

Workshop Training Guide Morningstar Direct



Constructing a Model Portfolio



MORNINGSTAR Direct



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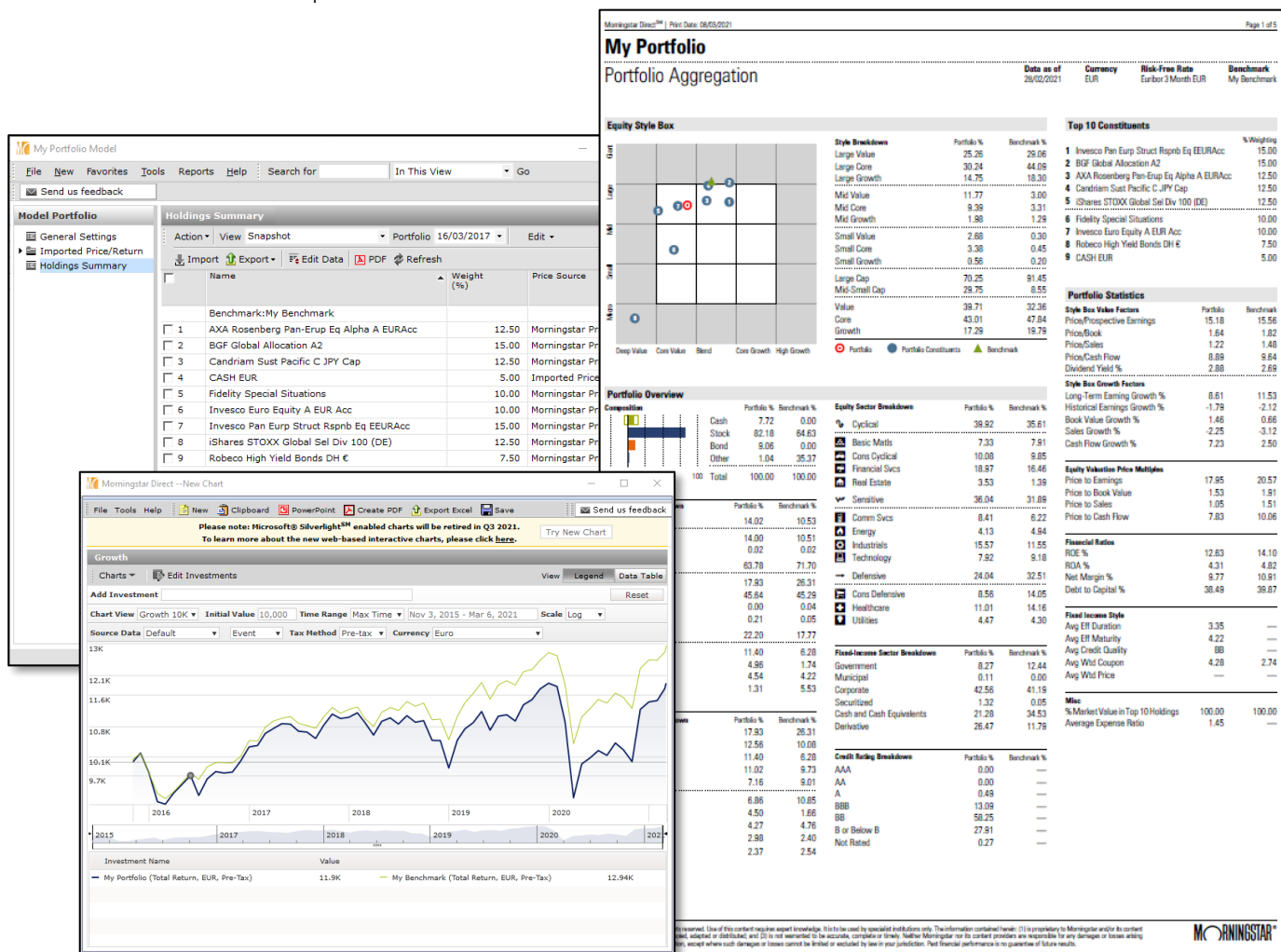
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Constructing a Model Portfolio

In this exercise guide, you will learn how to leverage some of the key features in Morningstar Direct, including the following tasks:

- ▶ Build your own portfolio from an Investment List
- ▶ Modify an existing portfolio
- ▶ How to handle Cash positions

Overview

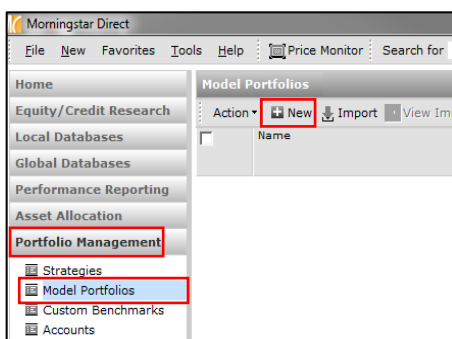


The first step in creating a portfolio is to identify its investments. Once you have gone through your selection process, you can save those investments in an **Investment List** for easy access.

There are 3 main sections in Portfolio Management: **Model Portfolios** (for your portfolios), **Custom Benchmarks** (for mixed indices), and **Accounts** (for returns series or holdings import). The process for creating either item is similar.

We will be working with the **Model Portfolios** section. To create a new **Model Portfolio**, do the following:

1. In Morningstar Direct, select the **Portfolio Management** tab. The **Accounts** section is selected by default.
2. Click on **Model Portfolios**.
3. From the toolbar, click **New**.



Be sure to select the correct tab and icon

4. Enter/select the highlighted information:

Name	My Portfolio
Combined series	<input type="radio"/> Yes <input checked="" type="radio"/> No
Combined series:Yes	
Base series	
Operator	Arithmetic Addition
Second series	
Combined series:No	
Currency	Euro
Benchmark 1	MSCI Europe NR EUR
Benchmark 2	MSCI World NR EUR
Risk free proxy	Euribor 3 Month EUR
Portfolio ID	Portfolio123
Performance source	Calculated based on underlying positions
Management fee effective period	Entire period
Management fee %	
Fee applied*	Annually
Performance series	Daily
Rebalancing frequency	Monthly
Rebalancing based on	Calendar Period End
Performance calculation start date	Earliest Common

Enter/select information as appropriate

5. Choose your rebalancing frequency. In this exercise, we will use the information in **bold**.

Rebalancing Frequency	Rebalancing based on	Performance Calculation Start Date	Missing TNA Handling
Buy and Hold	-	Enter the date of those positions in the Holdings Entry dialogue box	
Monthly /Daily /Quarterly/ Semi-Annually/Annually	Calendar Period End: on the end period date (E.g; month end if monthly is selected) Rolling Period based on Portfolio Date: on the same day in the next period	First Portfolio Date: select specific date Earliest Available: date of the inception date of the oldest constituent Earliest Common: common period	
Monthly – Total Net Assets	-	-	Infer forward in time Infer backward in time Roll previous value forward
Buy and Hold – Total Net Assets	-	-	Infer forward in time Infer backward in time Roll previous value forward

☞ **Note:** Rebalancing with Monthly – Total Net Assets means the portfolio is rebalanced each month in proportion to the TNAs of the share classes as of that month end.

☞ **Note:** Rebalancing with Buy and Hold – Total Net Assets means the weightings are automatically updated as the latest month end date changes.

6. Click **Save**. The **Holdings Entry** dialogue box opens.

☞ **Note:** Regarding benchmarks: you have access to the **Market Indexes** database, as well as access to **Morningstar Indices**.

☞ **Note:** As mentioned earlier on in this document, Portfolio Management also allows you to create your own **Custom Benchmarks**. You can therefore go to **Portfolio Management > Custom Benchmarks** and create your own mixed index, following the same instructions as to create a Model Portfolio.

You are now able to select the investments for your Model Portfolio. You can select investments from an existing Investment List, or simply select your funds by looking for their **ISIN** or **SecId**.

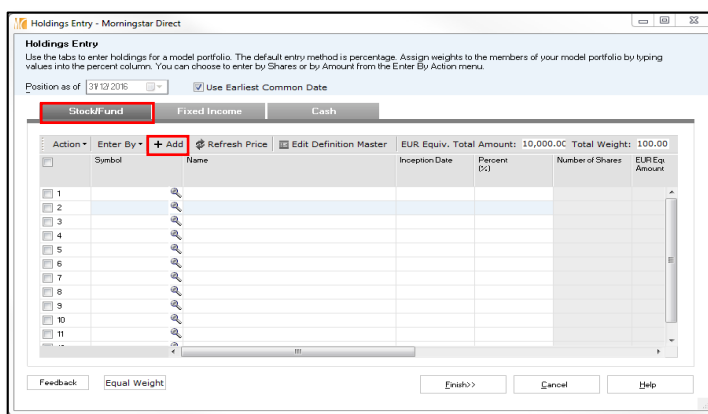
- ☞ **Note:** It is recommended to use **SecId** (unique identifier) when working with investments such as ETFs or currency share classes that have the same ISIN as identifier.

There are three main tabs in the **Holdings Entry** dialogue box:

- ▶ **Stock/Fund:** select from the Stocks and Funds databases
- ▶ **Fixed Income:** select from the Bonds database
- ▶ **Cash:** select custom cash securities (set up in **Security Definition Master**)

To select investments, do the following:

1. Under the **Stock/Fund** tab, click **Add**. The **Add Holdings** dialogue box opens.



2. At the top of the dialogue box, switch the Find By drop-down menu to **ISIN**.

- ☞ **Note:** You can also select **My Lists** or **My Searches**.

3. Select the following ISINs:

ISIN	Name	Universe
IE0008365730	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	Open-End Funds
LU0171283459	BGF Global Allocation A2	Open-End Funds
BE0174191768	Candriam Sust Pacific C JPY Cap	Open-End Funds
GB0003875100	Fidelity Special Situations	Open-End Funds
LU1240328812	Invesco Euro Equity A EUR Acc	Open-End Funds
LU0194781224	Invesco Pan Eurp Struct Rspnb Eq EEURAcc	Open-End Funds
LU0085136942	Robeco High Yield Bonds DH €	Open-End Funds
DE000A0F5UH1	iShares STOXX Global Sel Div 100 (DE)	ETFs

- ☞ **Note:** for the iShares, select the one marked as Oldest, this will be the primary exchange.

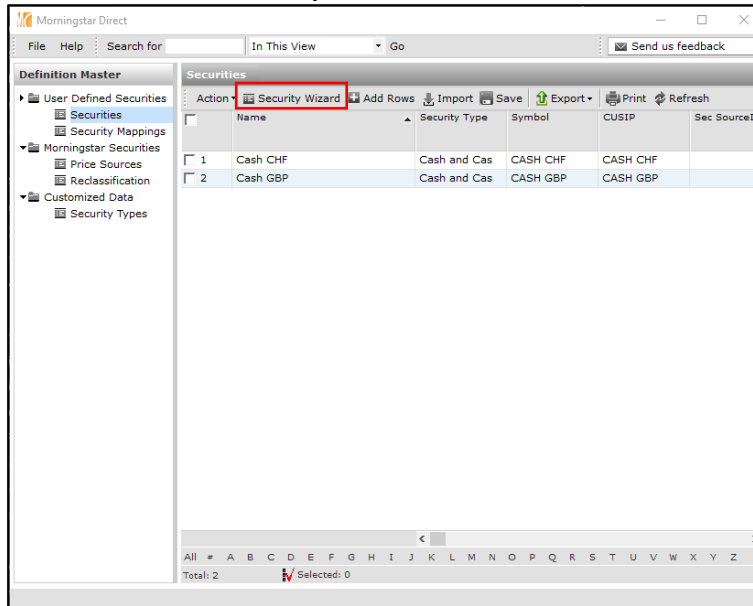
4. Click **OK** to return to the Holdings Entry window.

Back on the **Holdings Entry** dialogue box, we want to add some cash to our portfolio. But we first need to create the cash position in Security Definition Master in order for it to be recognised in the right currency.

Exercise 3: Creating a Custom Cash Position

To create a cash position, do the following:

1. From the **Holdings Entry** window, click the **Cash** tab.
2. Click **Edit Definition Master**. The **Definition Master** window opens on screen.
3. From the toolbar, click **Security Wizard**.



Click **Security Wizard**

4. Under **Security Type**, select **Cash and Cash equivalents**.
5. In the **Description**, **CUSIP**, **ISIN**, and **Symbol** fields, type **Cash EUR**.
6. Under **Base Currency**, select **Euro Member Countries, Euro**.

Security Type* Cash and Cash Equivalents

CUSIP Cash EUR

ISIN Cash EUR

Description Cash EUR

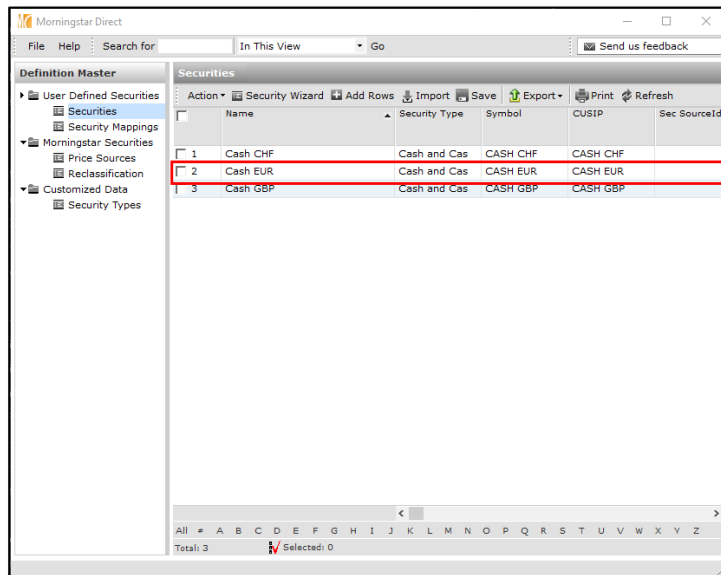
Symbol Cash EUR

Base Currency Euro Member Countries, Euro

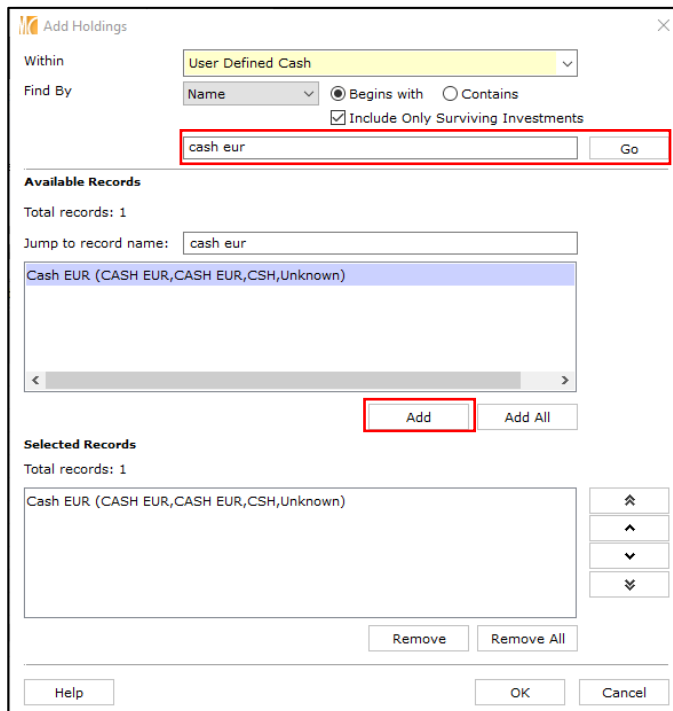
Enter the information as shown here

7. Click **Save + Close** and click **OK** on the prompt.

You are returned to the Definition Master window. Note the new Cash position in Euro currency.



8. Close the window to return to the Holdings Entry window.
9. Click **Add**. The **Add Holdings** dialogue box opens.
10. In the **Search** field, type **cash eur**, click **Go**.
11. Select your custom cash and click **Add**.



Add your
cash
position

12. Click **OK**.

Back in the **Holdings Entry** window, we can now allocate weights to our positions.

1. Assign **5%** to your cash.

Exercise 4: Assigning Weights to your Positions

Holdings Entry
Use the tabs to enter holdings for a model portfolio. The default entry method is percentage. Assign weights to the members of your model portfolio by typing values into the percent column. You can choose to enter by Shares or by Amount from the Enter By Action menu.

Position as of: 31/01/2020

Stock/Fund | Fixed Income | Cash

Action | Enter By | + Add | Edit Definition Master | EUR Equiv. Total Amount: 10,000.00 Total Weight: 5.00

	Name	Percent (%)	EUR Equivalent Amount	Amount in Base Currency	Base Currency
<input type="checkbox"/> 1	Cash EUR	5.00	500.00	500.00	EUR
<input type="checkbox"/> 2					
<input type="checkbox"/> 3					
<input type="checkbox"/> 4					
<input type="checkbox"/> 5					
<input type="checkbox"/> 6					
<input type="checkbox"/> 7					
<input type="checkbox"/> 8					
<input type="checkbox"/> 9					
<input type="checkbox"/> 10					
<input type="checkbox"/> 11					

Feedback | Equal Weight | Finish >> | Cancel | Help

2. Click the **Stock/Fund** tab.
3. Assign the following weights to the remaining holdings:

Fund	Weight
AXA Rosenberg Pan-Eurp Eq Alp A EUR	12.5
BGF Global Allocation A2	10
Candriam Sust Pacific C Acc	15
Fidelity Special Situations	10
Invesco Euro Equity A EUR Acc	12.5
Invesco European Growth Equity E	10
iShares STOXX Global Sel Div 100 (DE)	15
Robeco High Yield Bonds DH EUR	10
Cash EUR	5

4. Using the calendar next to **Position as of**, set the date to **01/01/2016**.

Holdings Entry - Morningstar Direct

Use the tabs to enter holdings for a model portfolio. The default entry method is percentage. Assign weights to the members of your model portfolio by typing values into the percent column. You can choose to enter by Shares or by Amount from the Enter By Action menu.

Position as of: 01/01/2016

Action	Enter By	+ Add	Refresh Price	Edit Definition Master	EUR Equiv. Total Amount: 10,000.00	Total Weight: 100.00
Symbol	Name	Inception Date	Percent (%)	Number of Shares	EUR Eq Amount	
1	ISPA	Invesco Euro Equity A EUR Acc	02/10/2015	12.50	11.37	
2		iShares STOXX Global Sel Div 100 (DE)	25/09/2009	15.00	57.89	
3		Invesco Pan Eur Struct Rspnb Eq EEURAcc	30/06/2004	10.00	43.71	
4		Candriam Sust Pacific C JPY Cap	15/09/2000	15.00	59.15	
5		AXA Rosenberg Pan-Eurp Eq Alpha A EURAcc	30/09/1999	12.50	76.45	
6		Robeco High Yield Bonds DH €	17/04/1998	10.00	8.17	
7		BGF Global Allocation A2	03/01/1997	10.00	22.18	
8		Fidelity Special Situations	17/12/1979	10.00	23.74	

Feedback Equal Weight Finish Cancel Help

Enter weights and set the date to 01/01/2016

Note: You can enter positions by weight, amount or number of shares. To do so, click **Enter By** and select the appropriate option.

5. Click **Finish**.

Your portfolio is now saved and opens on screen.

My Portfolio Model

File New Favorites Tools Reports Help Search for In This View Go

Send us feedback

Model Portfolio

- General Settings
- Imported Price/Return
- Holdings Summary

Holdings Summary

Action View Snapshot Portfolio: 01/01/2016 Edit

Import Export Edit Data PDF Refresh

Name	Weight (%)	Price Source	ISIN
Benchmark:MSCI Europe NR EUR		Morningstar Price	
1 AXA Rosenberg Pan-Eurp Eq Alpha A EURAcc	12.50	Morningstar Price	IE00
2 BGF Global Allocation A2	10.00	Morningstar Price	LU0
3 Candriam Sust Pacific C JPY Cap	15.00	Morningstar Price	BE0
4 Cash EUR	5.00	Imported Price	Cas
5 Fidelity Special Situations	10.00	Morningstar Price	GB0
6 Invesco Euro Equity A EUR Acc	12.50	Morningstar Price	LU1
7 Invesco Pan Eurp Struct Rspnb Eq EEURAcc	10.00	Morningstar Price	LU0
8 iShares STOXX Global Sel Div 100 (DE)	15.00	Morningstar Price	DE0
9 Robeco High Yield Bonds DH €	10.00	Morningstar Price	LU0

All A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

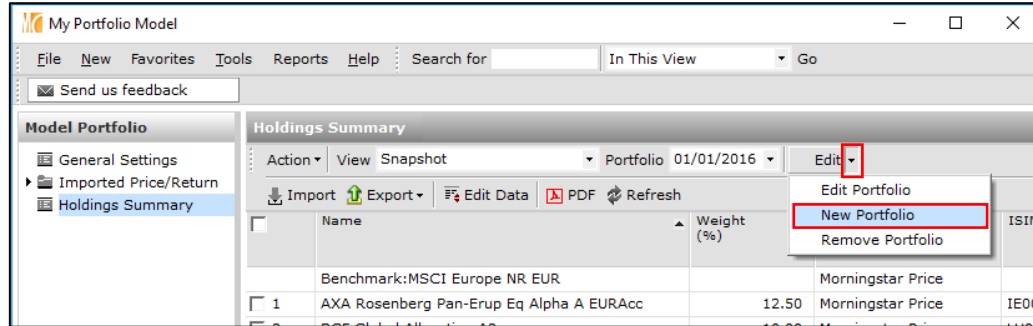
Total: 9 Selected: 0

We now want to record a change in our portfolio over time. We will therefore create a new date with the composition of the portfolio on this date and time.

Exercise 5: Recording a Change in the Portfolio Composition

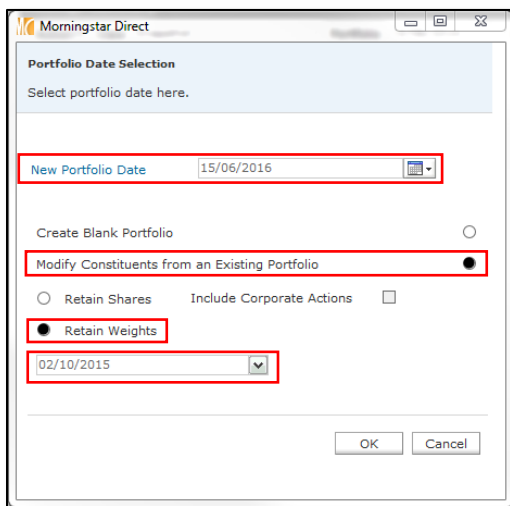
To record a change in the portfolio, do the following:

1. From the toolbar in your Model Portfolio window, click on the arrow next to **Edit > New Portfolio**.



Click on the arrow and then on **New Portfolio**

6. The **Portfolio Date Selection** dialogue box opens.
7. Enter the date of the change in positions allocation: **15/06/2016**.
8. Select **Modify Constituents from an Existing Portfolio** to copy the previously selected constituents.
9. Select **Retain Weights** to work with weights.
10. Choose the original portfolio date you want to work with (only one in this case).
11. Click **OK**.



Use the highlighted options

You are taken back to the **Holdings Entry** dialogue box. We want to remove the last security from our portfolio.

12. Tick the checkbox next to the name of the last security in your list.
13. Go to **Action > Delete Rows**.

Holdings Entry
Use the tabs to enter holdings for a model portfolio. The default entry method is percentage. Assign weights to the members of your model portfolio by typing values into the percent column. You can choose to enter by Shares or by Amount from the Enter By Action menu.

Position as of: 15/06/2016

Stock/Fund Fixed Income Cash

Action ▾ Enter By ▾ + Add Refresh Price Edit Definition Master EUR Equiv. Total Amount: 10,000.00 Total Weight: 100.00

☐ Add Rows
☒ **Delete Rows**
☐ Add Multiple

	Name	Inception Date	Percent (%)	Number of Shares	EUR Equi Amount
<input type="checkbox"/>	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	30/09/1999	12.50	85.03	1.2
<input type="checkbox"/> 2	BGF Global Allocation A2	03/01/1997	10.00	23.14	1.0
<input type="checkbox"/> 3	Candriam Sust Pacific C JPY Cap	15/09/2000	15.00	65.53	1.5
<input type="checkbox"/> 4	Fidelity Special Situations	17/12/1979	10.00	26.58	1.0
<input type="checkbox"/> 5	Invesco Euro Equity A EUR Acc	02/10/2015	12.50	12.71	1.2
<input type="checkbox"/> 6	Invesco Pan Eur Struct Rsprib Eq EEURAcc	30/06/2004	10.00	47.96	1.0
<input type="checkbox"/> 7	ISPA iShares STOXX Global Sel Div 100 (DE)	25/09/2009	15.00	59.43	1.5
<input checked="" type="checkbox"/> 8	Robeco High Yield Bonds DH €	17/04/1998	10.00	7.63	1.0
<input type="checkbox"/> 9					

Use the highlighted options

14. Assign 15% to **Fidelity Special Situations** and **BGF Global Allocation A2**.
15. Click **Finish**.

The change in portfolio composition has now been recorded. You can use the **Portfolio** drop-down menu to toggle between the dates.

Model Portfolio

General Settings
Imported Price/Return
Holdings Summary

Holdings Summary

Action ▾ View Snapshot ▾ Portfolio: 15/06/2016 Edit ▾

Import Export Edit Data PDF Refresh 15/06/2016 01/01/2016

	Name	Weight (%)	Price Source	ISIN
	Benchmark: MSCI Europe NR EUR		Morningstar Price	
<input type="checkbox"/> 1	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50	Morningstar Price	IE00
<input type="checkbox"/> 2	BGF Global Allocation A2	15.00	Morningstar Price	LU00
<input type="checkbox"/> 3	Candriam Sust Pacific C JPY Cap	15.00	Morningstar Price	BE00

Use this drop-down menu to toggle between dates

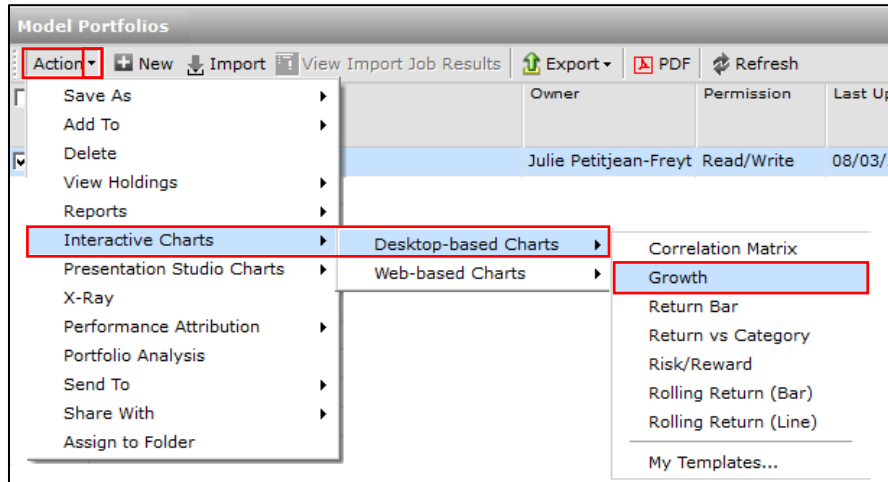
Close the **Model Portfolio** window by clicking on the red cross in the top-right corner. You are taken back the Model Portfolios section of Portfolio Management.

We now want to see how this portfolio fares against its benchmark in a growth chart.

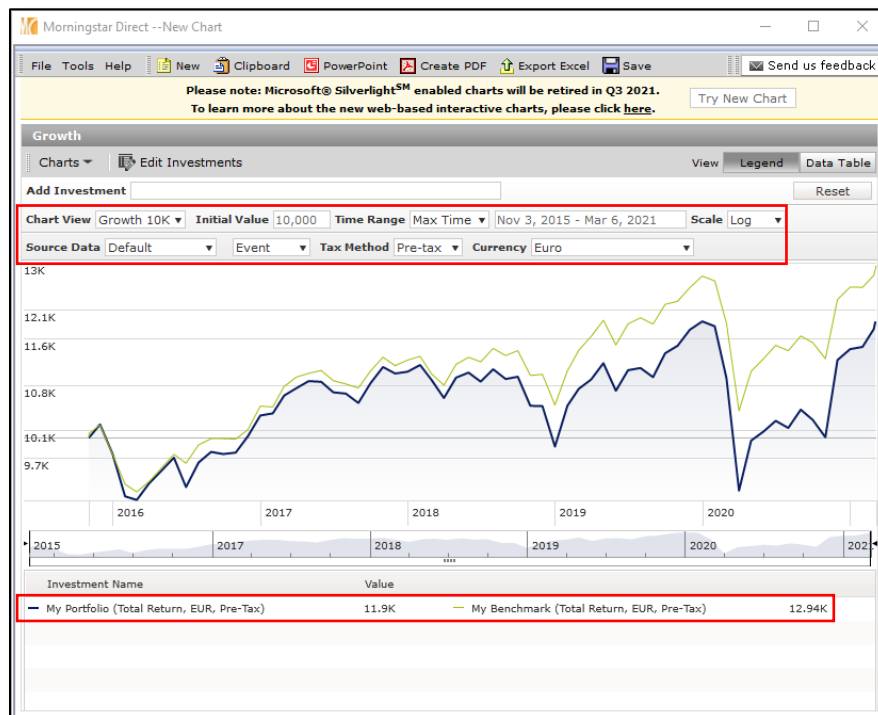
To do so, do the following:

1. Tick the checkbox next to the portfolio you created.
2. Go to **Action > Interactive Charts > Desktop-based Charts > Growth**.

Exercise 6: Generating a Growth chart



The **Growth** chart displays your portfolio as well as the benchmark you selected. Various options are available to customise the data, such as Chart View, Initial Value, Time Range, Currency, etc.

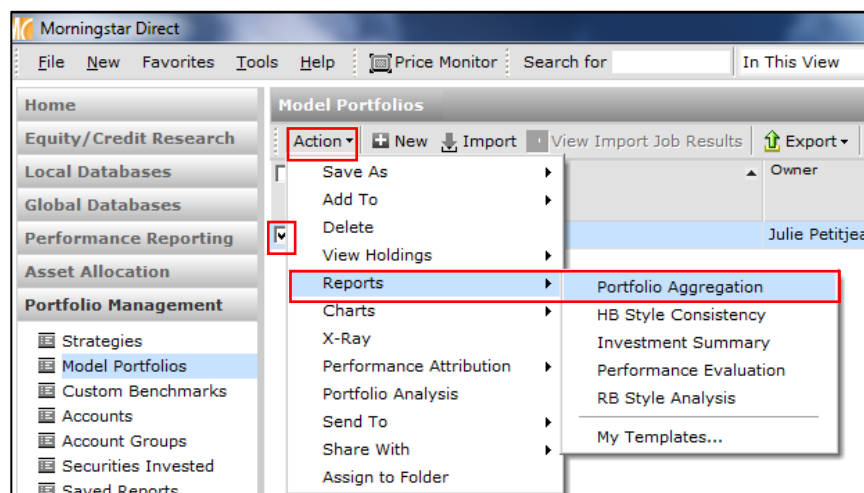


You can easily generate a report for further quick analysis of your Model Portfolio. This report will give an overview of the portfolio exposure, risk and return, as well as the top 25 stocks within your portfolio.

Exercise 7: Generating the Portfolio Aggregation report

To generate this report, do the following:

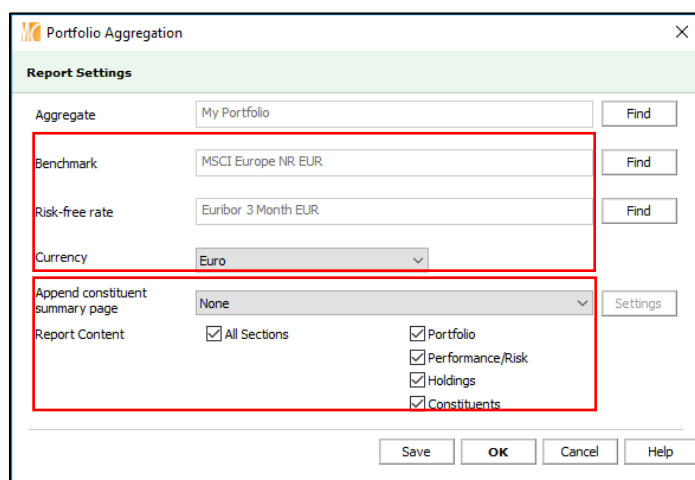
1. From **Portfolio Management > Model Portfolios**, tick the checkbox next to your portfolio name.
2. Go to **Action > Reports > Portfolio Aggregation**.



The **Portfolio Aggregation** dialogue box opens. You will notice how the relevant Benchmark, Risk-Free rate and Currency assigned to the portfolio are selected. You may decide to add a summary page for each constituent of your portfolio from the **Append constituent summary page** drop-down menu.

You can also select partial or all sections of the report.

3. Leave all options as shown in the screenshot below and click **OK**.
4. Click **No** on the prompt.



The **Portfolio Aggregation** report opens. You can save it by clicking on the **Save** icon that appears when hovering on the top of the page.

Morningstar Direct

Save this report to the Saved Reports area in order to access it later from any location. To e-mail this report directly from this screen, click the E-mail button.

Report Title: Save Close E-mail Feedback Help

Morningstar Direct™ | Print Date: 26/02/2020

My Portfolio

Portfolio Aggregation

Data as of: 31/01/2020 Currency: EUR Risk-Free Rate: — Benchmark: MSCI Europe NR EUR

Equity Style Box

Style Breakdown

	Portfolio %	Benchmark %
Large Value	36.20	32.49
Large Core	23.33	35.51
Large Growth	10.42	16.16
Mid Value	10.09	5.92
Mid Core	7.88	4.66
Mid Growth	2.43	5.27
Small Value	3.37	0.00
Small Core	4.47	0.00
Small Growth	1.81	0.00
Large Cap	69.95	84.16
Mid-Small Cap	30.05	15.84
Value	49.66	38.40
Core	35.68	40.17
Growth	14.66	21.43

Top 10 Constituents

	% Weighting
1 Candriam Sust Pacific C JPY Cap	16.14
2 iShares STOXX Global Sel Div 100 (DE)	15.64
3 BGF Global Allocation A2	14.98
4 Fidelity Special Situations	14.96
5 Invesco Euro Equity A EUR Acc	12.44
6 AXA Rosenberg Pan-Europ Eq Alpha A EURAcc	12.23
7 Invesco Pan Europ Struct Rspnb Eq EEUAcc	9.72
8 Cash EUR	3.89

Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	13.57	14.44
Price/Book	1.54	1.68
Price/Sales	1.06	1.22
Price/Cash Flow	6.27	7.38
Dividend Yield %	3.76	3.72

Style Box Growth Factors

	Portfolio	Benchmark
Long-Term Earning Growth %	8.13	8.11
Historical Earnings Growth %	2.92	5.15
Book Value Growth %	3.55	3.29
Sales Growth %	2.51	1.18

Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	6.34	0.00

Equity Sector Breakdown

	Portfolio %	Benchmark %
Financial	41.61	24.66

Legend: Portfolio (Red Circle), Portfolio Constituents (Blue Circle), Benchmark (Green Triangle)

Hover at the top of the page to save the report to your computer

An **Import** function is also available for Model Portfolios. This function can save you a tremendous amount of time in creating new Model Portfolios or updating existing ones. We are going to record additional changes over time for our current Model Portfolio.

To do so, you need to create an Excel file with the following information:

- ▶ **Date** – date of the positions
- ▶ **Portfolio Name** – name of your portfolio
- ▶ **Portfolio ID** – identifier you entered under General Settings
- ▶ **Identifier** – constituent's identifier
- ▶ **Holdings** – constituent's name
- ▶ **Weight (%)** – percentage of the position

 **Note:** You can also work with **Number of Shares/Amounts** instead of **Weights**.

Date	Portfolio Name	Portfolio ID	Identifier	Holdings	Weight (%)
21/09/2016	My Portfolio	Portfolio123	IE0008365730	AXA Rosenberg Pan-Eurp Eq Alp A EUR	15.00
21/09/2016	My Portfolio	Portfolio123	LU0171283459	BGF Global Allocation A2	7.50
21/09/2016	My Portfolio	Portfolio123	BE0174191768	Candriam Sust Pacific C Acc	15.00
21/09/2016	My Portfolio	Portfolio123	GB0003875100	Fidelity Special Situations	10.00
21/09/2016	My Portfolio	Portfolio123	LU1240328812	Invesco Euro Equity A EUR Acc	12.50
21/09/2016	My Portfolio	Portfolio123	LU0194781224	Invesco European Growth Equity E	12.50
21/09/2016	My Portfolio	Portfolio123	DE000A0F5UH1	iShares STOXX Global Sel Div 100 (DE)	12.50
21/09/2016	My Portfolio	Portfolio123	LU0085136942	Robeco High Yield Bonds DH EUR	7.50
21/09/2016	My Portfolio	Portfolio123	Cash EUR	Cash EUR	7.50
16/03/2017	My Portfolio	Portfolio123	IE0008365730	AXA Rosenberg Pan-Eurp Eq Alp A EUR	12.50
16/03/2017	My Portfolio	Portfolio123	LU0171283459	BGF Global Allocation A2	15.00
16/03/2017	My Portfolio	Portfolio123	BE0174191768	Candriam Sust Pacific C Acc	12.50
16/03/2017	My Portfolio	Portfolio123	GB0003875100	Fidelity Special Situations	10.00
16/03/2017	My Portfolio	Portfolio123	LU1240328812	Invesco Euro Equity A EUR Acc	10.00
16/03/2017	My Portfolio	Portfolio123	LU0194781224	Invesco European Growth Equity E	15.00
16/03/2017	My Portfolio	Portfolio123	DE000A0F5UH1	iShares STOXX Global Sel Div 100 (DE)	12.50
16/03/2017	My Portfolio	Portfolio123	LU0085136942	Robeco High Yield Bonds DH EUR	7.50
16/03/2017	My Portfolio	Portfolio123	Cash EUR	Cash EUR	5.00

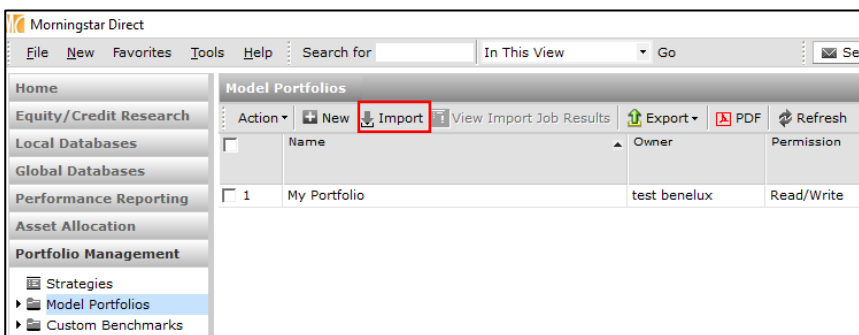
The Portfolio Name and Portfolio ID ensure the correct Model Portfolio is updated

Note the various dates, indicating 2 changes in our portfolio

The file contains positions for the same portfolio, but with two different dates, which indicates a change in the positions on two different occasions.

To proceed with the import, do the following:

1. Download the file used in this exercise by clicking [here](#).
2. From the Portfolio Management module under the Model Portfolios section, click **Import**.



Click on Import

3. From the **Import** window, double-click on **Model Portfolio Holdings**. The **Model Portfolio Holdings** dialogue box opens.
4. **File Name**: browse to select your saved Excel file.
5. **Date format**: select the relevant format.
6. **Weight format**: in this example, we will select **Percentage Format**.
7. **Security ID Type** can be left on **Auto Detect**.
8. **Header Row** checkbox: leave it selected if your Excel file contains a header row.
9. Map the **Column Code** with the **Column No.** columns.

Model Portfolio Holdings

Model Portfolio Holdings

File Name: C:\Users\jpetit\Desktop\Model Portfolio import.xlsx

Date Format: DD/MM/YYYY Weight Format: Percentage Form: %

Security ID Type: Auto Detect

Header Row: ☒

Available Templates

Column Code	Column No.
Portfolio Date	Column A (Date)
Portfolio Id	Column C (Portfolio ID)
Portfolio Name	Column B (Portfolio Name)
Holding Identifier	Column D (Identifier)
Holding Description	Column E (Holdings)
Share	Select...
Price	Select...
Market Value	Select...
Coupon	Select...
Maturity Date	Select...
Currency	Select...
Weight	Column F (Weight (%))

Import Cancel

Select your file and any relevant settings

Click on the relevant row in the right column and a drop-down menu opens to map items

10. Click on **Import** and the **Blotter** opens.

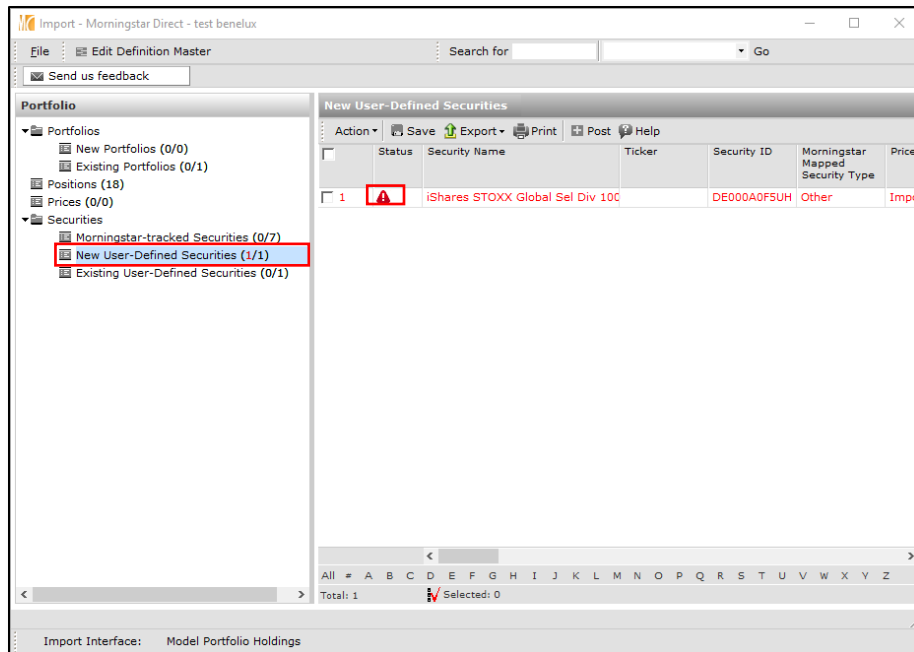
The **Blotter** is a temporary space where your positions are held until you validate the information.

You will be notified of any errors or inconsistencies. In this example, a new user-defined security is highlighted in the left panel.

To work with user-defined securities, do the following:

1. From the **Securities** section, click **New User-Defined Securities**.

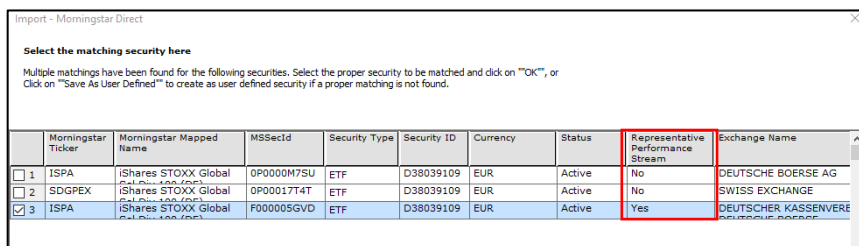
Exercise 9: Mapping Securities



The iShares STOXX Global ETF is flagged in red with a warning sign.

When importing stocks and ETFs, you will be prompted to map the exchange for that particular investment. Once done, this will be mapped in Security Definition Master and you will not be required to do this again for this Model Portfolio.

2. Double-click on the red warning sign. The **Select the matching security** window opens.
 - ☞ **Note:** The **Representative Performance Stream** column identifies the primary listing for this ETF.
3. Select the primary class, indicated by a Yes under the Representative Performance Stream column.
 - ☞ **Note:** If you click **Save as User-Defined**, this will be saved in **Definition Master** and the system will remember this information during the next import for this model portfolio.
4. Click **OK**.



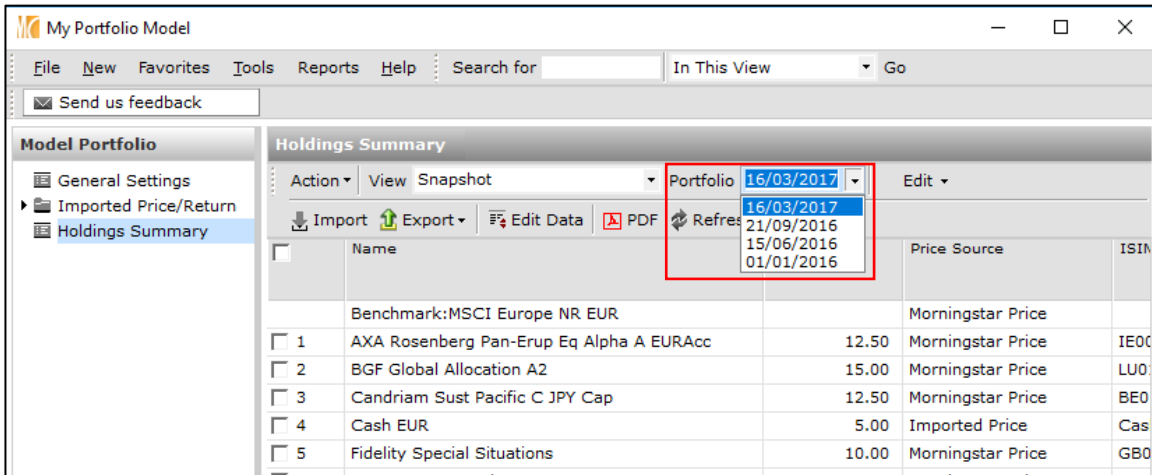
- Click **Save**.

A prompt confirms the changes were saved, and there is no more warning under **New User-Defined Securities** on the left navigation panel.

- From the toolbar, click **Post**.
- When prompted, click **OK** and close the **Import** window by clicking on the red cross in the top-right corner.

You are taken back to the **Model Portfolios** section.

Open your portfolio and notice how the dates were successfully recorded.



Action	View	Snapshot	Portfolio	Edit
Import	Export	Edit Data	PDF	Refresh
Name			Price Source	ISIN
Benchmark:MSCI Europe NR EUR				
1	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50	Morningstar Price	IE00
2	BGF Global Allocation A2	15.00	Morningstar Price	LU00
3	Candriam Sust Pacific C JPY Cap	12.50	Morningstar Price	BE00
4	Cash EUR	5.00	Imported Price	Cas
5	Fidelity Special Situations	10.00	Morningstar Price	GB00

Stocks and ETFs are listed on multiple exchanges in the Morningstar Database.

When importing this type of investments using ISIN, you will be prompted to select the right exchange during the import process, as seen in [Exercise 9: Mapping Securities](#).

Morningstar Direct offers a couple of options to deal with situation when importing Model Portfolios:

- Use SecId as identifier during import: an ETF/Stock listed on multiple exchanges will have a different SecId depending on the exchange it's listed on. By using the SecId as identifier for the ETF/Stock on the specific exchange you require in your import file, Morningstar Direct will automatically select the appropriate exchange.

Date	Portfolio Name	Portfolio ID	Identifier	Holdings	Weight (%)
21/09/2016	My Portfolio	Portfolio123	IE0008365730	AXA Rosenberg Pan-Eurp Eq Alp A EUR	15.00
21/09/2016	My Portfolio	Portfolio123	LU0171283459	BGF Global Allocation A2	7.50
21/09/2016	My Portfolio	Portfolio123	BE0174191768	Candriam Sust Pacific C Acc	15.00
21/09/2016	My Portfolio	Portfolio123	GB0003875100	Fidelity Special Situations	10.00
21/09/2016	My Portfolio	Portfolio123	LU1240328812	Invesco Euro Equity A EUR Acc	12.50
21/09/2016	My Portfolio	Portfolio123	LU0194781224	Invesco European Growth Equity E	12.50
21/09/2016	My Portfolio	Portfolio123	F000005GVD	iShares STOXX Global Sel Div 100 (DE)	12.50
21/09/2016	My Portfolio	Portfolio123	LU0085136942	Robeco High Yield Bonds DH EUR	7.50
21/09/2016	My Portfolio	Portfolio123	Cash EUR	Cash EUR	7.50
16/03/2017	My Portfolio	Portfolio123	IE0008365730	AXA Rosenberg Pan-Eurp Eq Alp A EUR	12.50
16/03/2017	My Portfolio	Portfolio123	LU0171283459	BGF Global Allocation A2	15.00
16/03/2017	My Portfolio	Portfolio123	BE0174191768	Candriam Sust Pacific C Acc	12.50
16/03/2017	My Portfolio	Portfolio123	GB0003875100	Fidelity Special Situations	10.00
16/03/2017	My Portfolio	Portfolio123	LU1240328812	Invesco Euro Equity A EUR Acc	10.00
16/03/2017	My Portfolio	Portfolio123	LU0194781224	Invesco European Growth Equity E	15.00
16/03/2017	My Portfolio	Portfolio123	F000005GVD	iShares STOXX Global Sel Div 100 (DE)	12.50
16/03/2017	My Portfolio	Portfolio123	LU0085136942	Robeco High Yield Bonds DH EUR	7.50
16/03/2017	My Portfolio	Portfolio123	Cash EUR	Cash EUR	5.00

- Use the ETF/Stock listed on the primary exchange. There is an option you can select to automate this process:
 1. Go to **File > Set User Preferences > Import tab**.
 2. Select the checkbox for **Auto-Select Representative Performance Stream Investments**.

This option will automatically select ETFs and Stocks on their primary listing when importing Model Portfolios.

Appendix A: Tips when Importing ETFs and Stocks

- ▶ Another option is to apply filters for Exchanges and Currencies when running an import.

When importing a model portfolio with ETFs/Stocks on various exchanges, you can assign a preferred order in your exchange and currency selection.

To use this function, do the following:

1. Go to **File > Set User Preferences > Import tab**.
2. Under the Choose your investment matching filter settings, click Set Exchange Filter.
3. Click **Add/Remove Exchanges**.
4. As an example, select the following exchanges:
 - ▶ Euronext Paris S.A., FRA
 - ▶ Euronext Amsterdam, NLD
 - ▶ Borse Berlin – Freiverkehr, DEU
5. Select **Import Match**.

Import - Morningstar Direct

Set Exchange Filter

Our system will attempt to map your imported securities to Morningstar-tracked securities. You can configure the security matching process by selecting the exchanges where your securities are trading below. The process will pick the first match from the selected exchange list according to your selected order.

Use selected countries/exchanges/currencies as default for security matching. Reorder by going to 'Add/Remove' dialog box.

Selection Order	Exchange Code	Exchange Name	Import Match
1	EX\$XXPAR	EURONEXT PARIS S.A.,FRA	<input checked="" type="checkbox"/>
2	EX\$XXAMS	EURONEXT AMSTERDAM,NLD	<input checked="" type="checkbox"/>
3	EX\$XXBERB	BORSE BERLIN - FREIVERKHER,DEU	<input checked="" type="checkbox"/>

Buttons: Help, Add / Remove Exchanges, Save + Close, Cancel

By setting up those filter options, any ETFs/Stocks listed on those exchanges will be mapped to them during import, in order of preference.

You could apply a similar mapping by currencies, which can be useful for multi-currency open-end funds sharing the same ISIN.

A Combined Series option exists for Accounts, Model Portfolios and Custom Benchmarks, but this tends to be more used for Custom Benchmarks.

Appendix B: Using Combined Series

Combined Series deal with manipulating return series rather than having holdings with different weights or market values like a traditional model.

The Combined Series options are as follows:

- ▶ **Arithmetic Addition/Subtraction:** add or subtract the returns of two series (usually used for combining indexes). For example, the S&P 500 returns 12% and the US Agg returns 2%. The combined series of these two would show a return of 14%.
 - ▶ **Geometric Addition/Subtraction:** same as the above except that it takes compounding into account.
 - ▶ **Arithmetic Addition/Subtraction of a Constant:** take a base series (usually an index) and add or subtract a constant value. This can be applied daily, monthly, quarterly, semi-annually or annually. For example, Euribor 3 Months returns +/- 2%.
 - ▶ **Geometric Addition/Subtraction of a Constant:** same as the above except that it takes compounding into account.
 - ▶ **Currency Hedging:** using derivatives to eliminate (hedge away) the risk of currency rates changing.
- ☞ **Note:** Important side note: Combined Series models cannot be added as a holding in another model. For weighted blends, you would create a non-combined series model and add the two underlying models as holdings, weighting them, for example, at 60% and 40%.

As an example, we will create an addition of 2% annually to a risk-free rate. Do the following:

1. From the Portfolio management module, click **Custom Benchmarks**.
 2. Click **New**. The **Benchmark Basics** window opens.
 3. In the **Name** field, type **"Euribor +2%"**.
 4. Under **Combined Series**, click the **Yes** radio button to activate this function.
- ☞ **Note:** As you activate this function, all options under the **Combined Series: No** section are greyed out.
5. Under **Base Series**, click the magnifying glass. The **Select Series** window opens.
 6. In the **Find By** search field, type **"Euribor 3 m"** (or any other risk-free name of your choice).
 7. Click **Go**.
 8. Select **Euribor 3 Month EUR**.
 9. Click **OK**. You are returned to the **Benchmark Basics** window.

10. Using the **Operator** drop-down menu, select **Arithmetic addition of a constant**. The Constant % field appears.
11. In the **Content %** field, type **2**.
12. Using the **Per** drop-down menu, select **Annually**.

Morningstar Direct

Benchmark Basics

Enter general benchmark information here.

Name: Euribor +2%

Combined series: ☒ Yes ☐ No

Combined series: Yes

Base series: Euribor 3 Month EUR

Operator: Arithmetic addition of a constant

Constant %: 2.00

Per: Annually

Combined series: No

Currency: Euro

Benchmark 1: MSCI Europe NR EUR

Benchmark 2: MSCI World NR EUR

Risk free proxy: ICE LIBOR 3 Month GBP

Portfolio ID:

Performance source: Calculated based on underlying positions

Save Cancel Help

Select options as shown here

13. Click **Save**.

You have now created a custom benchmark composed of a risk-free rate +2% annually.