

# Creating Batch Reports and the Investment Policy Statement

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# Creating Batch Reports and the Investment Policy Statement

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This manual will show you how to create batch reports and an investment policy statement in Principia. Creating batch reports allows you to generate both the Portfolio Snapshot and Investment Detail Reports for all securities for all of your client's portfolios. The Investment Policy Statement (IPS) is a document that provides the general investment goals and objectives of a client, and describes the strategy to achieve these goals. These features are available to any user who subscribes to an Advanced module (e.g., Stocks Advanced, Mutual Funds Advanced), or the Principia Suite.

## Overview

In the Batch Reports section of this manual you will learn the following:

- How batch reports are generated
- What to consider before generating batch reports
- Setting up the parameters for batch reports, and
- How to generate batch reports.

In the Investment Policy Statement area of this manual you will learn about:

- Establishing objectives for structuring an investment proposal suitable to the long term needs and risk tolerance of the client
- Formulating policies for selecting appropriate and suitable investments within the framework of that structure, and
- Establishing prudent procedures for monitoring and evaluating the performance of investments within the proposal and for addressing changes in the policy.

## Generating Batch Reports

Batch reports can be generated only from the Snapshot view in Portfolio Mode. When you generate batch reports from Principia, you need to select the clients whose portfolios will be included in the batch. You cannot select individual portfolios from a client; all of them will be included. For each portfolio, a Portfolio Snapshot report will be generated, as well as one Investment Detail Report for each security type in the portfolio.

For example, if a portfolio contains four mutual funds, two stocks and one ETF, the batch reporting process will generate four files:

- Portfolio Snapshot
- Investment Detail Report for Mutual Funds
- Investment Detail Report for Stocks, and
- Investment Detail Report for Exchange-Traded Funds.

Before generating batch reports, keep the following points in mind:

- You'll want to select which clients to include when the reports are generated. You can easily include all clients at once if you want.
- You need to decide whether only the Portfolio Snapshot report will be created, or whether you also want to generate the Investment Detail Reports as well.
- You need to decide where the reports will reside once they are created. By default, they will be saved to the main Principia User folder. You can select a different, existing folder, or you can create new folders. The new folders could be named for each client, or for the time period (e.g., 2010 Q1 Batch Reports) in which the reports were created.

Setting the parameters for batch reports involves the following:

- Choose which clients to include in the batch
- Decide whether to include the Investment Detail Report as part of the batch, and
- Select a location for each client where the reports will be housed. This makes it easy to find the reports once they are generated.

To set the parameters for a batch report, do the following:

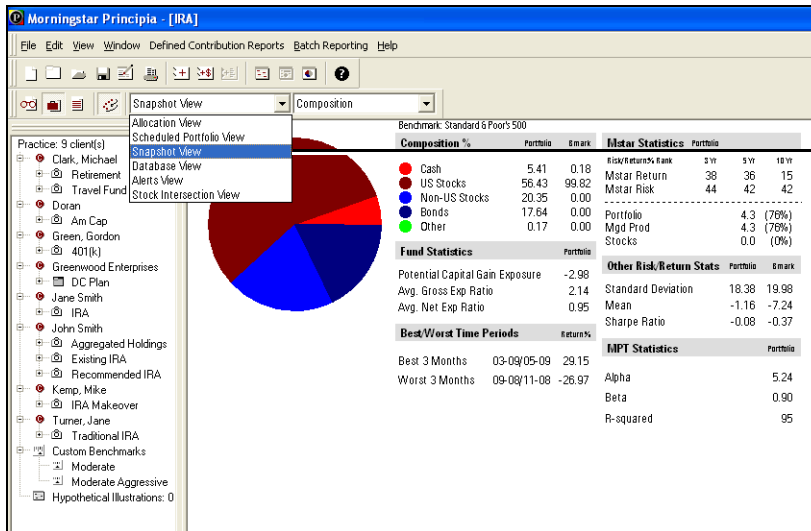
1. In Principia, click the **Briefcase icon** on the lower toolbar to go to **Portfolio Mode**. (You do not have to select a client.)

### Overview

### What to consider before generating batch reports

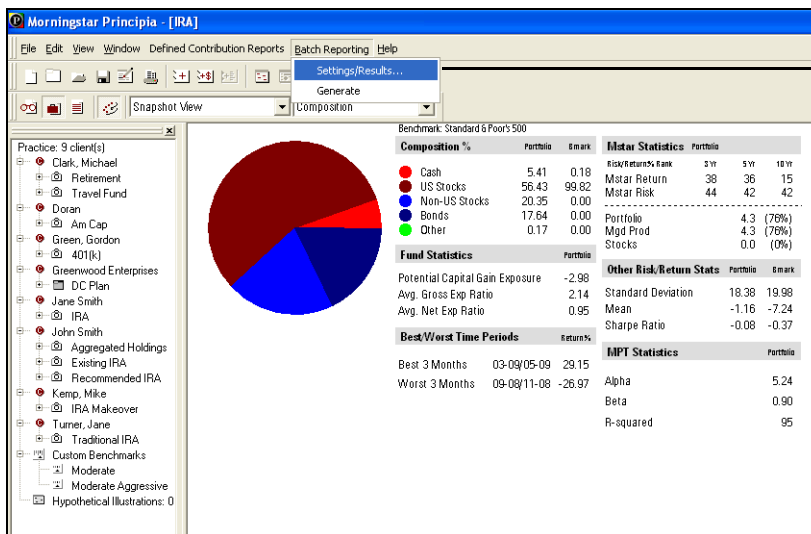
### How to set the parameters for batch reports

- From the View drop-down menu, select **Snapshot View**.




From the drop-down, be sure to select Snapshot View

- From the menu bar, select **Batch Reporting...Settings/Results...**. The Batch Reporting Configuration dialog box appears.

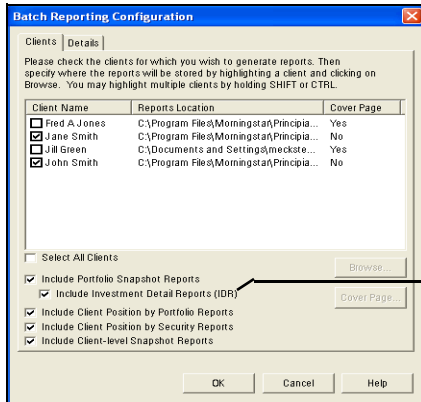


Select this option from the Batch Reporting menu

- On the Clients tab, check the **box** next to the name(s) of the client(s) you want to include in a batch.

 To choose all clients, click the **Select All** box in the bottom-left corner of the dialog box.

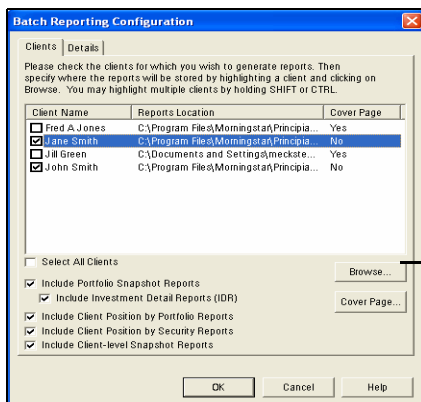
- To include the Investment Detail Report, check the **Include Investment Detail Reports** box.



Check the box next to the name(s) of the client(s) you want to include

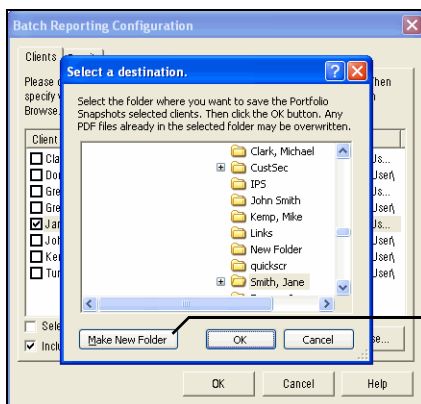
Check this box to include the Investment Detail Report for securities in the portfolios

- To set the destination for the reports once they are generated, click once a client's name so it is highlighted.
- Click the **Browse** button. The Select a Destination dialog box appears. You can either select an existing folder, or create a new one specifically for the client or time period.



Once a client's name is highlighted, the Browse button is activated

- To create a new folder, click the **Make New Folder** button. A folder called New Folder will appear under the directory you were working in.



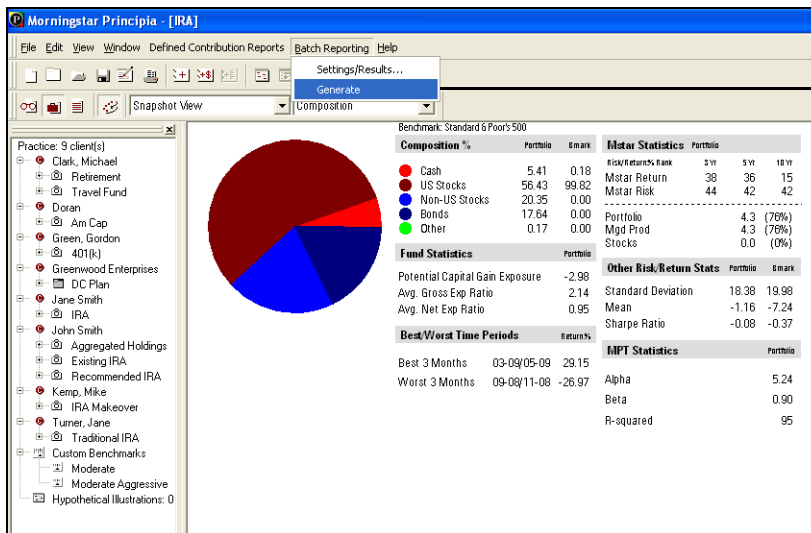
Click this button to create a new folder

9. Click once on **New Folder**.
10. Press <F2> on your keyboard. This allows you to type a new, more descriptive name for the folder.
11. Click **OK** to close the Select a Destination dialog box.
12. Repeat steps 6-11 for each client where you want to customize the destination folder.

Before generating batch reports, be sure to set the parameters. To generate batch reports, do the following:

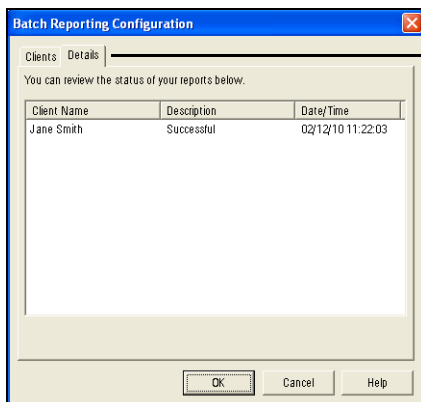
### How to generate batch reports

1. From the menu bar, select **Batch Reporting...Generate**. The Client Batch Reporting Status dialog box appears.



Select this option when you are ready to create the batch reports

2. A confirmation message will appear when the batch job completes. Click **OK** to close the dialog box.
- ☞ You can also check the status by selecting **Batch Reporting...Settings/Results...**, and selecting the Details tab on the Batch Reporting Configuration dialog box.



Select this tab to see when the last batch job ran

3. To view the reports, go to the folder you determined when setting the parameters.

# Creating Investment Policy Statements

This area explores how to create an Investment Policy Statement for use with clients.

## Overview

Having an IPS on record with a client allows an advisor to do the following:

### What is the purpose of an IPS?

- Establish objectives for structuring an investment proposal suitable to the long term needs and risk tolerance of the client.
- Formulate policies for selecting appropriate and suitable investments within the framework of that structure.
- Establish prudent procedures for monitoring and evaluating the performance of investments within the proposal and for addressing changes in the policy.

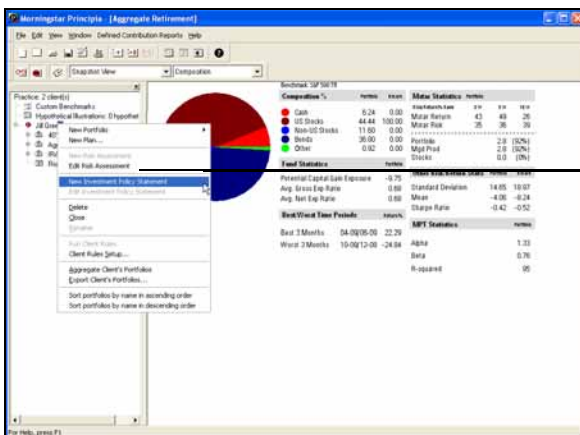
You can have multiple Investment Policy Statements for a single client. For instance, you could have one for a client to achieve certain retirement goals, and a separate one for helping to buy a second home.

### How many Investment Policy Statements can I have for a client?

To create an Investment Policy Statement do the following:

### Creating an Investment Policy Statement

1. From the Advisor Palette in the Portfolio Mode of Principia, right-click once on a client's name to select it.
2. From the menu, click **New... Investment Policy Statement**. The Morningstar Investment Policy Statement window appears.

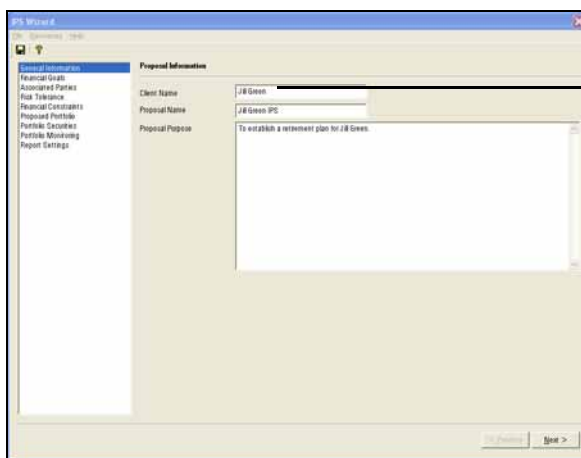


Right-click on a client's name, then select **New Investment Policy Statement**

The table below provides information about the fields available on the General Information step.

Field Name	Description
Client Name	This is the client file name you selected in Principia before opening the IPS wizard. This should be entered automatically for you.
Proposal Name	Type a name for the proposal here. This will appear on the cover page of the report.
Proposal Purpose	Enter the main purpose of the plan. For example: To establish a retirement plan for Jill Green.

- On the General Information tab of the Morningstar Investment Policy Statement wizard, type a **Proposal Name**.



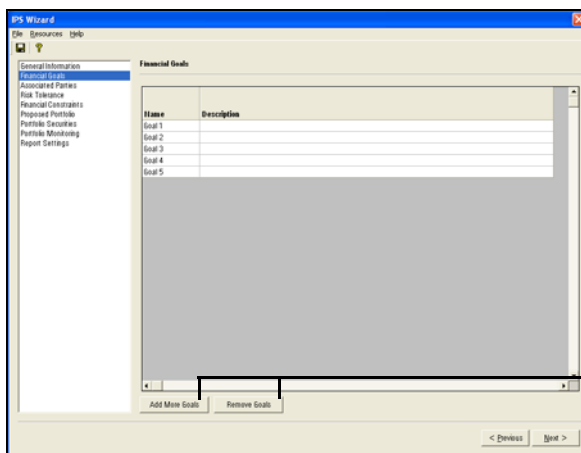
Enter IPS Proposal Name here

- Optionally, enter information in the **Proposal Purpose** field.
- Click **Next**. You should now be on the Financial Goals step.

In this section, you will enter financial goals for the client. Do the following:

### Entering Financial goals

- In the Description field, enter a **description** of financial goals for the client.



Use these buttons to Add or Remove goals

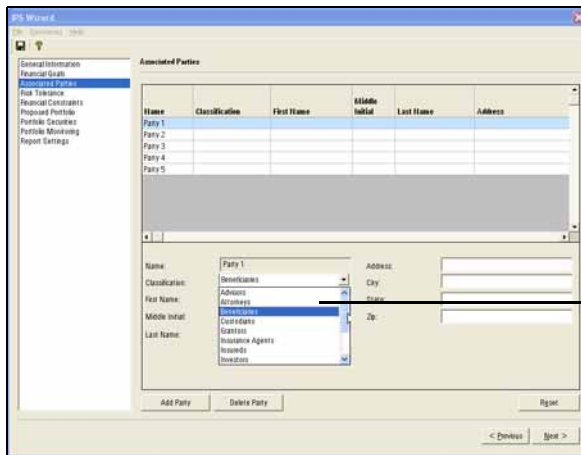
- Click **Next** when done. You should now be on the Associated Parties step.



In this section, you will enter the information for all parties associated with this plan. To enter information for Associated Parties, do the following:

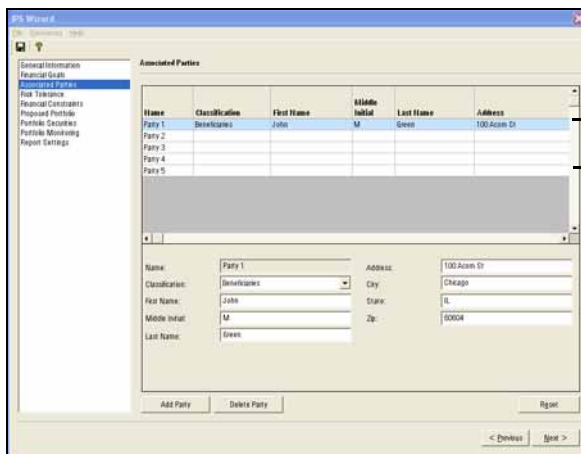
### Entering information for Associated Parties

1. From the form area at the bottom of the step, make a selection from the **Classification** field.



Select a **Classification** for the Associated Party.

2. Enter **name** and **demographic** information in the rest of the form area.



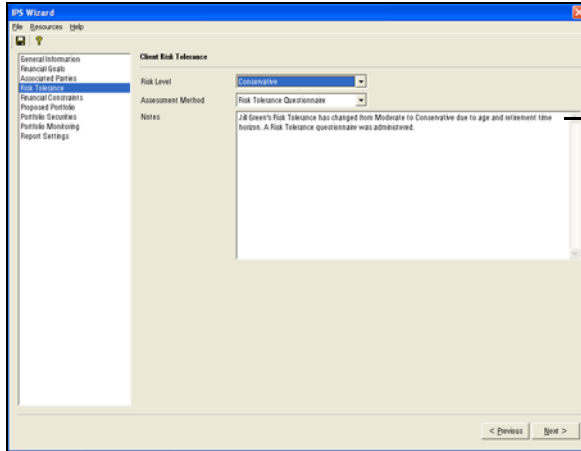
This section displays information for Associated Parties

3. To save the data and have it appear in the grid at the top of the step, click on the row for Party 2.
4. Repeat steps 1-3 for all additional parties.
  - ☞ To add a sixth party (or more), click the **Add Party** button. To delete a party, select the party's row, then click the **Delete Party** button. To erase information in the form area, click the **Reset** button.
5. Click **Next**. You should now be on the Risk Tolerance step.

In this section, you will enter details relating to the client's risk tolerance. Do the following:

### Entering a client's Risk Tolerance

1. Select a **Risk Level** from the drop-down field.
2. Select the **Assessment Method** from the drop-down field.
3. Enter any additional **Notes** describing why you selected this risk level.



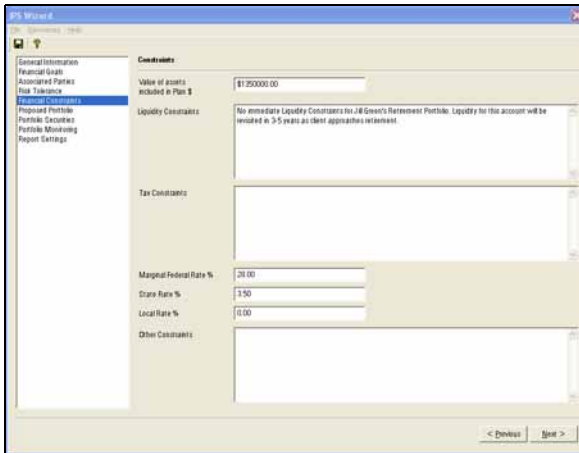
You can enter notes regarding the client's risk tolerance here.

4. Click **Next**. You should now be on the Financial Constraints step.

In this section, you will enter details relating to the client's financial constraints. Do the following:

### Entering a client's Financial Constraints

1. In the **Value of assets included in Plan \$** field, enter a dollar amount.
2. Enter any **Liquidity Constraints**.
3. Enter any **Tax Constraints**.
4. Enter the **Marginal Federal Rate %**.
5. Enter the **State Rate %**.
6. Enter the **Local Rate %**.
7. Enter **Other Constraints**.



Liquidity, Tax, and Other Constraints can be added to the appropriate sections of this window

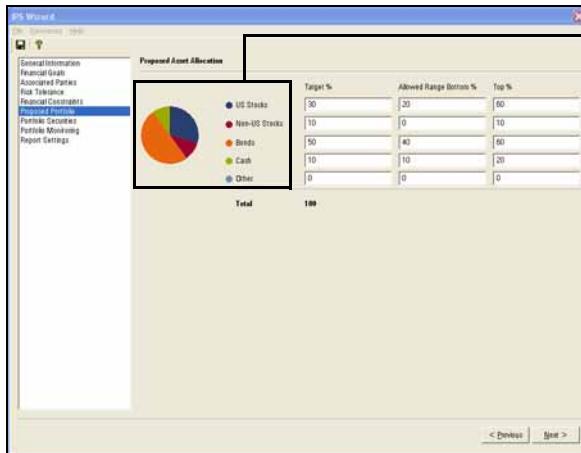
8. Click **Next**. You should now be on the Proposed Portfolio step.

In this step you can enter a proposed portfolio's target asset allocation.

### Creating a Proposed Portfolio

To enter the Proposed Asset Allocation, do the following:

1. In the Target % column, enter the **target allocation** for each asset class.
  - ☞ The Total value at the bottom of this column must equal exactly 100% before you can proceed.
2. In the Allowed Range Bottom % field, type the **minimum allowed percentage** for each asset class.
3. In the Top % field, type the **maximum allowed percentage** for each asset class.



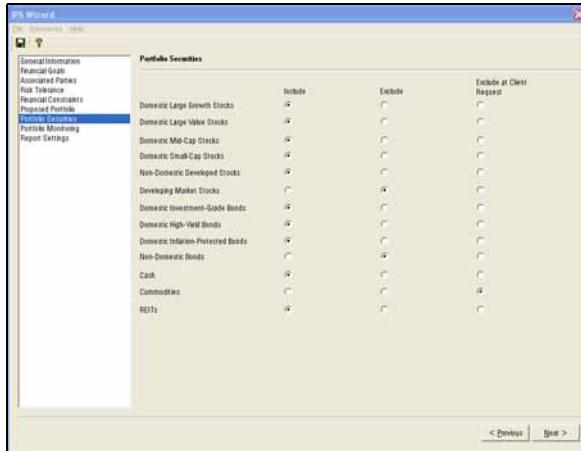
The pie chart displays the Proposed Asset Allocation

4. Click **Next**. You should now be on the Portfolio Securities step.

In this step, you can decide which asset classes to include or exclude from a client's portfolio. To include or exclude portfolio securities, do the following:

1. To include an asset class, choose the option under the **Include** column.
2. To exclude an asset class, choose the option under the **Exclude** column.
3. To exclude an asset class by client request, choose the option under **Exclude at Client Request**.

### Selecting securities for a portfolio



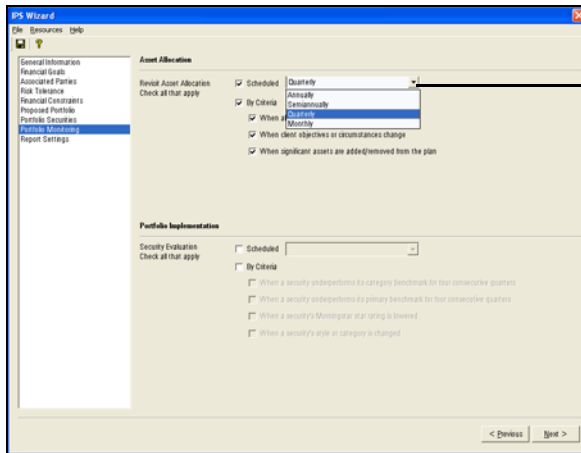
Use the Portfolio Securities section to identify which asset classes are included or excluded from the IPS.

4. Click **Next**. You should now be on the Portfolio Monitoring step.

In this step, you can define the frequency with which the asset allocation and portfolio implementation will be reevaluated. You can also use this step to determine the criteria for reevaluation. To determine the frequency and criteria for reevaluating the asset allocation, do the following:

### Establishing portfolio monitoring for an IPS

1. From the Asset Allocation section, check the **Scheduled** box next to Revisit Asset Allocation.
2. From the drop-down field, select the **frequency** for reevaluation.
3. To establish criteria for reevaluation, check the **By Criteria** box and one or more of the selections.

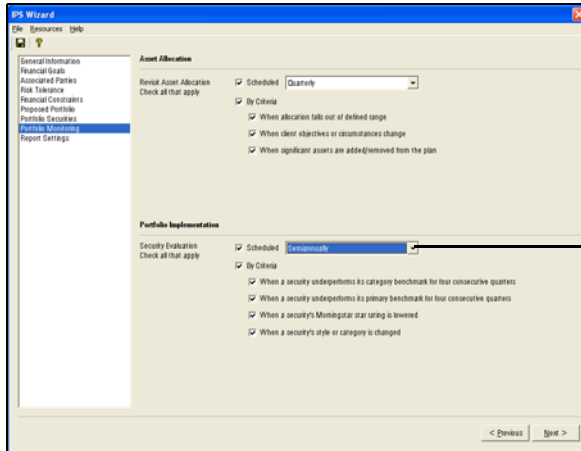


Select the frequency with which to revisit the asset allocation

To determine the frequency and criteria for reevaluating the portfolio implementation, do the following:

1. From the Portfolio Implementation section, check the **Scheduled** box next to Security Evaluation.
2. From the drop-down field, select the **frequency** for reevaluation.
3. To establish criteria check one or more of the **By Criteria** boxes.

## Establishing the portfolio implementation settings for an IPS



Select the frequency with which to revisit Portfolio Implementation

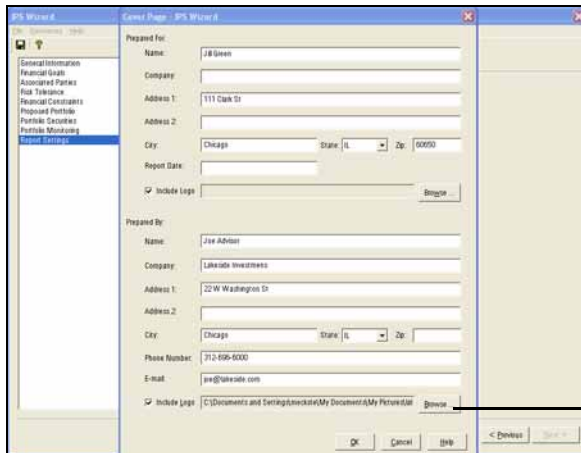
4. Click **Next**. You should now be on the Report Settings step.

In this step, you will edit the cover page, generate the report, and save the IPS Report. Note that you can add a logo both for your client, and yourself.

**Selecting and entering the report settings**

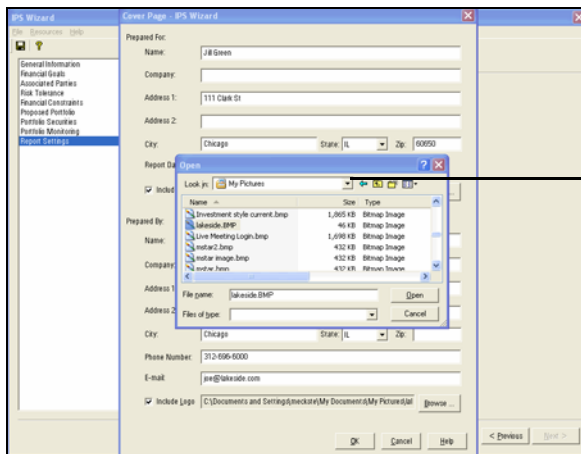
To edit the cover page, do the following:

1. From the Report Setting tab, click the **Edit Cover Page** button.
2. Enter the **Prepared For** and **Prepared By** information.
3. To include a logo, check the **Include Logo** box.
4. Click the **Browse** button. The Open dialog box appears.



Click the **Browse** button and navigate to your saved company logo.

5. Using the **Look in** drop-down, navigate to and select the logo.



Click the **Look in** drop-down to navigate to your saved company logo

6. Click **Open**.
7. Click **OK** to return to the Report Settings page.
8. Click **Generate Report**. The report appears in a new window as a Microsoft Word document.
9. Click **OK** when the Finished generating report dialog box appears.

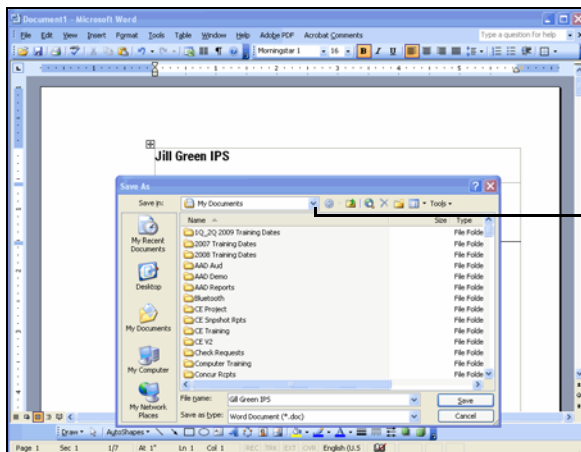
To save the IPS Report as a Microsoft Word document, do the following:

**Saving an IPS report in Microsoft Word**

1. From the Report Setting tab, click the **Generate Report** button. The report generates as a Microsoft Word document.
2. From the menu bar, click **File...Save As**.



3. In the **File Name** field, enter the name of the file.



Click the **Save** in drop-down and navigate to the location where you want to save the IPS file

4. Click **Save**.

## Saving and Editing an Investment Policy Statement

In this section, you will learn how to save an IPS, as well as how to open or edit a saved IPS.

You can save an IPS at any point while you are using the tool. To save an IPS, click **File... Save** at the top of the page.

To open or edit an IPS, do the following:

1. From the Advisor Palette in the Portfolio Mode of Principia, right-click once a **client's name** to select it.
2. From the menu, click **Edit Investment Policy Statement**. The IPS Wizard window appears.
3. Make any modifications you want, then click the **Save** icon.
4. From the menu bar, select **File... Exit** when all changes have been made.

**Overview**

**Saving an Investment Policy Statement**

**Opening and editing an Investment Policy Statement**

## Adding Your Own Selections in the IPS Window

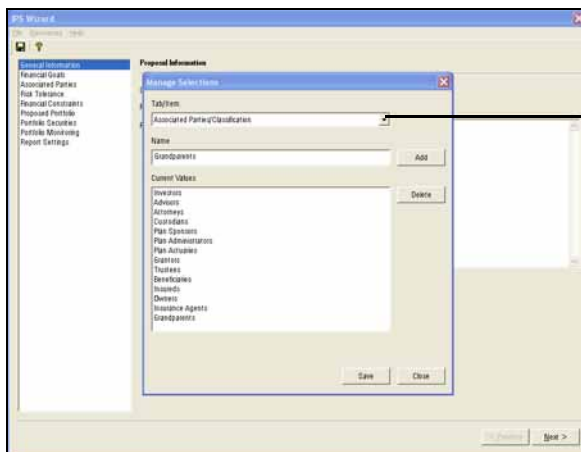
This section will show you how to add selections to a number of different drop-down fields available on most of the tabs in the Investment Policy Statement wizard. If the existing options do not meet your needs, this is your chance to create values that match your practice.

You can add new selections for the following tabs and items:

- Associated Parties/Classification
- Financial Constraints/Assessment Method
- Financial Constraints/Risk Level
- Portfolio Monitoring/Allocation by Criteria
- Portfolio Monitoring/Evaluation by Criteria
- Portfolio Monitoring/Revisit Schedule
- Portfolio Monitoring/Security Evaluation Schedule
- Proposed Portfolio/Portfolio Securities.

To create additional items for the Classification drop-down field in the Associated Parties tab, do the following:

1. From the menu bar, select **Resources...Edit**. The Manage Selections dialog box appears.
2. From the Tab/Item drop-down field, be sure **Associated Parties/Classification** is selected.
3. Type a **Name** for the selection.
4. Click **Add**.
5. Click **Save**.



Make sure **Associated Parties/Classification** is selected here

6. Click **Close**.

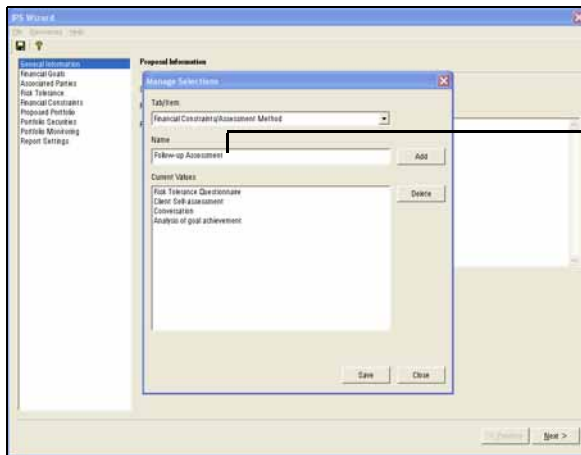
### Overview

### Adding selections for Classification

To create additional items for the Assessment Method and Risk Level drop-downs in the Financial Constraints tab, do the following:

1. From the menu bar, select **Resources...Edit**. The Manage Selections dialog box appears.
2. From the Tab/Item drop-down field, select one of the following:
  - **Financial Constraints/Assessment Method**
  - **Financial Constraints/Risk Level**
3. Enter a **Name** for the selection.
4. Click **Add**.
5. Click **Save**.

## Adding selections for Assessment Method



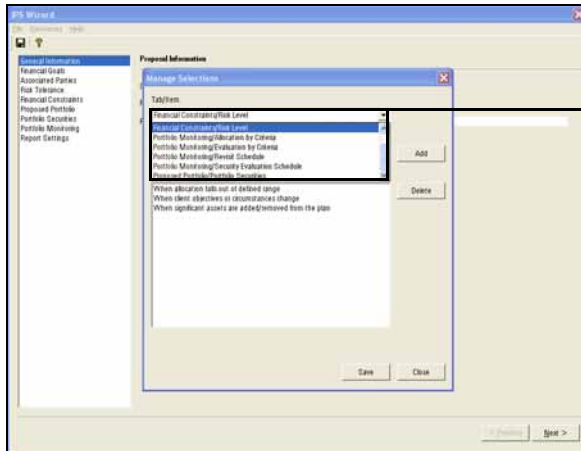
Enter a name for the Financial Constraints/Assessment Method drop-down

6. Click **Close**.

To create additional options for the Portfolio Monitoring tab, do the following:

1. From the menu bar, select **Resources...Edit**. The Manage Selections dialog box appears.
2. From the Tab/Item drop-down field, select one of the following:
  - **Portfolio Monitoring/Allocation by Criteria**
  - **Portfolio Monitoring/Evaluation by Criteria**
  - **Portfolio Monitoring/Revisit Schedule**
  - **Portfolio Monitoring/Security Evaluation Schedule**
3. Enter a **Name** for the selection.
4. Click **Add**.
5. Click **Save**.

## Adding Securities for Portfolio Monitoring



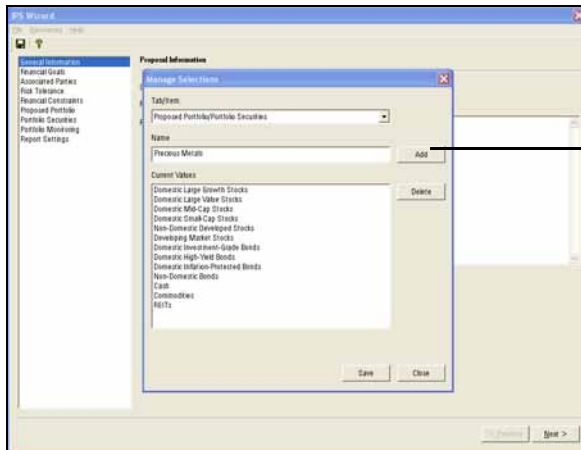
Select on of these options from the drop-down list

6. Click **Close**.

To create additional portfolio securities for the Proposed Portfolio tab, do the following:

1. From the menu bar, select **Resources...Edit**. The Manage Selections dialog box appears.
2. In the Tab/Item drop-down field, select **Portfolio Monitoring/Portfolio Securities**.
3. Enter a **Name** for the selection.
4. Click **Add**.
5. Click **Save**.

## Adding selections for Portfolio Securities



Click **Add** after typing a name for the new Portfolio Security

6. Click **Close**.

