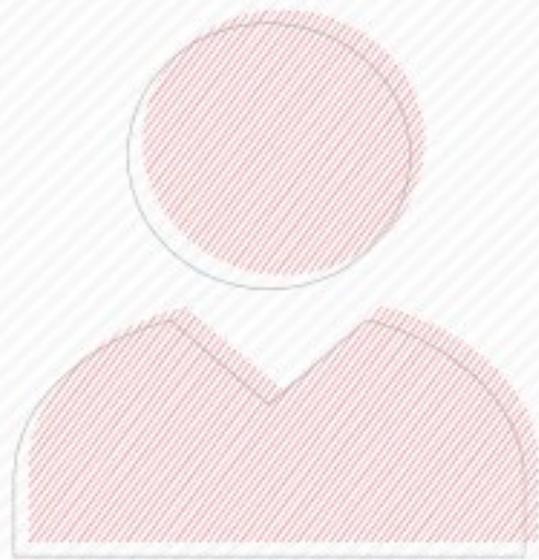


**Workshop Training Guide**  
Morningstar Direct



Constructing a Model Portfolio



**MORNINGSTAR Direct**



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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

**My Portfolio Model**

**File** **New** **Favorites** **Tools** **Reports** **Help** **Send us feedback**

**Model Portfolio**

- General Settings
- Imported Price/Return
- Holdings Summary**

**Holdings Summary**

Action View Snapshot Portfolio 16/03/2017 Edit

Import Export Edit Data PDF Refresh

Name	Weight (%)	Price Source
Benchmark:My Benchmark		
1 AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50	Morningstar Pr
2 BGF Global Allocation A2	15.00	Morningstar Pr
3 Candriam Sust Pacific C JPY Cap	12.50	Morningstar Pr
4 CASH EUR	5.00	Imported Price
5 Fidelity Special Situations	10.00	Morningstar Pr
6 Invesco Euro Equity A EUR Acc	10.00	Morningstar Pr
7 Invesco Pan Eur Struct Rspnb Eq EURAcc	15.00	Morningstar Pr
8 iShares STOXX Global Sel Div 100 (DE)	12.50	Morningstar Pr
9 Robeco High Yield Bonds DH €	7.50	Morningstar Pr

**My Portfolio**

**Portfolio Aggregation**

Data as of 26/02/2021 Currency EUR Risk-Free Rate Euro/3 Month EUR Benchmark My Benchmark

**Equity Style Box**

**Top 10 Constituents**

Rank	Investment	Weighting
1	Invesco Pan Eur Struct Rspnb Eq EURAcc	15.00
2	BGF Global Allocation A2	15.00
3	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50
4	Candriam Sust Pacific C JPY Cap	12.50
5	iShares STOXX Global Sel Div 100 (DE)	12.50
6	Fidelity Special Situations	10.00
7	Invesco Euro Equity A EUR Acc	10.00
8	Robeco High Yield Bonds DH €	7.50
9	CASH EUR	5.00

**Portfolio Statistics**

**Style Box Value Factors**

Factor	Portfolio %	Benchmark %
Prospective Earnings	15.18	15.56
Price/Book	1.64	1.82
Price/Sale	1.22	1.48
Price/Cash Flow	8.88	9.64
Dividend Yield %	2.88	2.69

**Style Box Growth Factors**

Factor	Portfolio %	Benchmark %
Long-Term Earnings Growth %	8.81	11.53
Short-Term Earnings Growth %	-1.78	-2.12
Book Value Growth %	1.48	0.68
Sales Growth %	-2.25	-3.12
Cash Flow Growth %	7.23	2.50

**Equity Valuation Price Multiples**

Metric	Portfolio %	Benchmark %
Price to Earnings	17.95	20.57
Price to Book Value	1.53	1.91
Price to Sales	1.05	1.51
Price to Cash Flow	7.83	10.06

**Financial Ratios**

Metric	Portfolio %	Benchmark %
ROE %	12.63	14.10
ROA %	4.31	4.82
Net Margin %	9.77	10.91
Debt to Capital %	38.49	38.87

**Fixed Income Style**

Metric	Portfolio %	Benchmark %
Avg Eff Duration	3.35	—
Avg Eff Maturity	4.22	—
Avg Credit Quality	BB	—
Avg Wtd Coupon	4.28	2.74
Avg Wtd Price	—	—

**Misc**

Metric	Portfolio %	Benchmark %
% Market Value in Top 10 Holdings	100.00	100.00
Average Expense Ratio	1.45	—

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**My Portfolio Direct**

**Growth**

Chart View Growth 10K Initial Value 10,000 Time Range Max Time Nov 3, 2015 - Mar 6, 2021 Scale Log

Source Data Default Event Tax Method Pre-tax Currency Euro

Investment Name Value

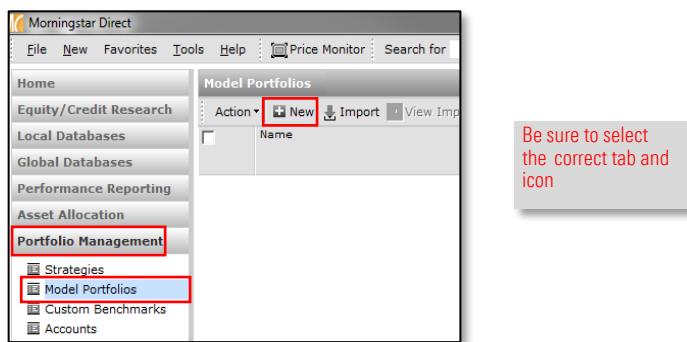
My Portfolio (Total Return, EUR, Pre-Tax) 11.9K My Benchmark (Total Return, EUR, Pre-Tax) 12.94K

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**.



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	<input type="text"/>
Operator	Arithmetic Addition
Second series	<input type="text"/>
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 %	<input type="text"/>
Fee applied*	Annually
Performance series	Daily
Rebalancing frequency	Monthly
Rebalancing based on	Calendar Period End
Performance calculation start date	Earliest Common

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	
<b>Monthly</b> /Daily /Quarterly/ Semi- Annually/Annually	Calendar Period End: on the end period date (E.g; month end if monthly 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**.

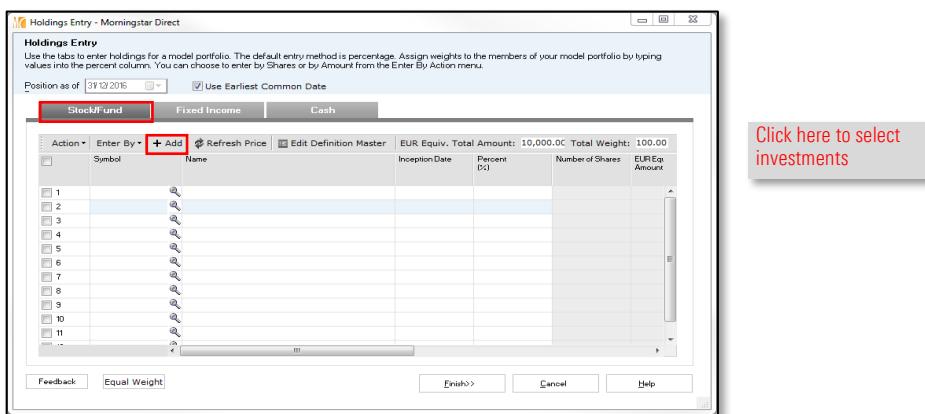
 **Note:** It is recommended to use **SecId** (unique identifier) when working with investments such as ETFs or currency share classes that have the same ISIN as identifier.

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.

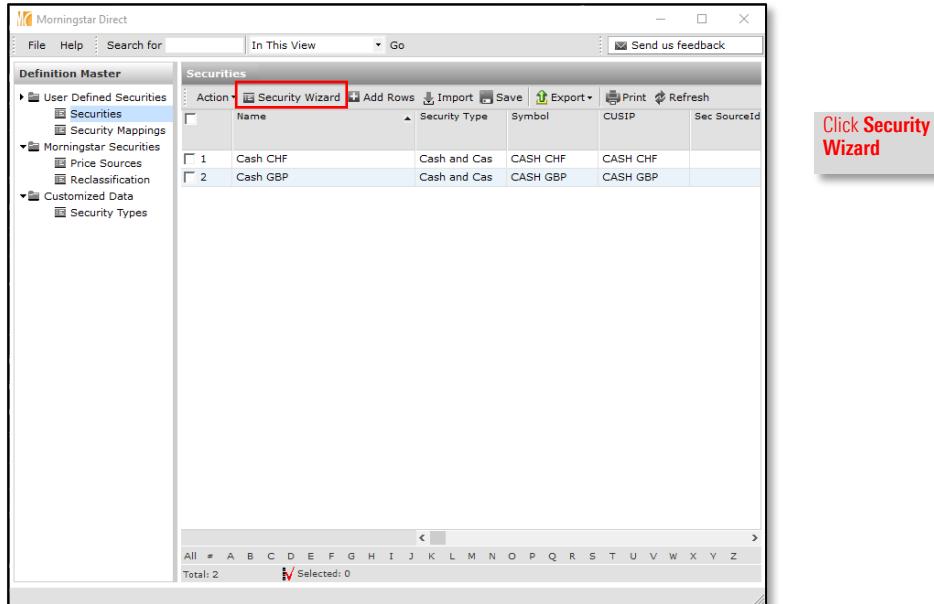
## Exercise 2: Selecting Constituents

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.

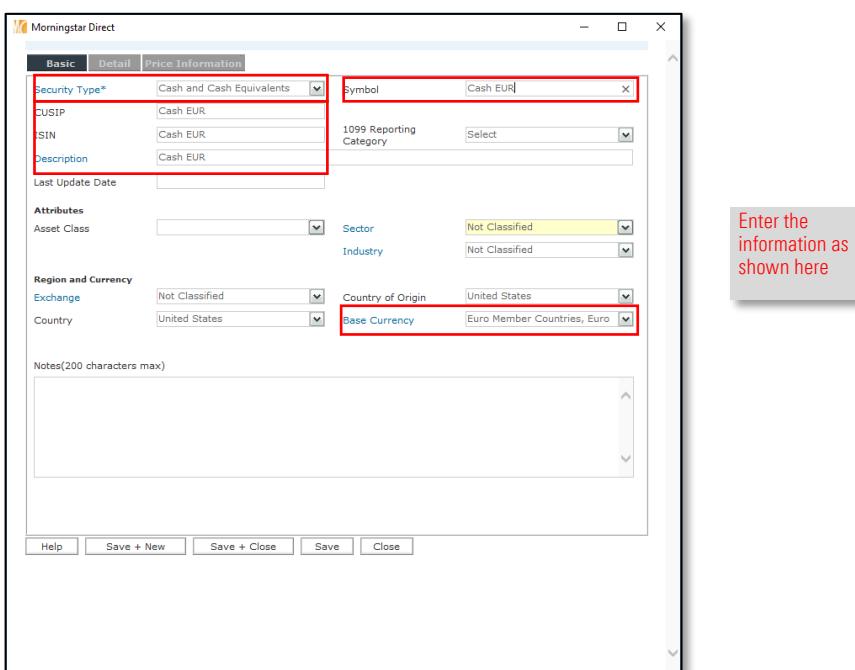
### Exercise 3: Creating a Custom Cash Position

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**.



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**.



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.

The screenshot shows the 'Definition Master' window in Morningstar Direct. The left sidebar shows 'User Defined Securities' and 'Morningstar Securities' sections. The main area is titled 'Securities' and lists three entries:

	Name	Security Type	Symbol	CUSIP	Sec SourceId
1	Cash CHF	Cash and Cas	CASH CHF	CASH CHF	
2	<b>Cash EUR</b>	Cash and Cas	CASH EUR	CASH EUR	
3	Cash GBP	Cash and Cas	CASH GBP	CASH GBP	

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**.

The screenshot shows the 'Add Holdings' dialogue box. The search field contains 'cash eur' and is highlighted with a red box. The 'Add' button at the bottom of the 'Available Records' section is also highlighted with a red box.

**Add your cash position**

12. Click **OK**.

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

#### Exercise 4: Assigning Weights to your Positions

1. Assign 5% to your cash.

The screenshot shows the 'Holdings Entry - Morningstar Direct' window. The 'Cash' tab is selected. The table lists holdings with the following columns: Action, Name, Percent (%), EUR Equivalent Amount, Amount in Base Currency, and Base Currency. The first row, 'Cash EUR', has a 'Percent (%)' value of 5.00, which is highlighted with a red box. The total amount is 10,000.00 and the total weight is 5.00.

Action	Name	Percent (%)	EUR Equivalent Amount	Amount in Base Currency	Base Currency
1	Cash EUR	5.00	500.00	500.00	EUR
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					

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

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
<input type="checkbox"/>	Symbol	Name			Inception Date	Percent (%)		Number of Shares	EUR Eq. Amount
<input type="checkbox"/> 1	ISPA	Invesco Euro Equity A EUR Acc	02/10/2015		12.50	11.37	1.2		
<input type="checkbox"/> 2		iShares STOXX Global Sel Div 100 (DE)	25/09/2009		15.00	57.89	1.5		
<input type="checkbox"/> 3		Invesco Pan Eur Struct Risrb Eq EEURAcc	30/06/2004		10.00	43.71	1.0		
<input type="checkbox"/> 4		Candriam Sust Pacific C JPY Cap	15/09/2000		15.00	59.15	1.5		
<input type="checkbox"/> 5		AXA Rosenberg Pan-Eurp Eq Alpha A EURAcc	30/09/1999		12.50	76.45	1.2		
<input type="checkbox"/> 6		Robeco High Yield Bonds DH €	17/04/1998		10.00	8.17	1.0		
<input type="checkbox"/> 7		BGF Global Allocation A2	03/01/1997		10.00	22.18	1.0		
<input type="checkbox"/> 8		Fidelity Special Situations	17/12/1979		10.00	23.74	1.0		
<input type="checkbox"/> 9									
<input type="checkbox"/> 10									
<input type="checkbox"/> 11									

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	
<input type="checkbox"/> 1	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50	Morningstar Price	IE0C
<input type="checkbox"/> 2	BGF Global Allocation A2	10.00	Morningstar Price	LU0
<input type="checkbox"/> 3	Candriam Sust Pacific C JPY Cap	15.00	Morningstar Price	BE0
<input type="checkbox"/> 4	Cash EUR	5.00	Imported Price	Cas
<input type="checkbox"/> 5	Fidelity Special Situations	10.00	Morningstar Price	GB0
<input type="checkbox"/> 6	Invesco Euro Equity A EUR Acc	12.50	Morningstar Price	LU1:
<input type="checkbox"/> 7	Invesco Pan Eur Struct Risrb Eq EEURAcc	10.00	Morningstar Price	LU0:
<input type="checkbox"/> 8	iShares STOXX Global Sel Div 100 (DE)	15.00	Morningstar Price	DE0
<input type="checkbox"/> 9	Robeco High Yield Bonds DH €	10.00	Morningstar Price	LU0

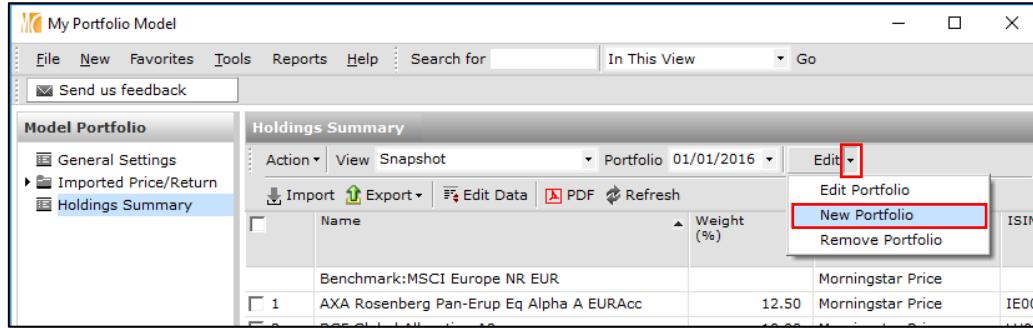
All = A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

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.

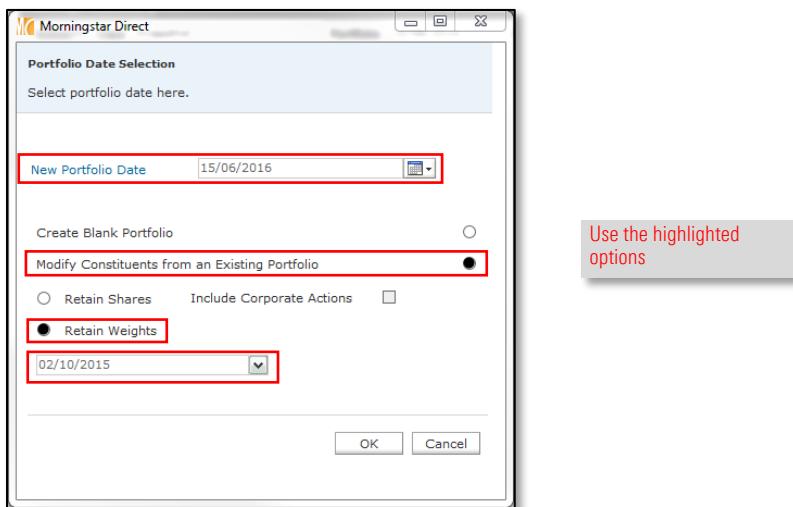
To record a change in the portfolio, do the following:

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**.



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		
<b>Action</b>	Enter By	+ Add	Refresh Price	Edit Definition Master	EUR Equiv. Total Amount: 10,000.00 Total Weight: 100.00
<input type="checkbox"/> Add Rows <input checked="" type="checkbox"/> Delete Rows <input type="checkbox"/> Add Multiple					
	Name	Inception Date	Percent (%)	Number of Shares	EUR Eq. Amount
1	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	30/09/1999	12.50	85.03	1.0
2	BGF Global Allocation A2	03/01/1997	10.00	23.14	1.0
3	Candriam Sust Pacific C JPY Cap	15/09/2000	15.00	65.53	1.0
4	Fidelity Special Situations	17/12/1979	10.00	26.58	1.0
5	Invesco Euro Equity A EUR Acc	02/10/2015	12.50	12.71	1.0
6	Invesco Pan-Eur Struct Rspnb Eq EEUAcc	30/06/2004	10.00	47.96	1.0
7	ISPA	25/09/2009	15.00	59.43	1.0
8	iShares STOXX Global Sel Div 100 (DE)	17/04/1998	10.00	7.63	1.0
9	Robeco High Yield Bonds DH €				

**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**

**Holdings Summary**

Portfolio 15/06/2016

**Use this drop-down menu to toggle between dates**

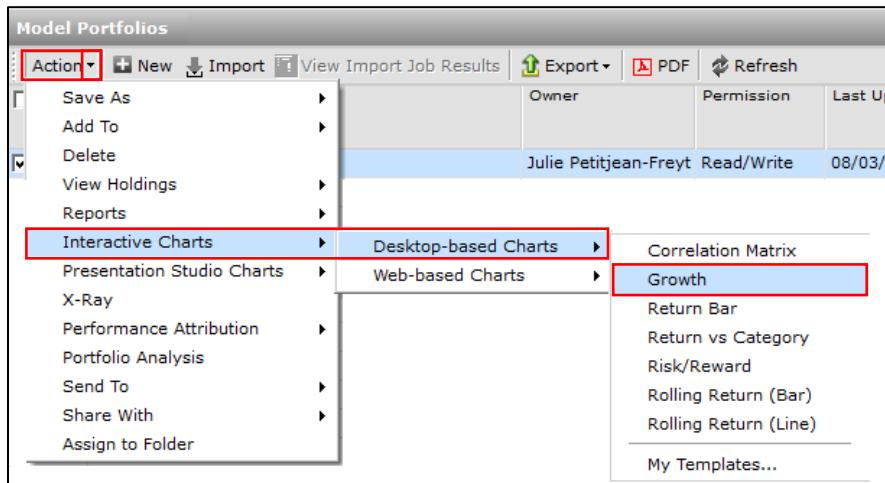
	Name	Weight (%)	Price Source	ISIN
	Benchmark:MSCI Europe NR EUR		Morningstar Price	
1	AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50	Morningstar Price	IE00B9V9Q927
2	BGF Global Allocation A2	15.00	Morningstar Price	LU0000000000
3	Candriam Sust Pacific C JPY Cap	15.00	Morningstar Price	BE0000000000

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.

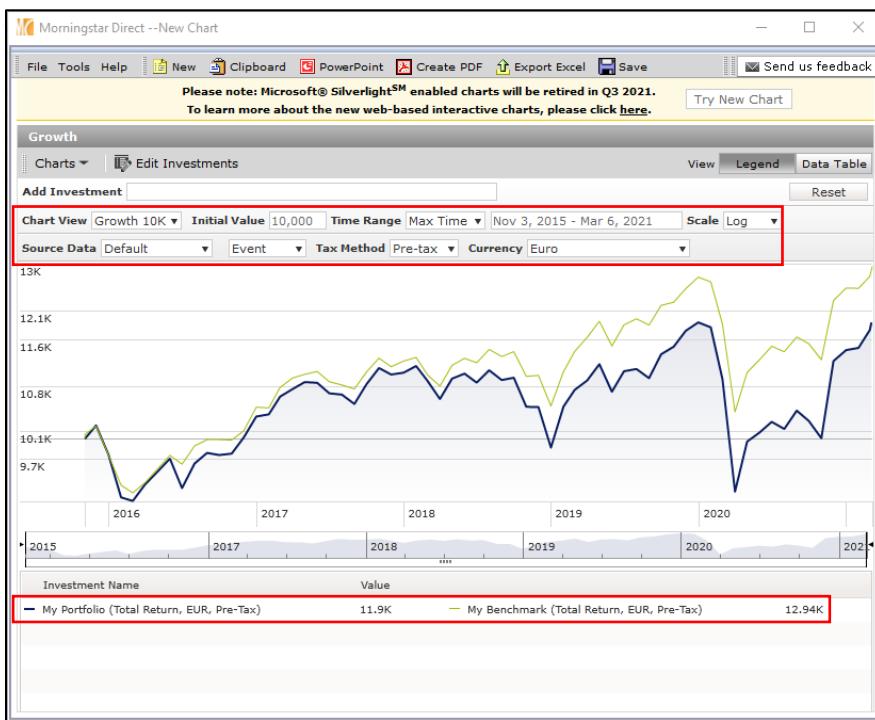
We now want to see how this portfolio fairs against its benchmark in a growth chart. To do so, do the following:

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



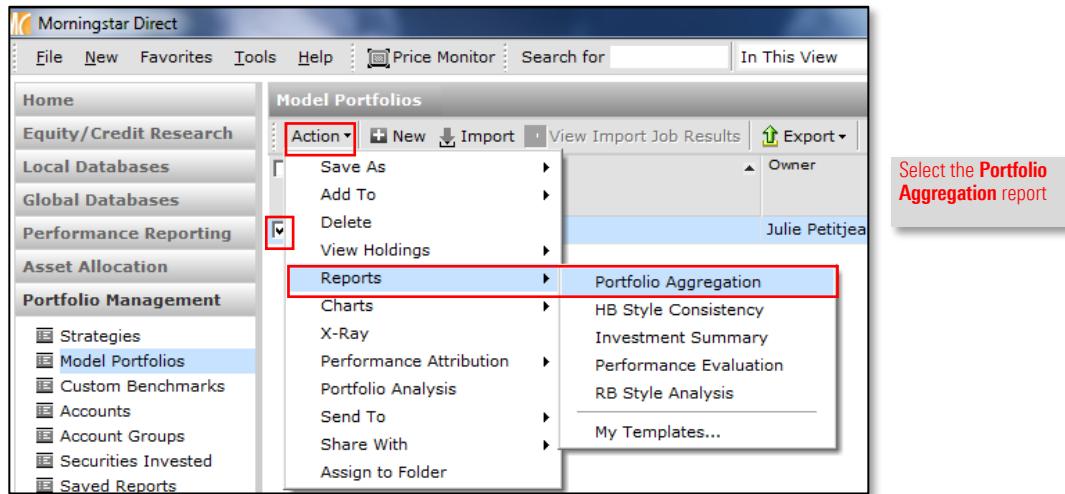
The **Growth** chart displays your portfolio as well as the benchmark you selected. Various options are available to customise the data, such as Chart View, Initial Value, Time Range, Currency, etc.



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.

To generate this report, do the following:

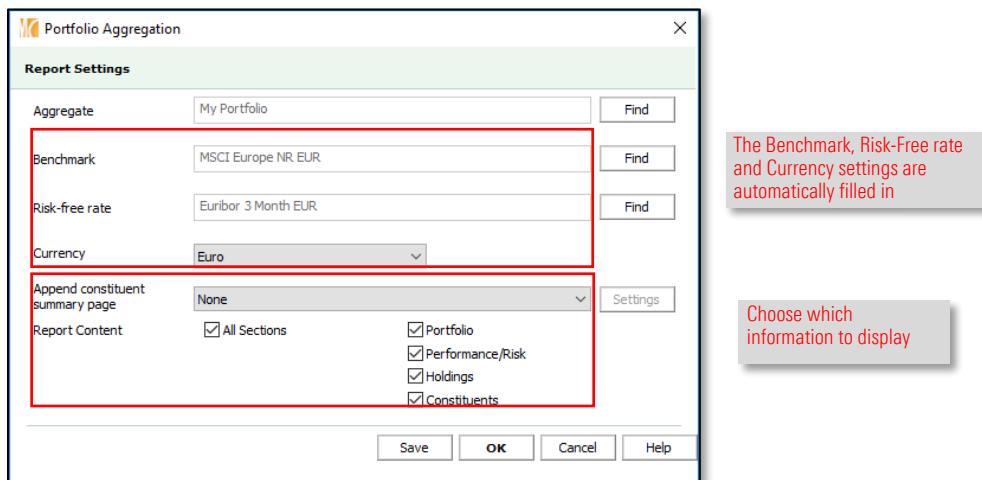
1. From **Portfolio Management > Model Portfolios**, tick the checkbox next to your portfolio name.
2. Go to **Action > Reports > Portfolio Aggregation**.



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.

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: 0.00% | 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

Legend: ● Portfolio, ● Portfolio Constituents, ▲ Benchmark

**Top 10 Constituents**

Rank	Name	% 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-Eur Eq Alpha A EURAcc	12.23
7	Invesco Pan Eur Struct Rspnb Eq EEURAcc	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**

Factor	Portfolio	Benchmark
Long-Term Earnings 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 %	Equity Sector Breakdown	Portfolio %	Benchmark %
Cash	6.34	0.00	Financials	41.21	32.00

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

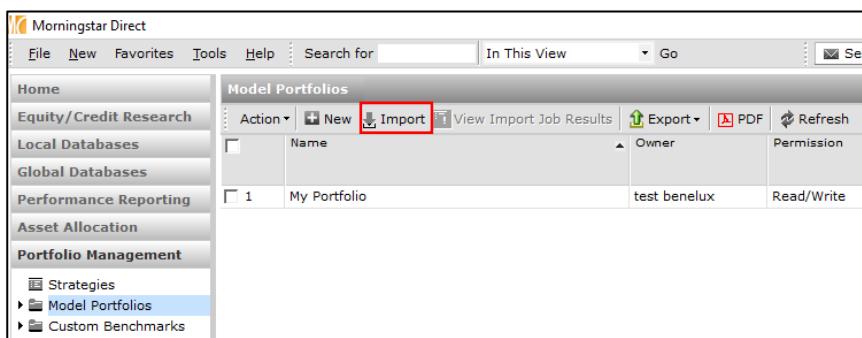
The Portfolio Name and Portfolio ID ensure the correct Model Portfolio is updated

Note the various dates, indicating 2 changes in our portfolio

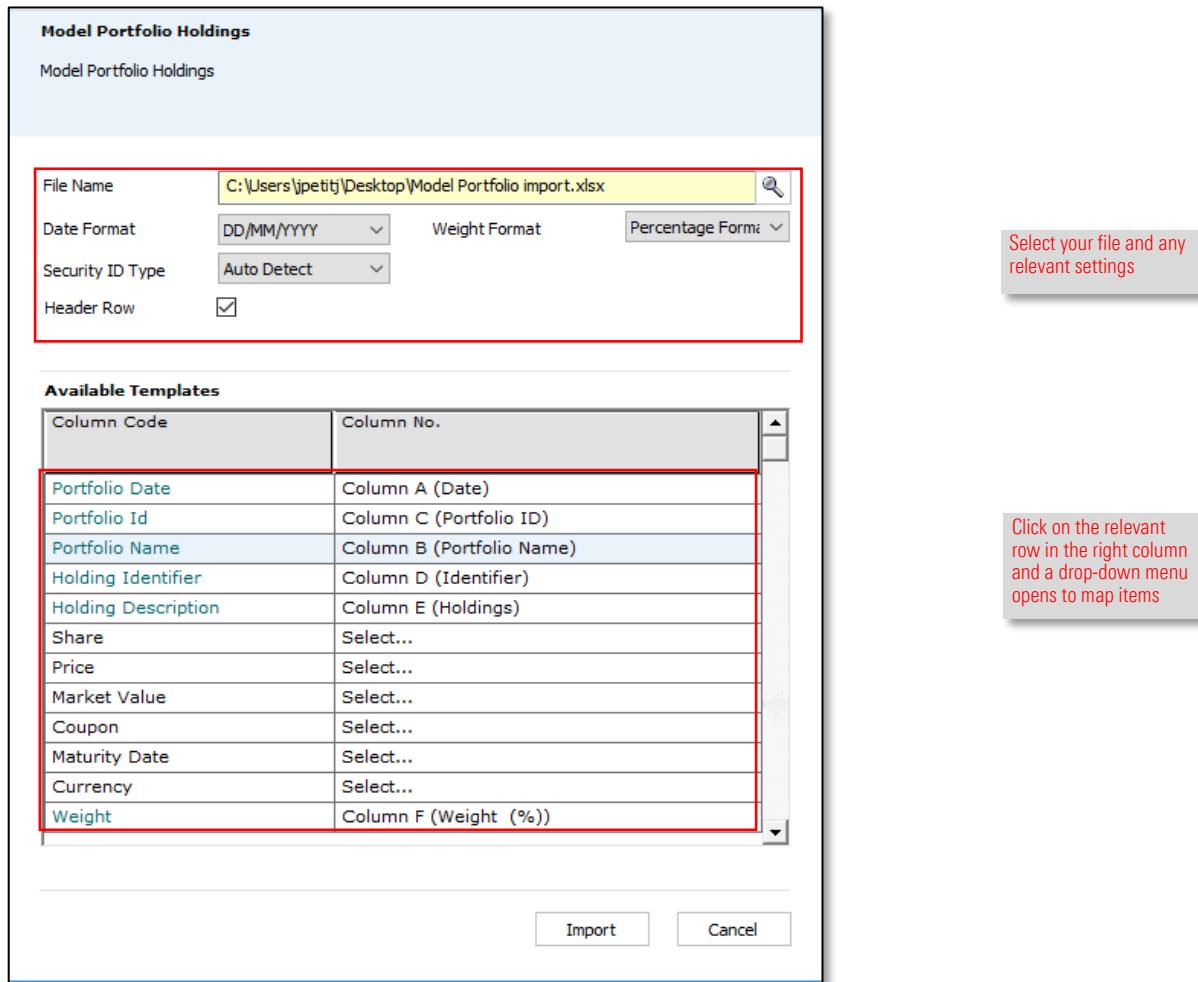
The file contains positions for the same portfolio, but with two different dates, which indicates a change in the positions on two different occasions.

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**.



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.



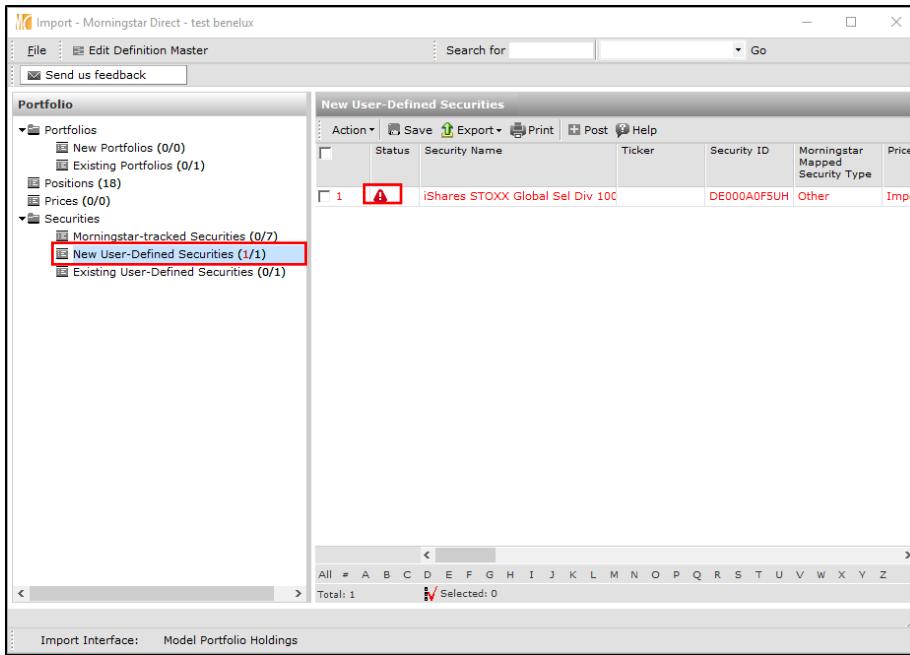
10. Click on **Import** and the **Blotter** opens.

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**.



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.

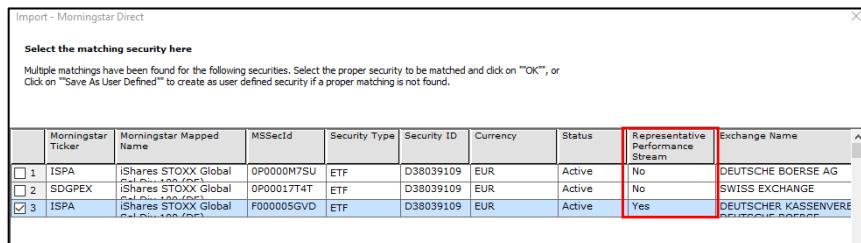
2. Double-click on the red warning sign. The **Select the matching security** window opens.

**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**.



## Exercise 9: Mapping Securities

5. Click **Save**.

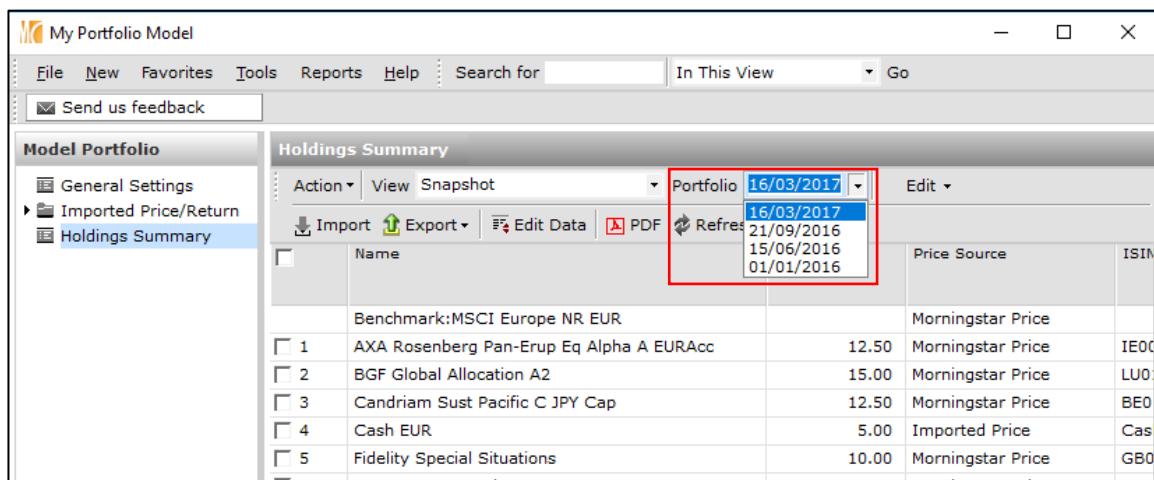
A prompt confirms the changes were saved, and there is no more warning under **New User-Defined Securities** on the left navigation panel.

6. From the toolbar, click **Post**.

7. 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.



Name	Price Source	ISIN
Benchmark:MSCI Europe NR EUR	Morningstar Price	
1 AXA Rosenberg Pan-Erup Eq Alpha A EURAcc	12.50	IE00B2R9V528
2 BGF Global Allocation A2	15.00	LU0193324211
3 Candriam Sust Pacific C JPY Cap	12.50	BE00B1V9V528
4 Cash EUR	5.00	Cash
5 Fidelity Special Situations	10.00	GB00B2R9V528

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 Seclid as identifier during import: an ETF/Stock listed on multiple exchanges will have a different Seclid depending on the exchange it's listed on. By using the Seclid 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.

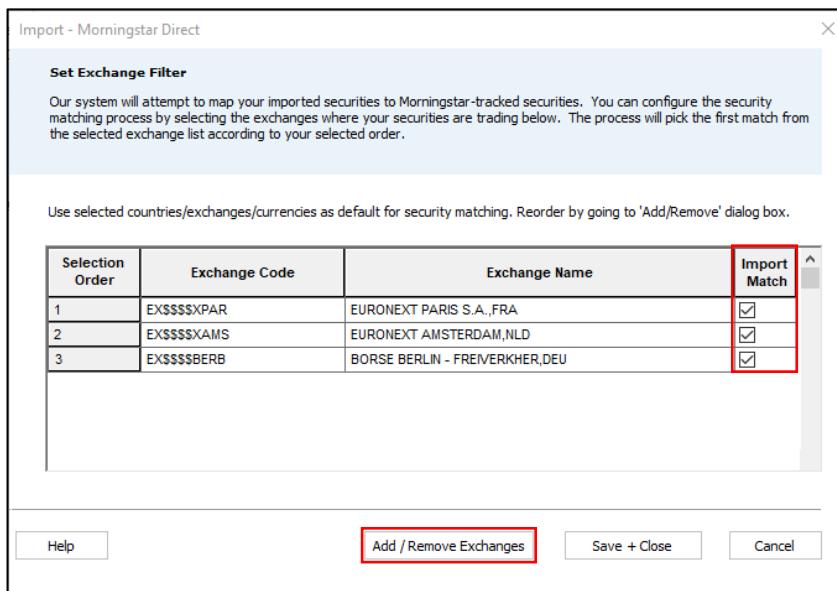
## Appendix A: Tips when Importing ETFs and Stocks

- 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**.



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.

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:

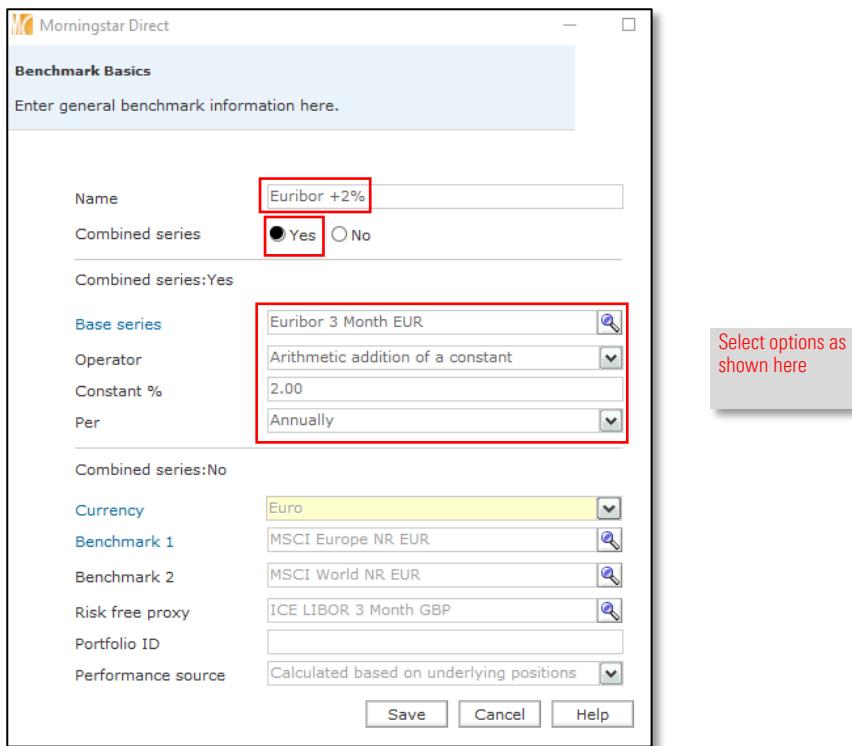
1. From the Portfolio management module, click **Custom Benchmarks**.
2. Click **New**. The **Benchmark Basics** window opens.
3. In the **Name** field, type "**Euribor +2%**".
4. Under **Combined Series**, click the **Yes** radio button to activate this function.

☞ **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.

## Appendix B: Using Combined Series

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**.



13. Click **Save**.

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