find cost a problem (37%).

Conclusion

Over the past three years, our surveys have monitored direct indexing's quickening journey to the mainstream. It is now an essential solution for platforms to offer advisors, adding value to advisors seeking to better serve clients and grow their practice.

This year's survey finds adoption continuing to gain momentum, led by younger advisors and larger practices. It shows that the growth of AI will continue to make it easier for advisors to offer direct indexing, and reveals the link between familiarity with the solution and adoption.

The survey data also calls out education and implementation as major opportunities for the industry, underscoring the importance of integrating direct indexing into existing advisor workflows. How platforms equip and educate their advisors to offer direct indexing, and the way that advisors present it to their clients, will define the winners in the next era of growth.

As the market grows, our commitment to direct indexing remains as strong as ever. We will focus on supporting our partners by providing the indexes and data needed to implement direct indexing programs, and educating advisors on the benefits of including the solution in client portfolios.

Your index matters

We work across the market with direct indexing platforms and wealth managers, delivering innovative index solutions spanning asset classes that are increasingly in demand from direct indexing users. Our consultative approach fosters partnerships where we provide our learnings and market intelligence gained from supporting a host of direct indexing clients and constructing our transparent and well-recognized global indices.

The index you use matters, and we are here to provide time-tested solutions that advisors and their clients can trust.

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Learn more about FTSE Russell and direct indexing →

About our research

This survey was conducted by 8 Acre Perspective, which collected the views of 400 financial advisors between May 19th and June 9th, 2026.

The advisors came from a mix of channels, including wirehouse/traditional, independent broker-dealer and registered investment advisor.

Fifty-eight percent of respondents had assets under management of $200 million or more, with an average across the total sample of $578 million.

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Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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