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Morningstar EnCorr

Using EnCorr's Allocator Tool to Create  
Portfolios

# EnCorr Modules

## Analyzer



Explore historical and current investment data

## Inputs Generator



Develop, refine, and test asset class assumptions

## Optimizer Plus



Build and analyze portfolios along the efficient frontier

## Attribution



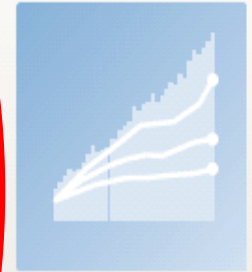
Examine manager style consistency and investment decisions

## Allocator



Determine manager mix to implement asset allocation plan

## Scenario Builder



Perform "what if" analyses under multiple conditions

## Overview

- ▶ Learn how to identify an optimal mix in EnCorr Allocator by determining the portfolio of investments that most closely track the allocation you define.
- ▶ What questions can be answered:
  - ▶ What mix of investments will most closely replicate a given target benchmark?
  - ▶ Can you effectively implement a desired asset allocation given current set of managers?
  - ▶ Will you be better off with index managers, active managers, or a blend of both?

# Process

- ▶ EnCorr Attribution
  - ▶ Allocator first relies on information calculated in the Attribution by calculating the regression of the managers' investment style to the asset class assumptions.

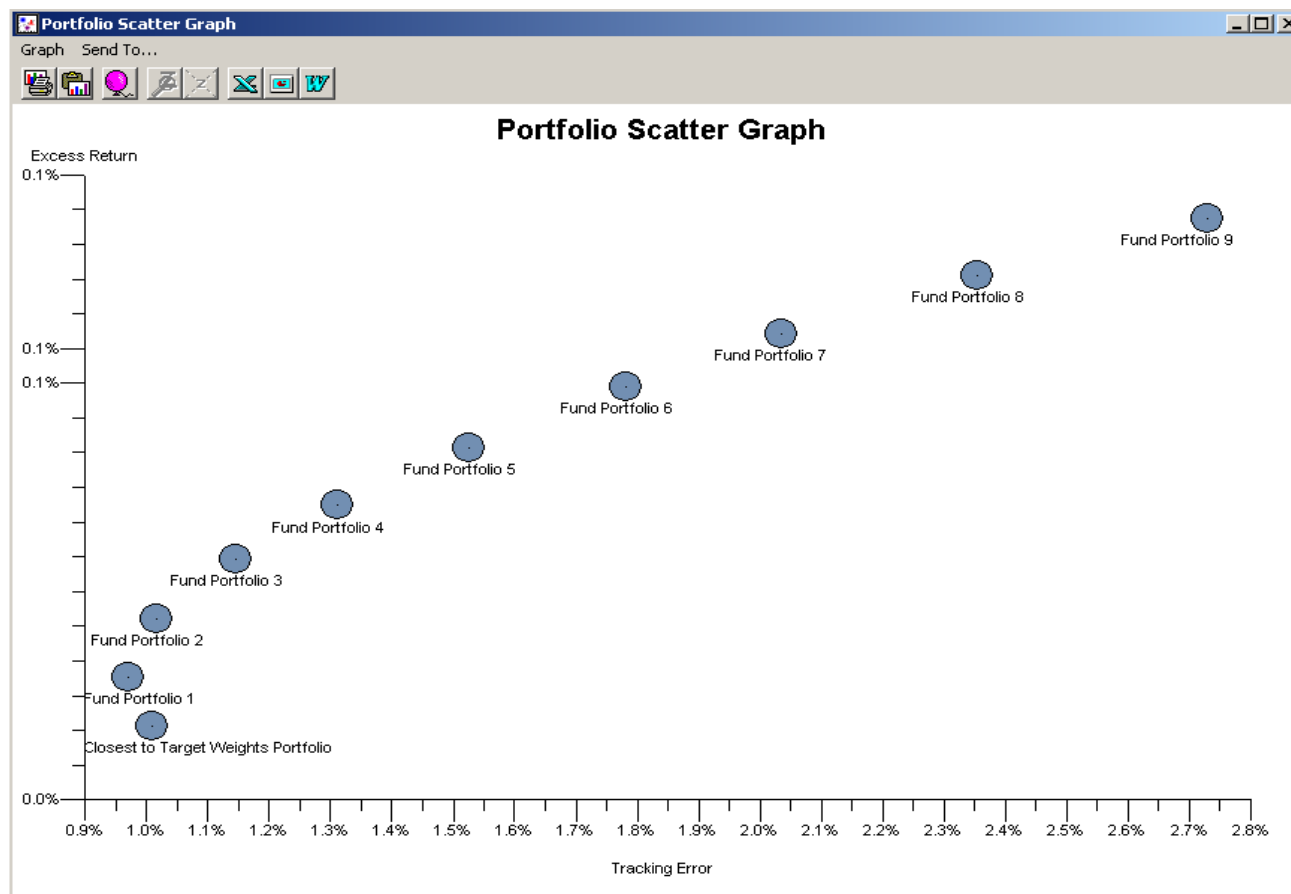
# Process

## ▶ EnCorr Allocator

- ▶ Allocator then links your target allocation or benchmark to the style of every investment under consideration by using the same set of indices to describe your target benchmark or allocation.
  - RESULT: True excess return and tracking error to better evaluate which portfolio best meets the needs in terms of getting as much alpha for the amount of tracking error you are willing to apply to the portfolio.

# Process

## ▶ EnCorr Allocator



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