Enhancements in Morningstar Direct℠ 3.6 and 3.6.1

Performance Attribution

- Conduct holdings-based performance attribution analysis on the equity portion of managed investment products
- Leverage Morningstar's extensive historical holdings database of more than 30,000 portfolios
- Drill-down to underlying securities of global open-end funds, separate accounts, market indexes, variable life/annuity subaccounts, fund of funds, 13Fs, closed-end funds, ETFs and user-created portfolios (Aggregates and Custom Funds)
- Available data views and reports for analysis:
  - Return contribution by individual or groups of securities
  - Attribution of portfolio's value-added over a selected benchmark
  - Portfolio weightings over multiple time periods
  - Performance over trailing time periods
  - Intra-day price movements of portfolio constituents
  - Portfolio level characteristics
  - Valuation metrics
- Examine attribution effect by selecting a method that matches the specific investment process using:
  - Top-down
  - Bottom-up
  - Multiple-decision hierarchy
- Perform analysis using geometric or arithmetic calculations
- Organize data by pre-defined or custom groupings:
  - Long/Short
  - Regional and Country
  - Sector/Industry Classifications
  - Equity Characteristics (e.g., market cap, P/E ratio, etc.)
- Customize start and end date range and frequency of reporting periods
- Double-click on underlying holdings to view comprehensive security report

New in 3.6.1

- Change Portfolio Analysis to Performance Attribution in the main left hand navigation
- Examine attribution using the Three Factor Model to view the interaction term separate from the weighting and selection effects
- Analyze two equity portfolios vs. a benchmark
- Filter to exclude benchmark holdings and only display portfolio holdings in report
- Perform multi-manager attribution at the asset class level for fund-of-funds
- Display return reported by the fund manager vs. calculated from attribution analysis
- Determine a cash proxy to perform attribution analysis
- Auto-calculate views in report when change parameters
- Highlights view provides a summary of calculated attribution reports
- Attribution Holdings Data view details portfolio and benchmark holding dates
- Export all data views and details to Microsoft Excel with ability to expand and collapse groupings

- Coming soon: Charts and reports, batch scheduling, currency attribution, transactions-based attribution

Performance Reporting

- Investment Scorecard
  - Evaluate investment performance based on a user-defined grading system
  - Select critical performance data points for analysis
  - Assign custom weights to each selected performance factor
- Include investment constituents of user-created portfolios (Aggregates and Custom Funds)
- Save and modify Search Criteria used to select report investments
- View report Search Criteria on performance reports and in exported output
- Generate charts and reports in Performance Reporting
- Include a second Display Benchmark
- Select pre-defined Display Benchmarks
- Enhanced performance for faster report calculation

New in 3.6.1

- Move Performance Reporting out of Workspace in main left hand navigation
- Use wizard as a guide to set-up performance reports
- Filter a calculated report on available data points and ranks in the report
- Include imported user-defined security name, grade, ID, category, and benchmark in report
- Apply new user-defined rules-based grading system to score investments and apply weights to the scores to generate a weighted score-based report
- Standardize Investment Scorecard based on percentile rank
- Add new columns to report by right-clicking on column headings of main report screen

Fund Flows
New in 3.6.1

- Provides a comprehensive view of funds total net assets and cash flow data
- Consolidated market data on a range of investments across multiple geographical markets
- Get the most timely flow data – U.S. open-end funds by the seventh business day, ETFs by the third business day
- Point and click to quickly drill-down to analyze data by fund family, asset class, fund, fund class, and Investment Company Institute (ICI) method of sale
- Aggregate data based on proprietary Morningstar lenses such as Morningstar Rating™, Morningstar categories, and Morningstar Stewardship Grades℠
- Launch Fund Flows with Morningstar Direct from the main left hand navigation

Defined Contribution Module
New in 3.6.1

- Perform due diligence for configuring diversified retirement plan lineups
- Compare fund- and plan-level fees
- Conduct detailed analysis to ensure consistency with investment policy statement
- Profile a single plan or compare plans side-by-side

Morningstar® Hypothetical Illustrator℠

- Analyze past performance of global investments in relation to a benchmark, competing investment, or value-added to overall portfolio
- Assess an individual investment or a portfolio of securities across multiple investment universes
- Illustrate investment strategies based upon specified schedules, fees, cash flows, and rebalancing options
- Incorporate underlying holdings to show performance with relevant asset allocation, sector weightings, and style diversification
- Display results in different languages, currencies, and report configurations

Report Builder

- Notes component adds most recent user-defined notes
- Send and share customized components
- Click PDF button in Report Builder to generate report

New in 3.6.1

- Home page for Report Builder
- Added Performance Summary as a new report template
- Select new operations, performance, risk, portfolio, and Morningstar Ratings and analysis components for inclusion in custom reports

Reports

- Institutional ownership report
  - Ownership Activity to identify which institutions have new, soldout of, increased, or decreased selected investment positions
  - Ownership Statistics to analyze market cap and country breakdowns of each institutional owner
  - Generate HTML or PDF report
- Quicktake reports
  - Fair value analysis for ETFs displays valuation rating, fair value prices and returns, portfolio fair value uncertainty with underlying security breakdowns, moat breakdowns, % of assets with fair market value, and # of holdings covered
  - Morningstar Style Box™ for fixed income funds
  - Gross return for Canada pooled funds
- Select Morningstar Category in Performance Evaluation report dialog to dynamically populate investment peer groups
- Choose standardized returns disclosure page and general disclosures separately in reports dialog

New in 3.6.1

- Select up to four investments to compare against a benchmark in the Multiple Investment Comparison report
- Add Morningstar Rating for hedge funds to the Hedge Fund Summary report

User-Defined Notes

- Include most recent qualitative note written for stocks and funds in custom investment profiles created in Report Builder
- Added data point for note effective date to track records

Global Document Library

- View company public documents, including financials, announcements, ownership, proxies, registrations, and insider activities
- Search investment terms and data points for definitions, methodology papers, examples of use, and related data points

Functionality and Usability

- Enabled Search Criteria to find securities across all investment universes
- Display extended performance start date in data views
- Search for market indexes by Country Orientation
- Edit Data for Historical Valuation and Growth Measures within stock universe

New in 3.6.1

- Apply X-Ray for user-defined Aggregates and Custom Funds when saved as an Investment List
- Organize saved Investment List, Search Criteria, and Data Sets in subfolders under Workspace
- Import user-defined security name, grade, ID, category, and benchmarks
- View global investment databases or only user's local investment databases
- Quickly search investment universes for a single investment by ISIN, Name, and Legal Name
- New columns for Alert Rules and Triggered Alerts to display previous value, triggered value, new value, change direction, settings
- Home page widgets:
  - View changes to the Morningstar databases under recent additions, recent closes, and recent mergers/liquidations
  - View product development under Recent Update/Enhancements
  - Monitor market indexes in Canada, Australia, Asia, and Europe and auto refresh the intra-day market graph

Data and Coverage

- Historical fund size (surveyed and estimates) for global investment universes
- Fair value analysis data points for ETFs
- Quarter-end stock returns
- U.S. Fixed-Inc Muni Sector Exposure breakdowns (Super sector, Primary sector, Secondary sector, and Muni sector)
- Equity country exposure to Estonia, Latvia, Lithuania, and Vietnam
- Historical daily price for close-end funds
- Historical NAV for life insurance products
- Standardized return periods for U.S. variable annuity sub-accounts (Trailing, Quarter-end, 1, 3, 5, 10 year, and Since Inception)

New in 3.6.1

- Unit Investment Trust universe
- Over 400 new stock data points including current and historical operational ratios and profitability ratios
- Currency conversion for data points found on the income statement, balance sheet, and statement of cash flow of stocks
- Target asset allocation fund glide path data
- Data point identifying mutual fund administrators and multiple advisors of a fund
- Search for the primary share class of investments in GIFS categories and display average performance
- S&P Specialist Sector at the fund level
- View more holding types in the detailed holding analysis including Bond–Option (Call)
- Australian funds surveyed asset allocation
- New categories for India and Thailand
- UK IMA "Property" sector
- Italian pension fund wrapper level data points
- MPF Sector data point for Hong Kong MPF sub-universe under Insurance/Life Products
- OMX Index sub-universe under Market Indexes
- Historical monthly yield for Market Indexes
- Historical 7 day yields for Money Market Funds