

Quality built in

Over the last few weeks we have enjoyed reviewing the various research tools available to help IFAs access information on and select products and funds. This week **Mark Loosmore** from technology consultancy **AT8 Group** wraps up these reviews with a look at **Morningstar's Adviser Workstation**



Back in the spring (which seems such a long time ago now), we looked at the financial planning tools provided with Adviser Workstation, which included a client management function and a set of investment/portfolio analysis tools. These tools have always been based on a sound set of fund research data and fund factsheets, along with comparison reports, charts and a filtered pool of data to help the fund selection process. Recently this fund research capability has been released as a standalone module (at a reduced price), so we felt it worthwhile investigating this aspect of the system further.

Multinational

Morningstar are a substantial company, established 23 years ago and with a multinational presence. Their corporate substance shows in the scale of their operation for collecting and analysing fund information. They have 60 fund analysts in 12 countries and claim their ability to have researchers in close proximity to the fund managers they are rating gives the research a real edge over their competitors.

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Their quantitative rating is represented in a fairly traditional 5 star graphic, based on past performance data. The qualitative rating takes a different approach and is based on what the analysts believe will happen moving forward. This could be driven by how the fund is being operated, who is managing it or whether it has just started to turnaround. In making this judgment, they try to be empathetic to the aspirations, concerns about factors that affect the decision drivers of users and consumers of their research information. The qualitative ratings are shown visually by their new rating logo, which is in effect a series of bars forming a triangle. The greater the number of bars coloured in, the better the fund rating. Rating categories are:

- Impaired
- Inferior
- Standard
- Superior
- Elite

It is worth noting that Morningstar are refreshingly bold with their ratings and their qualitative factsheets do not shy away from making negative comments about funds. Their approach appears to emphasise protecting against the downsides of funds rather than focusing purely on the upside, which in today's market may well prove to be wise.

The analysis underlying the system is key, but we also shouldn't lose sight of what the system enables the end user to do with the data. Morningstar holds a vast number of funds, including 28,457 Offshore funds, 17,425 UK RFS, 11,304 UK Individual Pensions, 7,883 UK Life Funds, 721 UK Pooled Pensions, 769 UK Investment Trusts, 31,641 Global Equities, 2478 UK Equities, 31,000 Global Index Database. Against these funds, 800 separate data points are held which can be used to search, sort and filter the funds.



On entering Adviser Workstation you are presented with an A-Z listing of the funds showing a snapshot of the data on each one. This snapshot includes basics such as fund name, the ratings and the domicile. This view can be changed from a dropdown list of views preconfigured by Morningstar (containing different data fields) as well as views defined by the user. If any of these views are used more frequently than others they can be nominated as the default view ahead of the snapshot view.

Filters can then be applied to any of the data points to refine the number of funds on display to a size that is more manageable for further analysis. Once a shortlist of funds is produced, they can be compared and contrasted and a host of reports and charts generated. These reports are then available as PDF documents.

Powerful report builder

The tool also contains a powerful report builder function that allows the user to create bespoke

are graphically richer reports available on the market, but these are more than presentable to clients.

There are a few other nice features worth mentioning. There is a very nice 'alerts' feature, which is particularly impressive when the full system is purchased. Alerts can be run against clients individual portfolios held within the client management module. There are 18 different options for the alerts to be set against, which include items such as a new analyst report being available, a price movement or a rating change. Once triggered, the alert can be e-mailed to the user or simply flagged within the system for when the user next logs on. The alert will not just notify adviser/user of the change but will also illustrate the impact on the portfolios held in the system.

Other features include a benchmarking facility for the user to create and compare a benchmark set of funds against a client's portfolio movements. It also has the ability to access a document library of Annual Reports, Semi Annual Reports and Prospectuses and access to a list of full holdings.

The availability of the standalone research tool from Morningstar is an interesting development. It is available at £600 per user per year (plus VAT) compared to the full system which is charged at £2000 plus VAT which makes it accessible to a wider range of users than previously possible. However, I can't help feeling the loss of the client management systems and the financial planning tools in a cut-down version is a significant hit and I would recommend careful consideration of taking the full package, despite the increased costs.

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