Morningstar Direct℠
Key Product Enhancements

Q1 2022

We are Committed to Delivering Solutions to Empower Investor Success

1.

Capitalize on Industry Trends

- Morningstar Sustainability Rating Change

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2.

Commit and Deliver Value Today

- Risk Exposure Snapshot Chart Enhancement
- Risk Model Advanced Features now available for all clients
- New Risk Model Landing Page
- Risk Model Dashboard available
- New Fixed Income Style Box Methodology
- Additional calculated Fixed-Income data now available for custom portfolio objects
- Select investments for a performance report using a combination of a list and search
- Find components via keyword search
- Choose dynamic benchmarks for custom portfolio objects
- Show AUM coverage for calculated fixed-income data points via AUM Coverage chart

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2.

Commit and Deliver Value Today

- Model Portfolio Workbook templates now available
- Group funds by Firm Name or Brand Name
- Blog now available
- View all members of a Global Category or Morningstar Category
- Time Series Factor Regression Analysis Chart Available
- Model Dashboard added
- Universal settings feature now available
- Strategy Analysis dashboard added
- Individual Trade Analysis Notebook Introduced
- ETF Index Tracking Analysis Notebook Available

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2.

Commit and Deliver Value Today

- Stock Ownership Analysis notebook updated to allow for quick search for top Russian stocks
- Morningstar Analyst & Quantitative Rating Analyzer
- ESG Risk Trends Notebook Available
- New US market available
- Share custom reports with people outside your firm
- New grouping added for Strategic Beta funds

This Commitment Drives Ongoing Product Development

The following areas in Morningstar Direct feature multiple enhancements; click an icon to jump to that location:

- Risk Model
- Sustainability
- Fixed Income
- Performance Reporting
- Presentation Studio
- Morningstar Research
- Workspace
- Notebooks
- Asset Flows

Risk Model

Development Highlights	Summary	Resources
Advanced Features now available for all clients	All clients can now access the following advanced risk model features: • Factor Attribution • Risk Decomposition, and • Custom Scenarios (both Market Driven and Macro-Financial). These features previously required an additional license but **are now free and offer a depth of analysis** not found through the standard Risk Model capabilities.	Video
New Risk Model Landing Page	The Risk Model Analysis landing page in the Risk Model module has a new design and content. On the right side of the page, **clients now have access to a series of research papers** related to the Morningstar Risk Model, and methodology documents explaining how these data points are calculated. You no longer need to go to the Research Portal to seek out this content.	Video
Risk Model Dashboard available	The Dashboards menu now offers an option for a Risk Model Dashboard. This new dashboard offers **an easy way for clients to leverage the new Advanced Risk Model functions**, such as Factor Attribution, Risk Decomposition, and more.	Video

*Note: To use or access the items marked with *, please install the latest version of the desktop app.*

Sustainability

Development Highlights	Summary	Resources
New Sustainability Ratings chart	A new interactive chart for Sustainability Rating Analysis is now available. This chart can be accessed via the Action or right-click menus in any grid view. In addition to seeing the Morningstar Sustainability Rating for managed investments, this chart can also be used to **see a Hypothetical Sustainability Rating for custom portfolio objects** like custom models and accounts**.**	Video
Principle Adverse Indicators (PAIs) data points added	PAIs reflect negative, material, or likely to be material effects on sustainability factors caused, compounded by, or directly linked to investment decisions and advice performed by a legal entity. More than a dozen data points were added at the fund and company level to reveal exposure to 64 different PAI areas. This data **serves a crucial role in evaluating funds' ability to meet SFDR disclosure requirements** and the exposure to these areas .	Video
Impact Theme data points added	**More than 400 data points** are now available at the fund and company level to **show a portfolio's exposure** to 17 Impact Themes related to Sustainability Development Goals (SDGs) from the Sustainalytics Impact Framework.	Video

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Fixed Income

Development Highlights	Summary	Resources
New Fixed Income Style Box Methodology	The methodology for calculating the Credit Rating value for the Fixed Income Style Box was changed to reflect values for only those items shared with Morningstar, rather than assuming a default value for items not disclosed by managers and fund families. A threshold of 90% of coverage for this statistic is also applied with the new methodology. This update makes for **a more accurate depiction of the credit risk investors assume** with the fixed-income portion of a fund's portfolio.	Video Methodology Paper
Additional calculated Fixed-Income data now available for custom portfolio objects	Fixed-Income Sector and Country Breakdown data now calculates for custom portfolio objects. This breakdown data **helps clients analyze custom portfolio objects** (such as custom models and accounts) for the following calculated fixed-income data points: • Super Sector Breakdown • Primary Sector Breakdown • Secondary Sector Breakdown, and • Country. Country information is found in the Fixd-Inc Geographic Exposure view. Sector breakdown data is found in the Fixd-Inc Morningstar Sectors view.	Video

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Performance Reporting

Development Highlights	Summary	Resources
Select investments for a performance report using a combination of a list and search	Clients can now create a dynamically updated performance report including both synchronized list and search criteria. This new feature ensures that when either the list or search criteria are modified, the performance report reflects this change. This dynamic capability **saves clients the time** from having to create separate performance reports for the same analysis.	Video

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Presentation Studio

Development Highlights	Summary	Resources
Find components via keyword search	**Allows clients to search certain keywords to find the component(s) they are looking for.** For example, typing the word "conditional formatting" shows several related components. This upgrade means **clients do not need to know the exact name of a component (or grouping of components) to find the chart or table being sought**.	Video
Choose dynamic benchmarks for custom portfolio objects	Clients with model portfolios or accounts assigned one or more custom benchmarks to it, can now use those benchmarks when creating a template for a model portfolio or account. This upgrade means **clients can save time by not having to constantly recreate templates for the sake of selecting the correct custom benchmark(s) for different portfolio objects.**	Video
Show AUM coverage for calculated fixed-income data points via AUM Coverage chart	**Clients can now leverage the AUM Coverage chart found in the Sustainability grouping and change the Chart Settings to instead show various calculated fixed-income data points.** This feature offers a unique capability for an already established component.	Video

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Presentation Studio *(contd.)*

Development Highlights	Summary	Resources
Model Portfolio Workbook templates now available	Several templates are now available for analyzing custom portfolio objects such as custom models and accounts. These new templates are available in a variety of currencies, **give clients better insights when analyzing custom portfolios.**	Video
Group funds by Firm Name or Brand Name	Components already capable of supporting a grouping function (such as the Pie Chart, Top Holdings table, and more) can now organize managed products by Firm Name and Branding Name. This provides **an easy way to see a model portfolio's exposure to different asset managers**. (Previously this would have required the use of a custom data point.)	Video

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Morningstar Research

Development Highlights	Summary	Resources
Blog now available	Deep dive from Morningstar Research Analysts, showing clients exactly how they sourced data from Morningstar Direct. **These articles are designed to give in-depth, specific information to clients about how analysts at Morningstar use Morningstar Direct to help uncover data and discover insights.**	Video
New Fixed Income Style Box Methodology	The methodology for calculating the Credit Rating value for the Fixed Income Style Box was changed to reflect values for only those items shared with Morningstar, rather than assuming a default value for items not disclosed by managers and fund families. A threshold of 90% of coverage for this statistic is also applied with the new methodology. This update makes for **a more accurate depiction of the credit risk investors assume** with the fixed-income portion of a fund's portfolio.	Video Methodology Paper

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Workspace

Development Highlights	Summary	Resources
View all members of a Global Category or Morningstar Category	**Clients can now see the Global Category and Morningstar Category data points as hyperlinks**. Clicking a hyperlink opens a window, where all members of that Global Category or Morningstar Category can be seen. **This upgrade saves clients the time of having to conduct this search separately and offers a real-time solution for finding key information to aid in your analysis.**	Video
Time Series Factor Regression Analysis Chart Available	This new interactive chart (and table) were previously only available through the Time Series Factor Regression Notebook. **This interactive chart (as well as the notebook) uses traditional Fama-French risk factors to account for a fund's Alpha and Beta values.**	Video

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Workspace

Development Highlights	Summary	Resources
Model Dashboard added	**A new dashboard for evaluating model portfolios is now available. The model portfolios here could be a custom portfolio, or a selection from the Models universe.** (The dashboard can also be used with managed investments, but the settings for each component have been configured to be optimized when a model portfolio is selected)	Video
Universal settings feature now available	Every dashboard now offers an icon at the top of the window to update Dashboard Settings. Click this icon to open a dialog box where a series of settings can be updated throughout the dashboard. This capability offers clients the opportunity to **save a significant amount of time** from having to visit each component and make changes to individual charts or tables.	Video
Strategy Analysis dashboard added	**This new dashboard offers an easy way for clients to understand a strategy's approach, the vehicles associated with it, performance data, and more**. Several settings here have been customized for use with strategies, such as using Quarter-End as the End Date, to coincide with the return series typically used for strategies.	Video

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Morningstar Notebooks

Development Highlights	Summary	Resources
Individual Trade Analysis Notebook Introduced	**Gain insight into a manager's market-timing by examining the implied trades of a security in an equity fund**. Insights from this notebook will help clients understand a manager's trading philosophy for a security through market cycles, analyze how approaches differ when a manager change occurs, and identify winning and losing opportunities managers have made.	Video
ETF Index Tracking Analysis Notebook Available	Tracking difference and tracking error are commonly used to assess the quality of index portfolio management. **This notebook allows clients to calculate tracking difference and tracking error for index exchange-traded-funds.**	Video
Stock Ownership Analysis notebook updated to allow for quick search for top Russian stocks	**The Stock Ownership Analysis Notebook (only available on version 3.20.006 or higher) was updated to quickly pre-select the top ten holdings from the Morningstar Russia PR USD index, to review their ownership.**	Video
Morningstar Analyst & Quantitative Rating Analyzer	**This notebook provides a detailed breakdown and explanation of the Morningstar Quantitative Rating or Morningstar Analyst Rating for a covered fund.**	Video Exercise Guide

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Asset Flows

Development Highlights	Summary	Resources
New US market available	A new US Market is available for open-end funds, ETFs, Money-Market funds, and funds-of-funds. This market allows clients to **see all investments at once for the US market**, whereas previously at least one of these would have been excluded from the analysis.	Video
Share custom reports with people outside your firm	Clients can now share a saved custom report created in the Asset Flows module with people outside of their firm. This enhancement **makes it easy to share insights and analysis** with others.	Video
New grouping added for Strategic Beta funds	The US, European, and Worldwide open-end fund markets on the Asset Flows page now offer a grouping for Strategic Beta. This grouping appears beneath the Sustainable Funds by Prospectus grouping and allows clients to **see the flow of assets into and out of this investment approach.**	Video

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