

Creating a Model Portfolio – Q&A

How can I exclude the fees of the target funds when constructing the model portfolio? I want to use longest track record share classes and sometimes retail share class has the longest track record, and the fee will have a significant impact on my model portfolio if I run back test simulation to see how it would rank in the Morningstar Category. So, I prefer to run everything gross of fees. How can I do this if each target fund has its own fees? e.g. I have a portfolio of 4 funds (A, B, C, D) as the following: A -10%, B-30%, C - 15%, D -25%, and each of the funds has its own fee, e.g. A charge 0.80, B - 1.50, C - 0.40, D - 1.25.

You can use the Combined Series option when creating a Model Portfolio or Account. You need to create one combined series Account or Model Portfolio per fund. Use the Arithmetic Addition of a Constant and set the charge. Once those combined series Accounts or Model Portfolios are created, save them in an Investment List. When you create your Model Portfolio, add those combined series Accounts or Model Portfolios to your Model Portfolio from the Investment List. Assign date weights and save. For more information, please reach out to our Support desk.

You will find more information in [Appendix B of the Creating Model Portfolios exercise guide](#).

Is there a difference between a 1% Management Fee applied annually and a 0.5% applied semi-annually and 0.25% applied quarterly?

No, there is no difference.

Why not simply use the existing EONIA EUR or Euribor indexes as underlying position in the share section?

Yes, you can use these instead. Most of the clients are using Cash (as they have in portfolios), but we treat cash as a zero return in performance. But if you use Eonia/Euribor it will have a return and impact the portfolio performance.

Can I share a model portfolio with a colleague?

Yes, you can. select the portfolio > Action > Share/ Send and add your colleague's email address (as long as it is associated with a Morningstar Direct login).

In the portfolio aggregation report, Cash shows 6.12% but you only allocated 5% to Cash, why the different in numbers?

This is due to some of the other funds investing in cash as well. The report will therefore aggregate everything.

Frederic Jauffret 10:34 AM

Does the report take into account overlaps in term of sectors among the funds?

Petar.Draganov@morningstar.com 10:36 AM

It showing you the weighted average exposure to asset classes, sectors etc.

Patrick Thomas 10:34 AM

When I produce the "growth" chart it doesn't produce a model portfolio, just individual fund performance?

You need to make sure that you close the portfolio window. You can generate a growth chart for the model portfolio from the Model Portfolio section, select the portfolio and click Action > Interactive Charts > Desktop-based Charts > Growth.

Can you import Morningstar databases directly to computer languages (Python, R etc)?

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We do have an add-on available through Workspace that allows you to export lists and searches and saved data sets to a FTP location. Then you can run a Python script. This is part of our data feed solutions and requires additional licensing. Please reach out to your Customer Success Manager if interested.

Can you explain what the "Use Gross Return" tick box means in model set up options?

When you set up a management fee at the portfolio level, selecting this checkbox will generate make sure the model portfolio uses gross returns.

What sort of securities are added to the fixed income section of model holdings set up – should fixed income funds be set here rather than Funds section?

This tab is for individual bonds. Fixed Income funds are added from the Stock/Funds tab.

If I have a fixed income fund, where can I add this investment to the portfolio?

You can add it from Stock/Fund tab in the Holdings Entry window.

About the Import, will this overwrite data already loaded to the model portfolio?

If you assign a different portfolio date, it will add the new positions to your existing model portfolio, you have to assign a weight. If you use an existing date, it will overwrite the data.