

Morningstar® Office Tip Sheet:

Using the TWR Diagnostic Report to Troubleshoot Return Percentage Errors

Now that you've uncovered an unusually high or low performance number within the Global Performance Summary, the next step is to run the **Time Weighted Return Diagnostic Report** for each individual client or account in question.

This report won't detail exactly what the error is, but it allows you to identify the date for which the performance error has occurred.

This report can be run at either the Client or individual Account level, and details the following information for **each day** within the time period for which you are running the report:

- ▶ Beginning Market Value
- ▶ Ending Market Value
- ▶ Net Cash Flow
- ▶ TWR Percentage

Review each day within the report to uncover the date of any unusually high or low return percentages or Net Cash Flows.

Overview

How do I interpret the TWR Diagnostic Report?

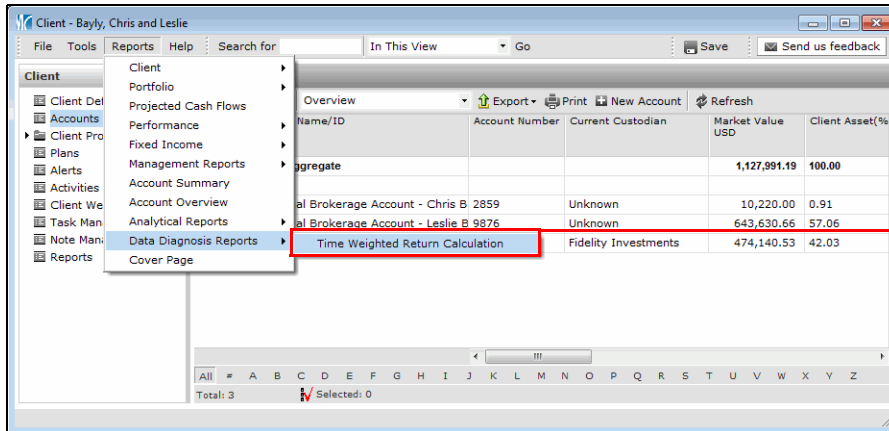
1	Report Name: Time Weighted Return Calculation						
2	Report Date: 1/22/2010 - 3/31/2014						
3	Printed on: 5/20/2014						
4	Report Currency: USD						
5	Client/Group: test						
6	Account Name: Performance Errors Account - practice						
7	Account Number: 1111-1111						
8	Capital flow limit for TWR Calculation%: 10						
9	Fee Type: Net of Fees						
10							
11	Date	BMV	EMV	Net Cash Flow	TWR(%)		
12	Period Rate of Return				1,163.84		
13	2/10/2012	215,612.34	2,214,068.27	0	926.87		
14	Annualized Rate of Return				83.23		
15	5/10/2010	181,805.71	191,124.14	0	5.13		
16	8/9/2011	184,892.54	193,504.00	0	4.66		
17	11/30/2011	187,480.03	195,820.44	0	4.45		
18	1/2/2014	2,503,323.69	2,499,049.35	-112,000.00	4.3		
19	8/11/2011	186,724.29	194,566.98	0	4.2		
20	10/27/2011	196,654.49	204,782.94	0	4.13		
21	5/27/2010	175,178.08	182,362.44	0	4.1		
22	7/7/2010	172,097.60	178,018.63	0	3.44		
23	6/10/2010	173,743.02	179,542.01	0	3.34		
24	10/10/2011	180,727.59	186,707.23	0	3.31		
25	11/28/2011	180,879.86	186,861.79	0	3.31		
26	8/29/2011	192,965.55	199,282.38	0	3.27		
27	8/23/2011	185,895.71	191,951.81	0	3.26		
28	9/1/2010	177,278.16	182,740.20	0	3.08		
29	12/20/2011	185,843.47	191,241.62	0	2.9		

These dates require more investigation

The TWR diagnostic report can be run at either the Client or Account level. To run the report at the Client level, complete the following steps:

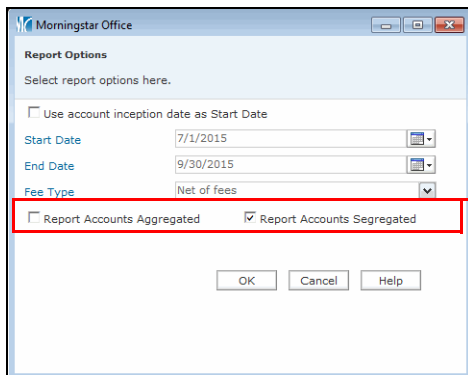
1. From the Clients page under the Client Management tab, double click on the **Client** you want to run the report for. A new window will open.
2. From the Client window, select **Reports...Data Diagnosis Reports...Time Weighted Return Calculation**. A dialog box will open.

How do I run the TWR Diagnostic Report at the Client level?



TWR is the only option when running the Diagnostic report at the Client level.

3. From the report options dialog box, select the **report options** you want to use in your report.



Make sure you select whether you want to run your accounts aggregated, segregated or both.

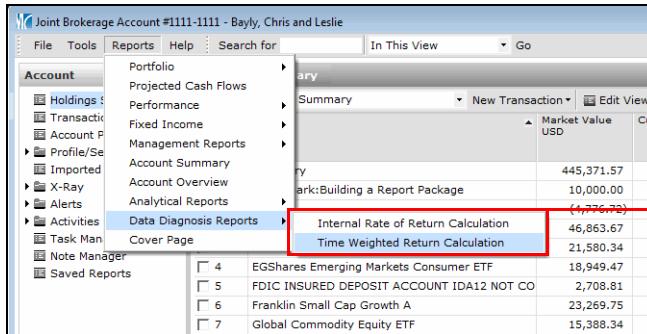
Note: Make sure you choose whether you want your diagnostic report to be aggregate or segregated.

4. Click **OK**.

To run the report at the Account level, complete the following steps:

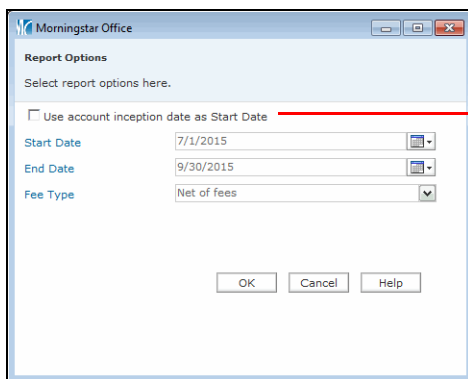
1. From the Clients page under the Client Management tab, double click on the **Client** you want to run the report for. A new window will open
2. From the Client window, double click on the **Account** you want to run the report for.
3. From the Account window, click **Reports...Data Diagnosis Reports...TWR Diagnosis Reports**.

How do I run the TWR Diagnostic Report from the Account level?



When running the diagnostic report at the individual account level, you can select from either IRR or TWR.

4. From the report options dialog box, select the **report options** you want to use in your report.



Be sure to select this option when running your report since inception.

5. Click **OK**.

Now that you know the date on which the performance error occurred, the next step is to run additional Morningstar Office reports to uncover the exact error that may have occurred to cause the irregular return percentage. Some examples of errors include:

- ▶ The wrong transaction type being entered.
- ▶ An incorrect price being entered.

What do I do now that I know the date of the performance return error.

The table below provides a description of the which report to use to uncover certain types of performance errors:

Use this report...	to troubleshoot the following error...
Performance Summary	IRR
Performance Summary Performance by Account Performance by Security	TWR
Portfolio Current Value	Market Value
Unrealized Gain/Loss Report Realized Gain/Loss Report	Cost Basis (Gain/Loss)
Portfolio Current Value Report	Beginning Market Value Ending Market Value
Portfolio Cash Flow	Additions/Withdrawals

Click [here](#) to view a companion video to this document.