Proposing Changes to a Client Account

Morningstar Direct for Wealth Management

Contents

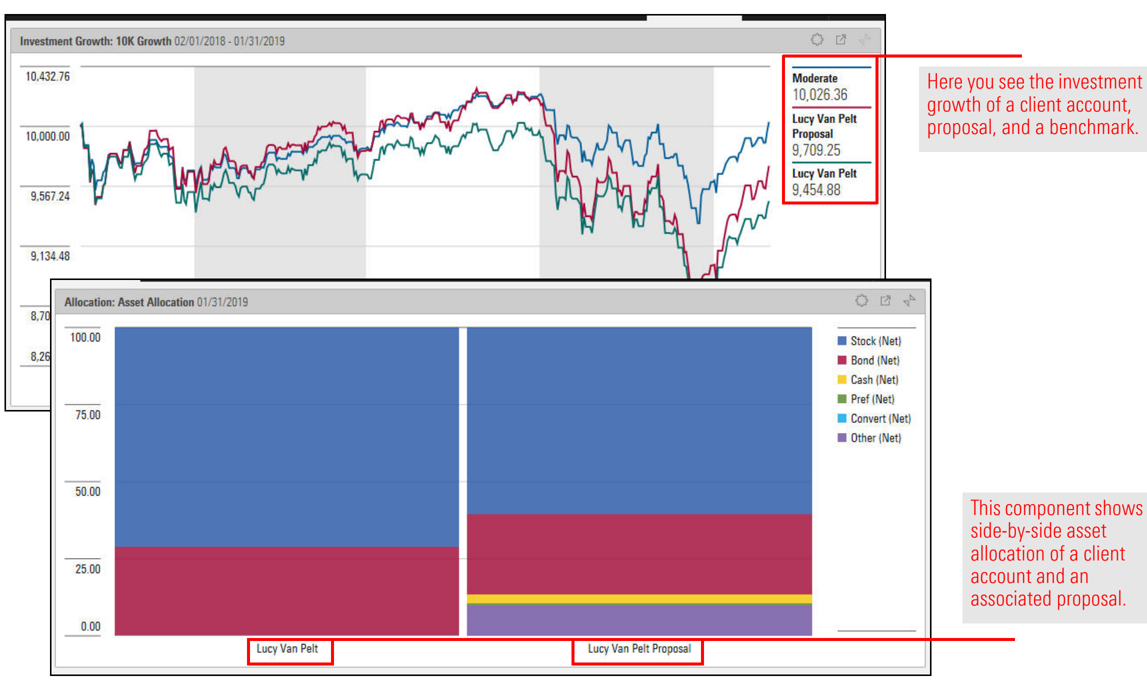
Proposing Changes to a Client Account

Overview

As a wealth manager, you know it's important to stay current with market conditions and investment opportunities. You must also understand your clients' and prospects' financial goals (which might change over time) and be able to present well-reasoned ideas and recommendations. Morningstar Direct[SM] for Wealth Management allows you to create proposals as a way of suggesting changes to client accounts. This guide shows you how to create those proposals.

When working with client accounts and proposals, a variety of tools, tables, and charts in Morningstar Direct can be used for analysis and problem-solving. Each exercise in this guide focuses on one challenge in a client account and one solution-based proposal.

> ☞ Note: In this guide, the data presented in charts, tables, and text was accurate at the time of writing. Your results in the exercises will probably not match the guide. You might prefer to work with your own client accounts and portfolio objects.



This guide covers the following topics:

What is the process for creating a proposal?

In analyzing a client account, you might discover certain changes could strengthen the account's rate of return or lower its risk. Or the client might indicate an interest in rebalancing his or her portfolio, focusing on sustainable investing, or other changes. These situations can lead to creating a proposal for the client.

The overall steps to creating a proposal are as follows:

1. Examine a client account and identify areas in which it could be improved.
2. Create a proposal, incorporating your discoveries from step 1.
3. Compare the proposal to the client account and/or benchmark.
4. If necessary, continue modifying the proposal's holdings and other settings.
5. When you are satisfied the proposal meets the requirements, generate a proposal report or a proposal comparison report.

Create a Proposal to Reduce an Account’s Cost of Ownership

Overview

In this scenario, the client account holds actively managed open-end funds, resulting in a high cost of ownership. Exchange-traded funds are usually less expensive. You want to propose a less expensive portfolio of investments.

In this section, you will do the following:

1. Create a client account by importing a Microsoft® Excel® file.
2. View the fees of a client account composed of actively managed open-end funds.
3. Create a proposal based on a model portfolio composed of exchange-traded funds.
4. Compare the fees of the client account and the proposal.

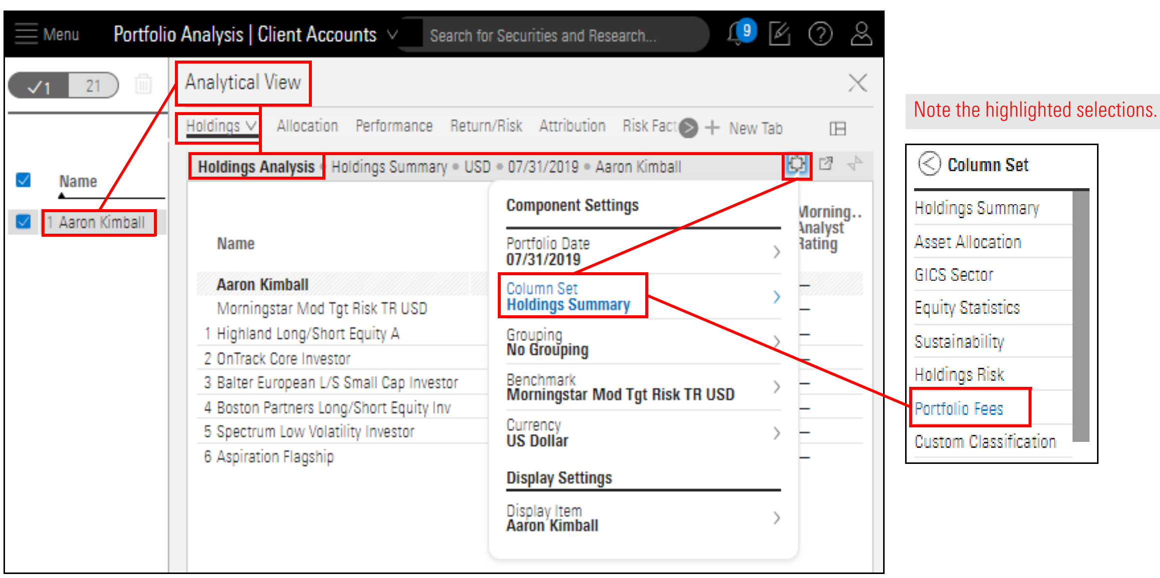
Exercise 1: Create a client account and analyze it for weakness

Do the following:

1. Download the Excel file for this exercise.
2. In Morningstar Direct for Wealth Management, **import Aaron-Kimball.xlsx** (the downloaded file).

   ☞ Note: If you need help with this step, click here. Start at step 2.

   The Client Accounts workbook opens and the Aaron Kimball account is displayed in the Grid.
3. Click **Aaron Kimball** to open the Analytical View.
4. In the Analytical View, the Holdings tab is selected and the Holdings Analysis table is displayed. In the Holdings Analysis table, click the **Component Settings** icon, then from the menu, select **Column Set** > **Portfolio Fees**.

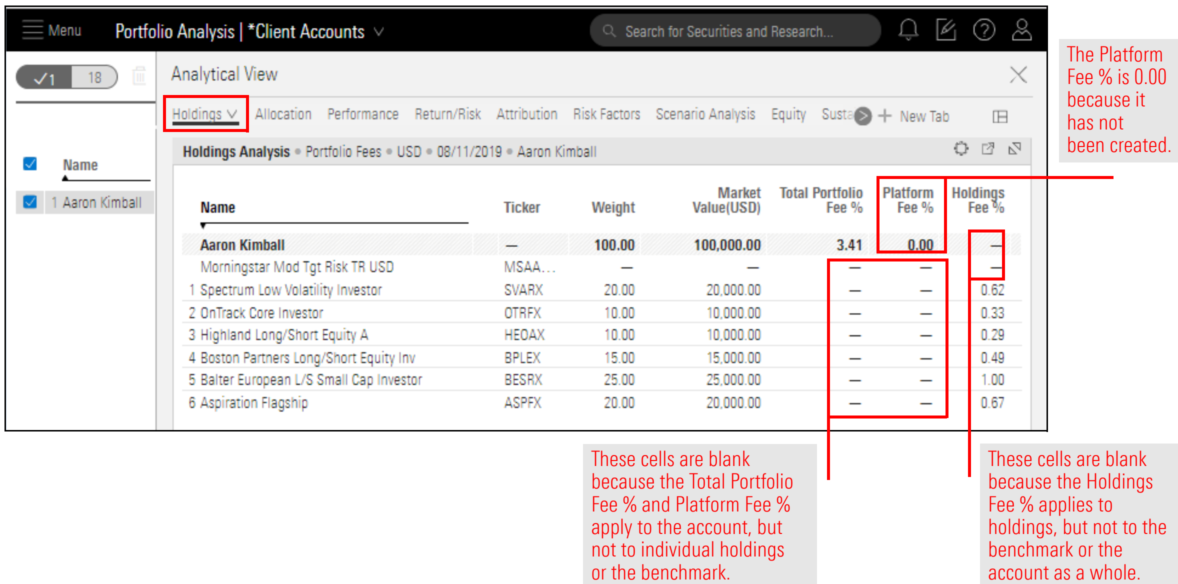


5. **Click away** from the Components Settings menu to close it.

   Note the fees in the rightmost columns—Total Portfolio Fee %, Platform Fee %, and Holdings Fee %.

   ☞ Note: You might need to scroll right to see these columns.

   To learn how these fees are defined and calculated, please see click here.



Exercise 2: Create a proposal to address the weakness

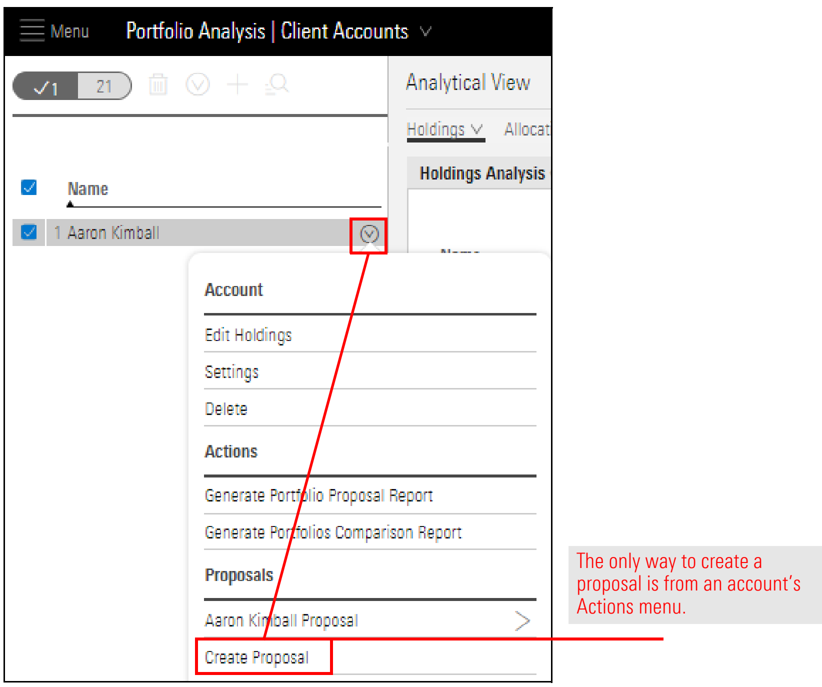
Now that you have discovered an area for improvement, you can create a proposal to address that.

In this exercise, you will create a proposal and add holdings from a model portfolio. You will need the model portfolio Income ETFs Portfolio, a model portfolio created from an investment list. If you don't have Income ETFs Portfolio, create it now by doing the following:

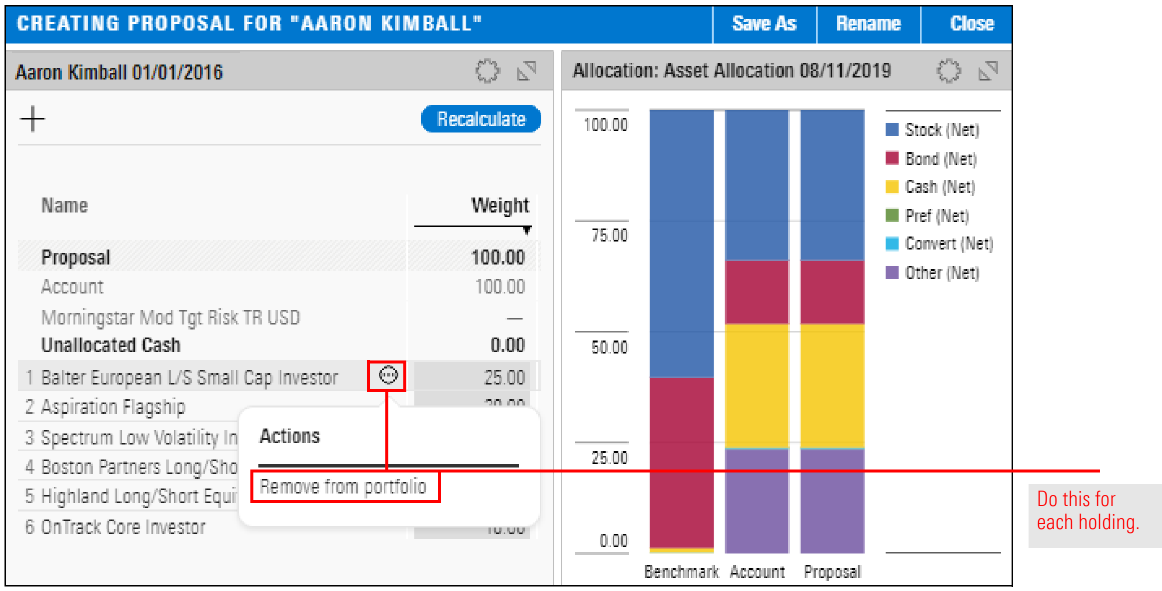
1. Click here to create the investment list Income ETFs, and
2. Click here to create the model portfolio Income ETFs Portfolio.

Do the following:

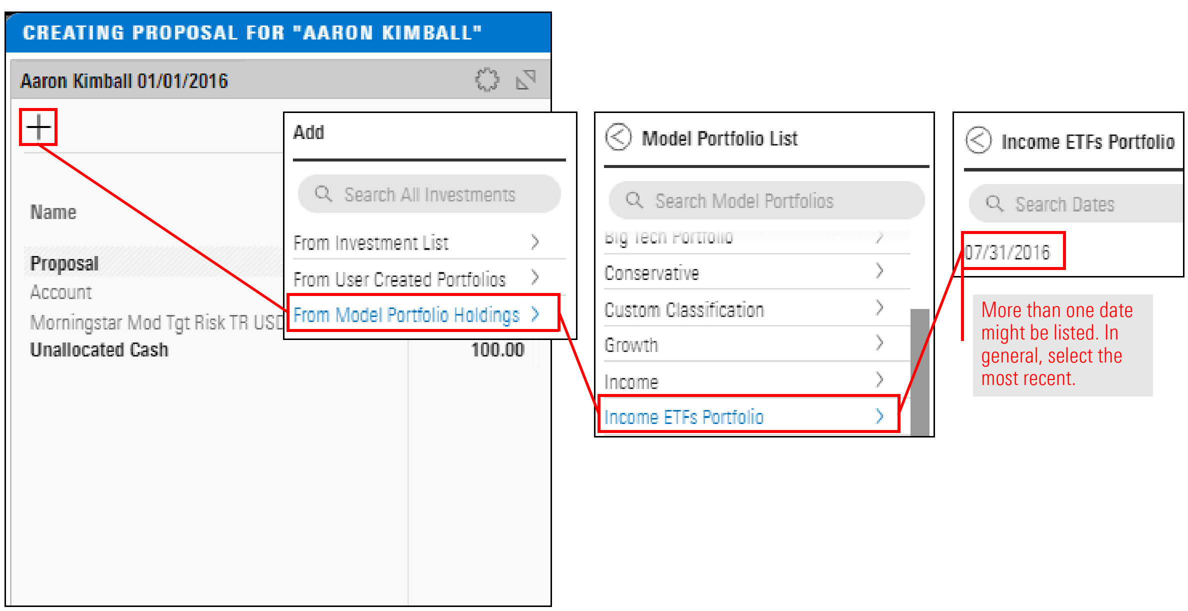
1. In the Grid, **hover the cursor** over **Aaron Kimball**.
2. Click the **Actions** icon and select **Create Proposal**. The Creating Proposal window opens.



3. Remove the holdings one at a time, as follows:
   A. **Hover the cursor** over the **holding name**.
   B. From the **Actions** menu, select **Remove from portfolio**.



4. When all holdings have been removed, click the **Add** icon, then select **From Model Portfolio Holdings** > **Income ETFs Portfolio** > **Portfolio Date** (in the illustration shown below, **07/31/2016**).



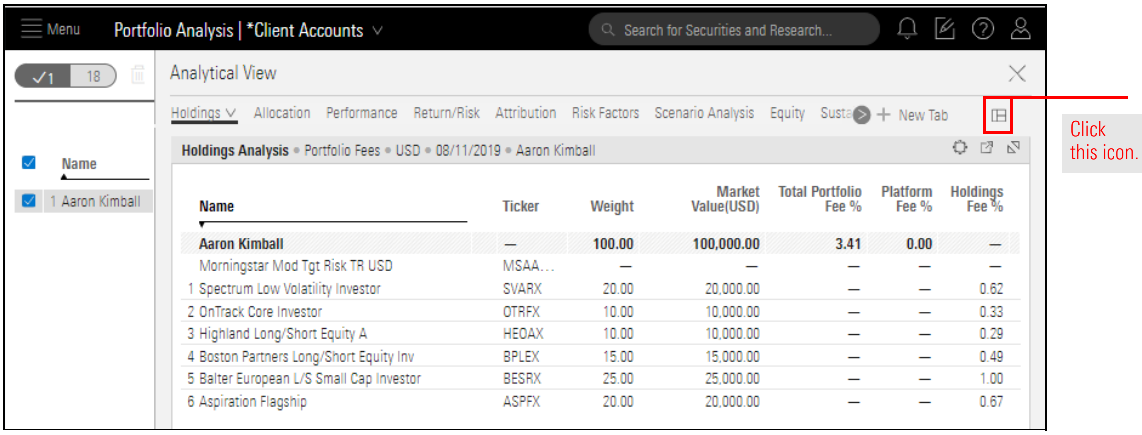
5. **Click away** from the menu to close it.
6. In the upper-right corner of the window, click **Save As**.
7. Name the proposal **Aaron Kimball Proposal** and click **Save**.
8. In the upper-right corner of the window, click **Close**.

Exercise 3: Modify a tab to view the account and proposal simultaneously

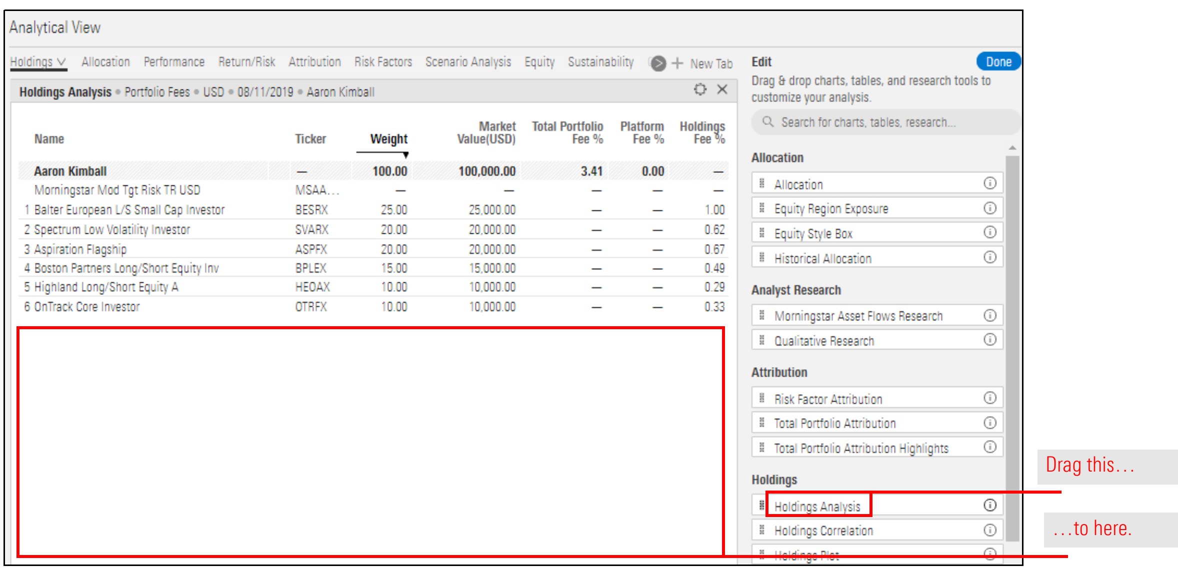
In the Client Accounts workbook, the Analytical View should still be open, displaying the Portfolio Fees column set in the Holdings Analysis table. The Holdings Analysis table cannot display the client account and its proposal simultaneously. To see both at once, another instance of the Holdings Analysis table is needed on the Holdings tab.

Do the following:

1. Click the **Edit** icon to open the Edit panel.



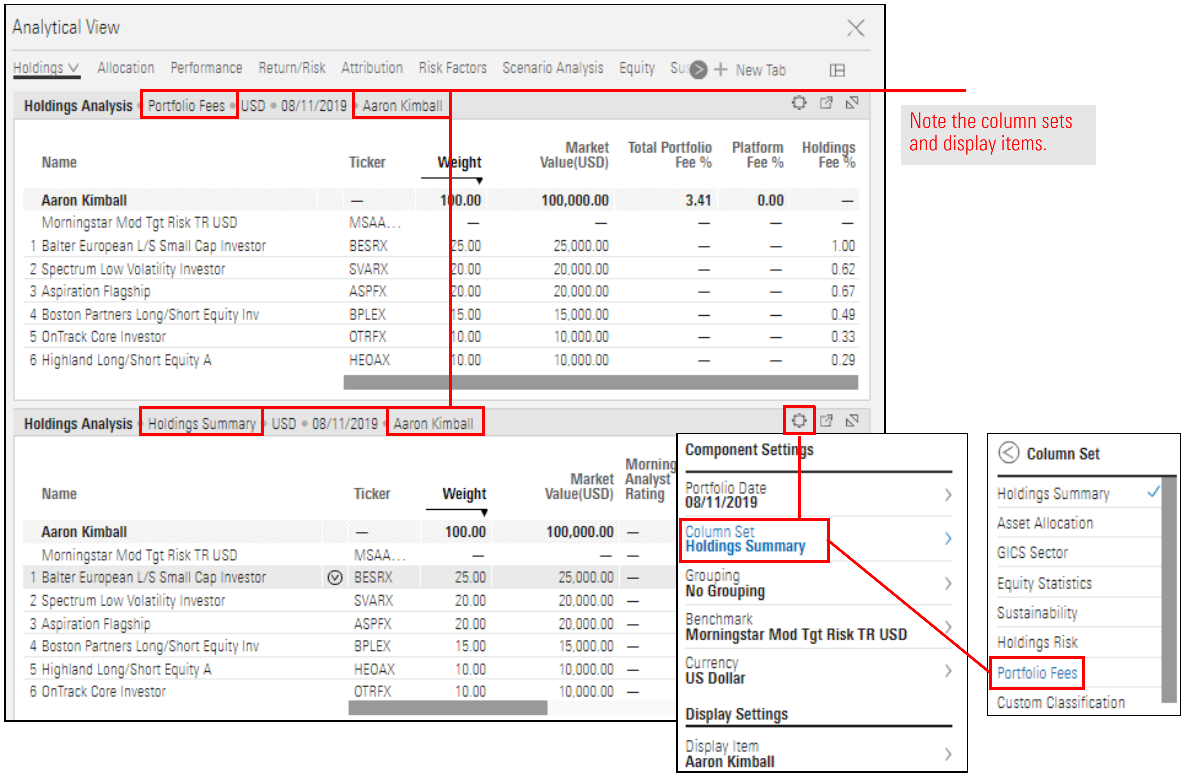
2. In the Edit panel, **drag-and-drop** the **Holdings Analysis** table beneath the existing Holdings Analysis table.



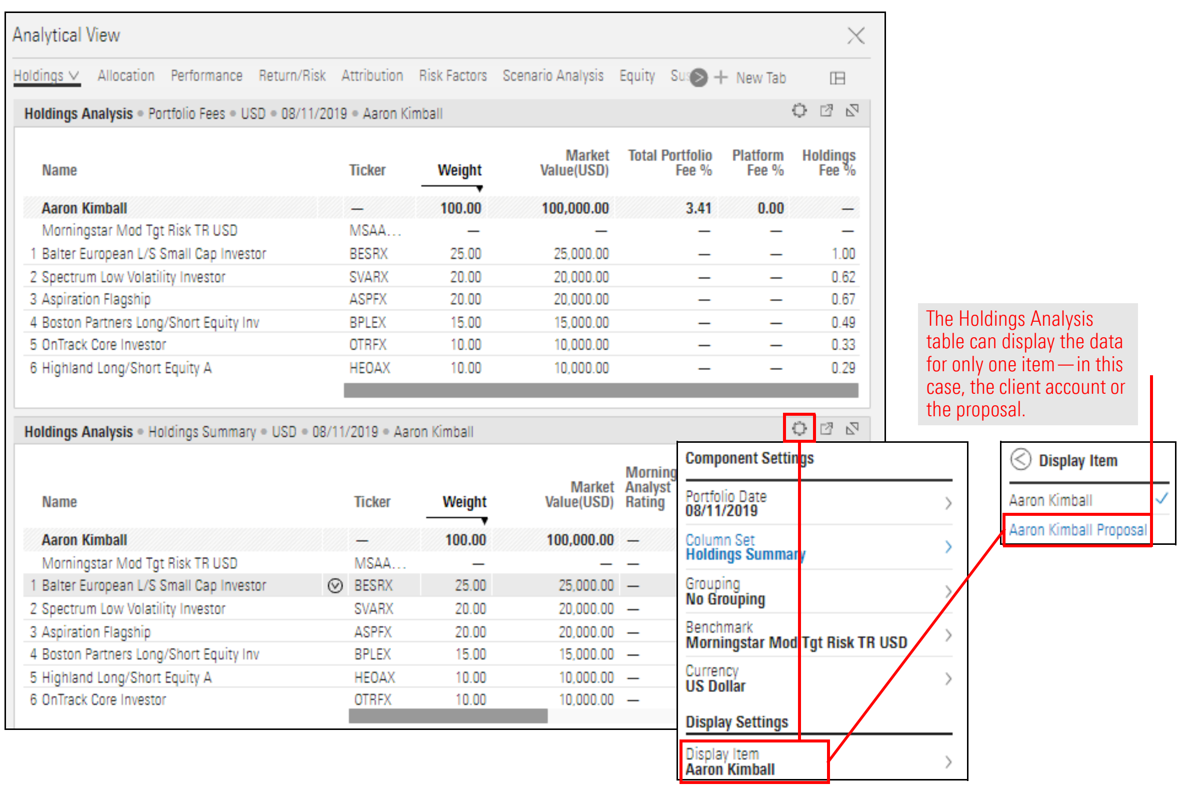
3. Click **Done** to close the Edit panel.

   Each of the two Holdings Analysis tables displays information for the Aaron Kimball account, but the bottom one shows the default Holdings Summary column set.

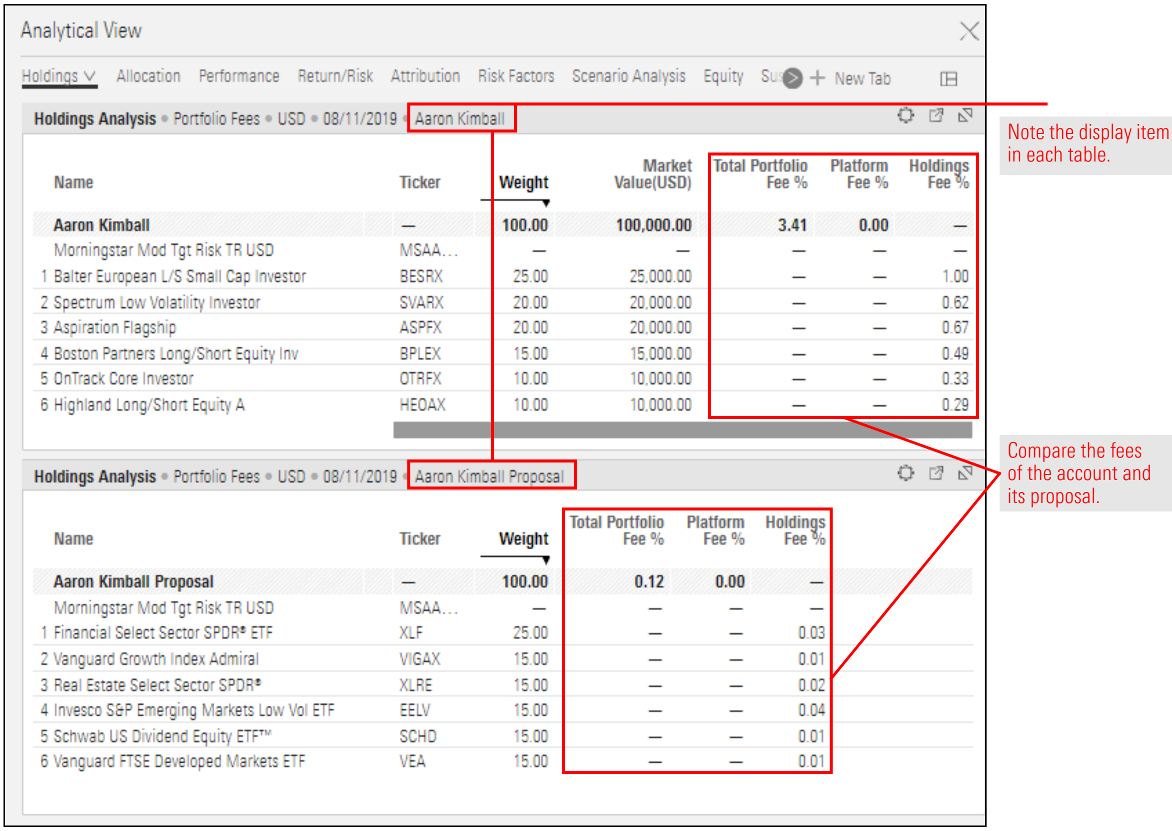
4. In the bottom table, click the **Component Settings** icon, then from the menu, select **Column Set** > **Portfolio Fees**. The Component Settings menu remains open.



5. From the Component Settings menu, select **Display Item** > **Aaron Kimball Proposal**.



6. **Click away** from the **Component Settings** menu to close it.



Name	Ticker	Weight	Market Value(USD)	Total Portfolio Fee %	Platform Fee %	Holdings Fee %
Aaron Kimball	—	**100.00**	**100,000.00**	**3.41**	**0.00**	—
Morningstar Mod Tgt Risk TR USD	MSAA…	—	—	—	—	—
1 Balter European L/S Small Cap Investor	BESRX	25.00	25,000.00	—	—	1.00
2 Spectrum Low Volatility Investor	SVARX	20.00	20,000.00	—	—	0.62
3 Aspiration Flagship	ASPFX	20.00	20,000.00	—	—	0.67
4 Boston Partners Long/Short Equity Inv	BPLEX	15.00	15,000.00	—	—	0.49
5 OnTrack Core Investor	OTRFX	10.00	10,000.00	—	—	0.33
6 Highland Long/Short Equity A	HEOAX	10.00	10,000.00	—	—	0.29

Name	Ticker	Weight	Total Portfolio Fee %	Platform Fee %	Holdings Fee %
Aaron Kimball Proposal	—	**100.00**	**0.12**	**0.00**	—
Morningstar Mod Tgt Risk TR USD	MSAA…	—	—	—	—
1 Financial Select Sector SPDR® ETF	XLF	25.00	—	—	0.03
2 Vanguard Growth Index Admiral	VIGAX	15.00	—	—	0.01
3 Real Estate Select Sector SPDR®	XLRE	15.00	—	—	0.02
4 Invesco S&P Emerging Markets Low Vol ETF	EELV	15.00	—	—	0.04
5 Schwab US Dividend Equity ETF™	SCHD	15.00	—	—	0.01
6 Vanguard FTSE Developed Markets ETF	VEA	15.00	—	—	0.01

7. In the upper-right corner of the Analytical View, click the **X** to close it.

What charts and tables require separate instances to compare a client account and its proposal?

In Exercise 3 on page 10, you created separate instances of the Holdings Analysis table to compare the client account and its proposal. The Holdings Analysis table isn't the only component unable to display a client account and proposal simultaneously.

In the following charts and tables, to view a client account and its proposal on the same tab, create a second instance:

This Chart or Table…	…Is Found on This Tab
Equity Attribution	—
Equity Region Exposure	Equity
Historical Allocation	Allocation
Holdings Analysis	Holdings
Holdings Correlation	Correlations
Holdings Plot	Return/Risk
Market Value	Performance
Multiple Risk Exposures	—
Risk Exposure Snapshot	Risk Factor
Risk Factor Attribution	—
Rolling Time Series	—
Total Portfolio Attribution	Attribution

Create a Proposal to Add Diversification to a Client Account

Overview

In this scenario, the client account's holdings consist almost entirely of equity investments, creating a high exposure to market volatility. You want to propose a more diversified portfolio of investments.

In this section, you will do the following:

1. Create a client account by importing a Microsoft Excel file.
2. View the allocations of the client account.
3. Create a proposal by adding holdings and re-weighting.
4. Compare the allocations of the client account and the proposal.

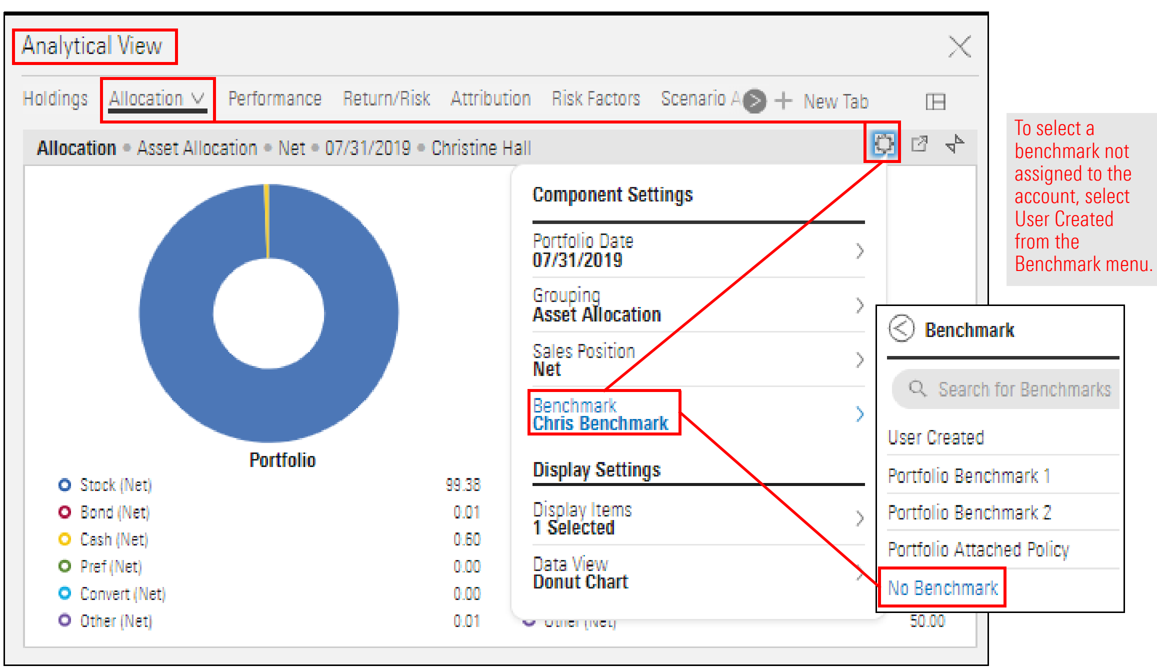
Exercise 4: Create a client account and view its allocations

Do the following:

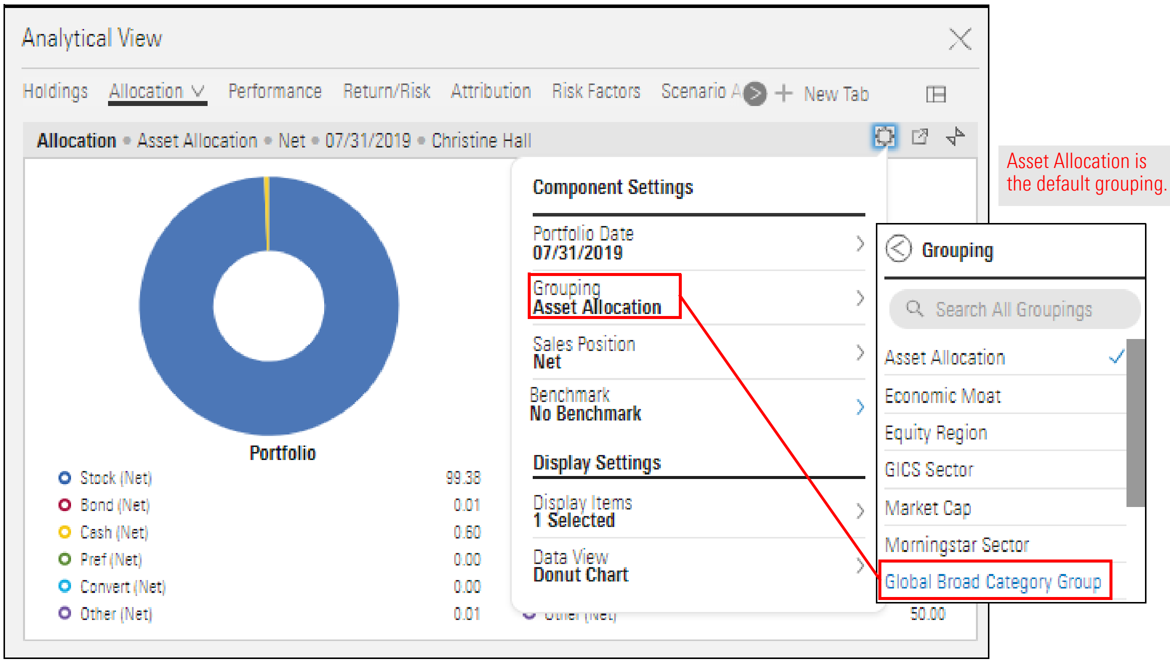
1. Download the Excel file for this exercise.
2. In Morningstar Direct, **import Christine-Hall.xlsx** (the downloaded file).

   ☞ Note: If you need help with this step, click here. Start at step 2.

   The Client Accounts workbook should now be open and displaying the Christine Hall client account.
3. In the Grid, click **Christine Hall** to open the Analytical View.
4. In the Analytical View, select the **Allocation** tab.
5. In the Allocation chart, click the **Component Settings** icon, then from the menu, select **Benchmark** > **No Benchmark**. The Component Settings menu remains open.



6. Select **Grouping** > **Global Broad Category Group**.



7. **Click away** from the menu to close it.

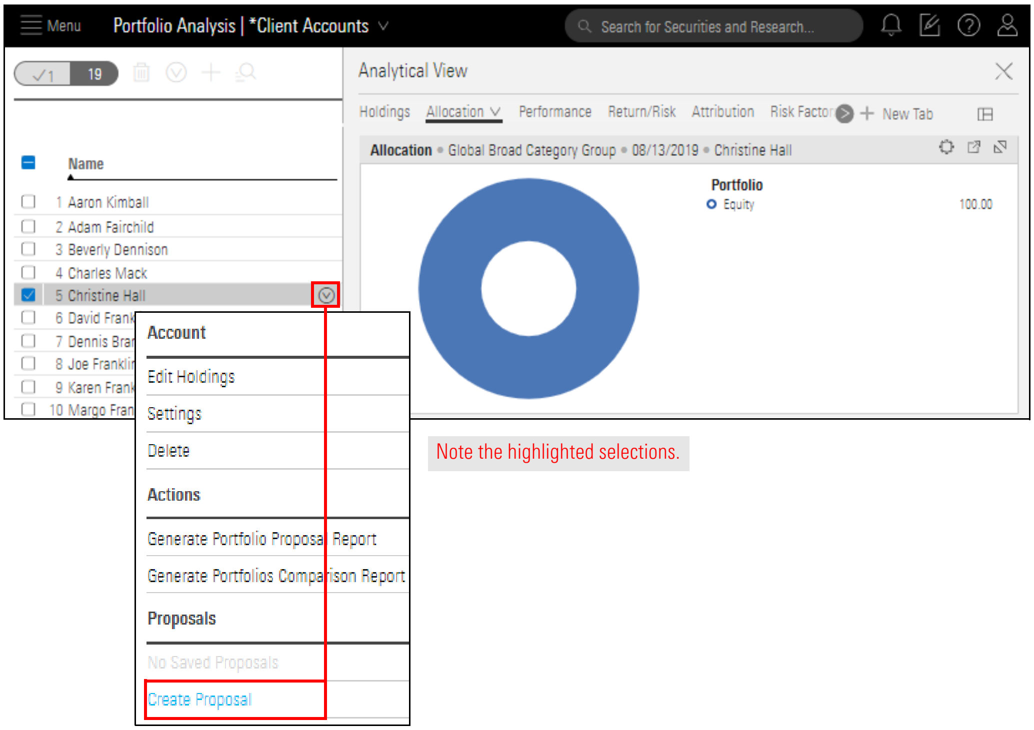
   Note that the Allocation chart shows the account allocation is 100% Equity.

Exercise 5: Create a proposal to add diversification to the account

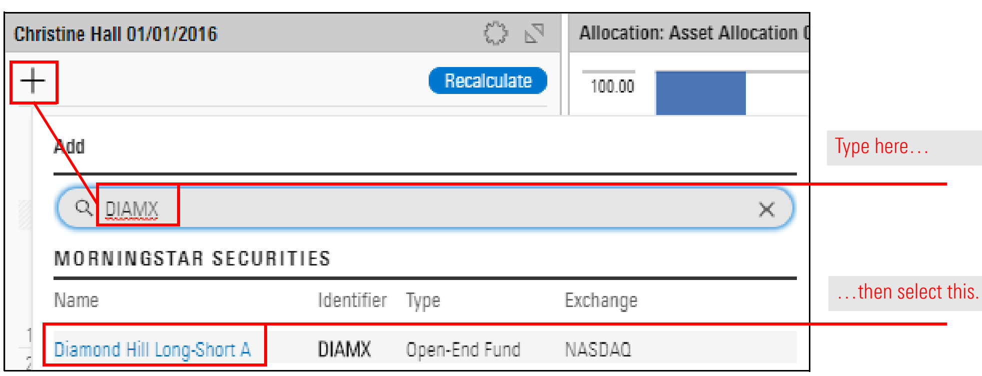
Now that you have discovered an area for improvement, you can create a proposal to address that.

Do the following:

1. In the Grid, **hover the cursor** over **Christine Hall**.
2. Click the **Actions** icon and select **Create Proposal**. The Creating Proposal window opens.



3. In the upper-left corner, click the **Add** icon. The Add dialog box opens.
4. In the **Search** field, type **DIAMX**, then from the results, select **Diamond Hill Long-Short A**.

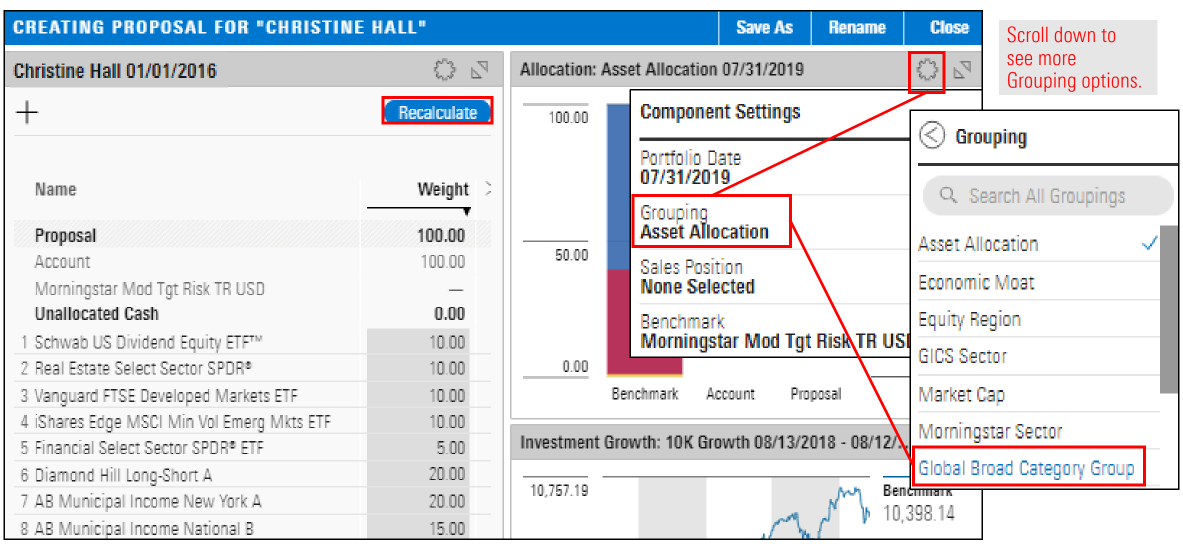


5. Repeat step 4 to add **ALNYX** (**AB Municipal Income New York A**).

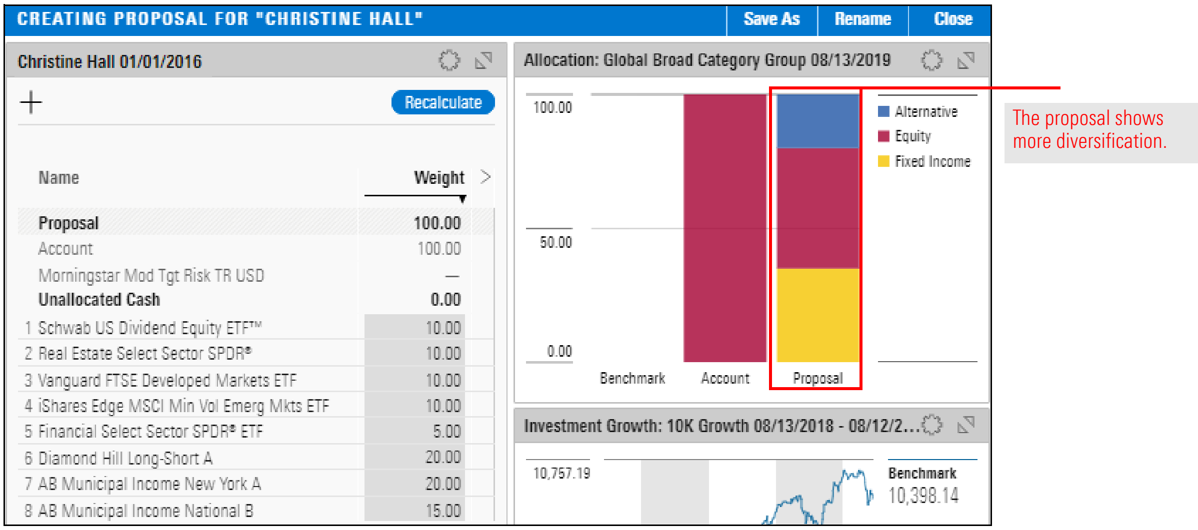
6. **Reweight** the holdings as shown in the following table:

Holding	Weight
Schwab US Dividend Equity ETF	10
Real Estate Select Sector SPDR	10
Vanguard FTSE Developed Market ETF	10
iShares Edge MSCI Min Vol Emerg Mkts ETF	10
Financial Select Sector SPDR ETF	20
Diamond Hill Long-Short A	20
AB Municipal Income New York A	20

7. Click **Recalculate**.
8. To preview the results before closing the Creating Proposal window, do the following:
   A. On the right side of the Creating Proposal window, in the Allocation chart, click the **Component Settings** icon.
   B. From the **Component Settings** menu, select **Grouping** > **Global Broad Category Group**.



C. **Click away** from the **Component Settings** menu to close it.



Note: You could continue to add and remove holdings, as well as change the weights, but in this exercise, continue to the next step.

9. In the upper-right corner of the window, click **Save As**.
10. Name the proposal **Christine Hall Proposal** and click **Save**.
11. In the upper-right corner of the window, click **Close**.

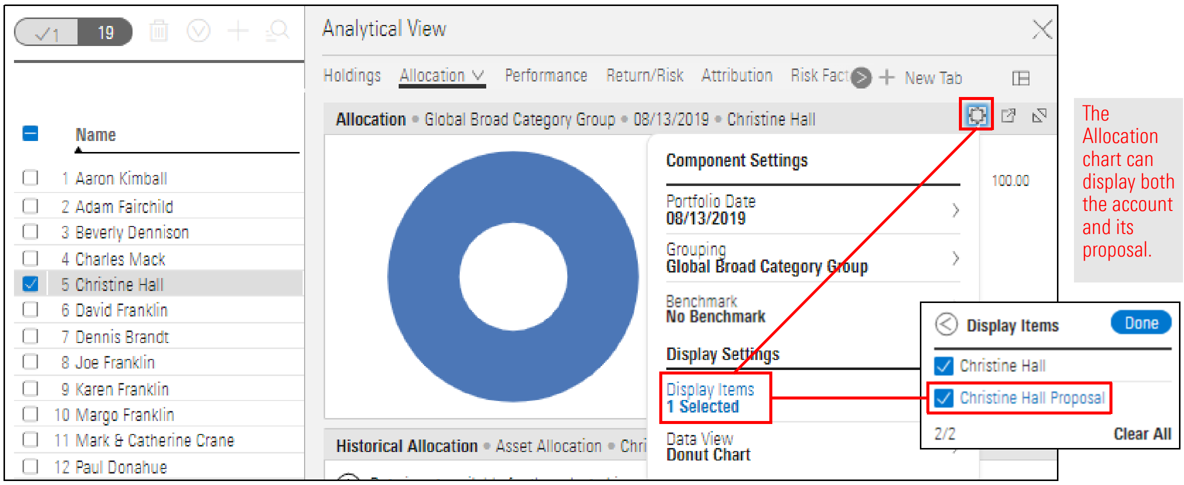
Exercise 6: Compare the diversification of the account and the proposal

In the Client Accounts workbook, the Christine Hall account should still be selected and the Analytical View should display the Allocation tab.

Do the following:

1. In the Allocation chart, click the **Component Settings** icon, then from the menu, select **Display Items**, then select the checkbox for **Christine Hall Proposal**.

   ☞ Note: The checkbox for Christine Hall is already selected.

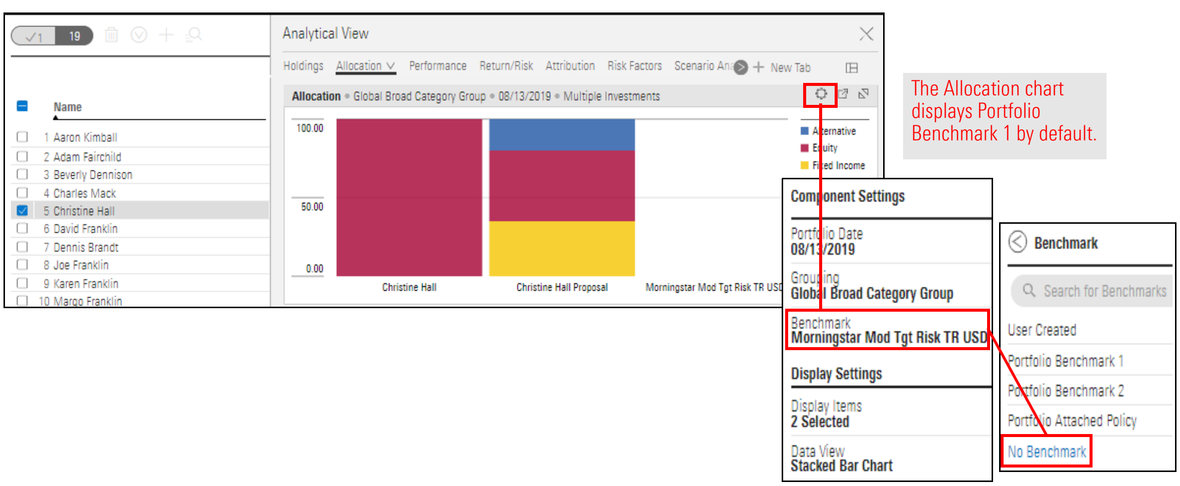


2. Click **Done**.
3. **Click away** from the Components Settings menu to close it.

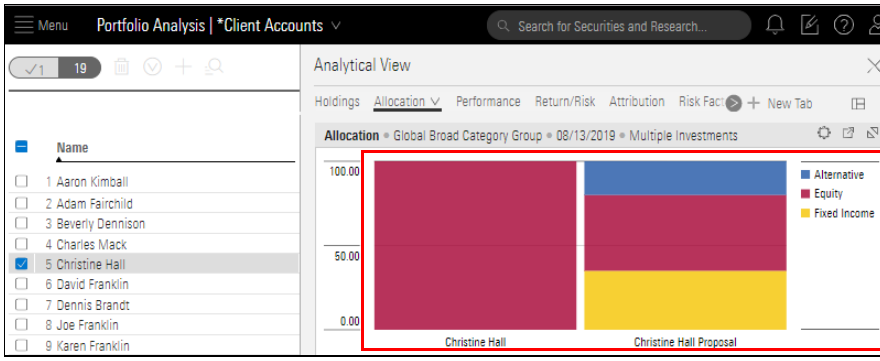
   The following changes have occurred in the chart:
   - Three stacked bar charts are displayed, one for each item—client account, proposal, and benchmark, and

   ☞ Note: The Allocation chart cannot display more than two donut charts.

   - The benchmark assigned to the client account is selected.
4. Click the **Component Settings** icon, then from the menu, select **Benchmark** > **No Benchmark**.



5. (Optional) Now that only two items are displayed—client account and benchmark—you can display the allocations as donut charts. From the **Component Settings** menu, select **Data View** > **Donut Chart**.
6. **Click away** from the **Component Settings** menu to close it.



The chart shows the allocations for the Christine Hall account and its proposal.

What charts and tables can simultaneously display a client account and its proposal?

In Exercise 6 on page 19, you compared the client account and its proposal in an Allocation chart, without creating a second instance of the chart.

The following components can simultaneously present a client account, its benchmark, and its proposal(s):

This Chart or Table…	…Is Found on This Tab
Allocation	Allocation
Equity Style Box	Equity
Historical Return	Performance
Historical Risk Exposure	Risk Factors
Holdings Plot	Return/Risk
Investment Growth	None
Scatter Plot	Return/Risk
Scenario Metrics	Scenario Analysis
Scenario Trend	Scenario Analysis
Sustainability Ratings Analysis	Sustainability

Create a Proposal to Improve an Account's Performance

Overview

In this scenario, the client account's returns have been declining. You propose replacing certain holdings to improve returns. But which holdings to remove? And what to replace them with?

In this section, you will do the following:

1. Create a client account by importing a Microsoft Excel file.
2. Assign a benchmark to the account.
3. Compare the performance of the benchmark and the account over the past year.
4. Compare the performance of individual holdings in the account over the past year.
5. Create a proposal to replace weak investments with stronger ones.

Exercise 7: Create a client account and assign a benchmark

In this exercise, you will create a new client account and assign it a benchmark. Then you will examine the account's market value to see its overall trend and its holdings to identify underperformers.

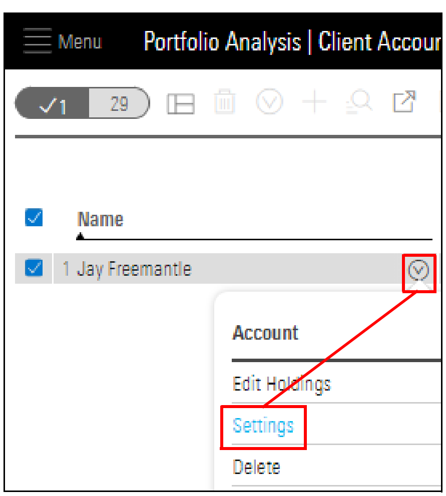
You will need the Moderate Custom Benchmark. If you don't have it, you can create it now.

Do the following:

1. Download the Excel file for this exercise.
2. In Morningstar Direct, **import Jay-Freemantle.xlsx** (the downloaded file).

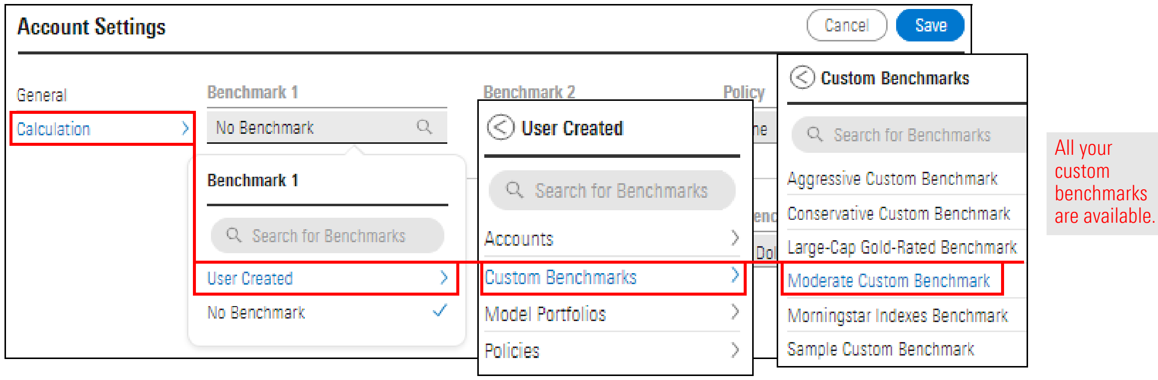
   ☞ Note: If you need help with this step, click here. Start at step 2.

   The Client Accounts workbook opens and displays the Jay Freemantle client account in the Grid.
3. **Hover the cursor** over **Jay Freemantle** and from the **Actions** menu, select **Settings**. The Account Settings window opens.



Note the highlighted selections.

4. Select the **Calculation** tab and from the **Benchmark 1** menu, select **User Created** > **Custom Benchmarks** > **Moderate Custom Benchmark**.



5. Click **Save**.

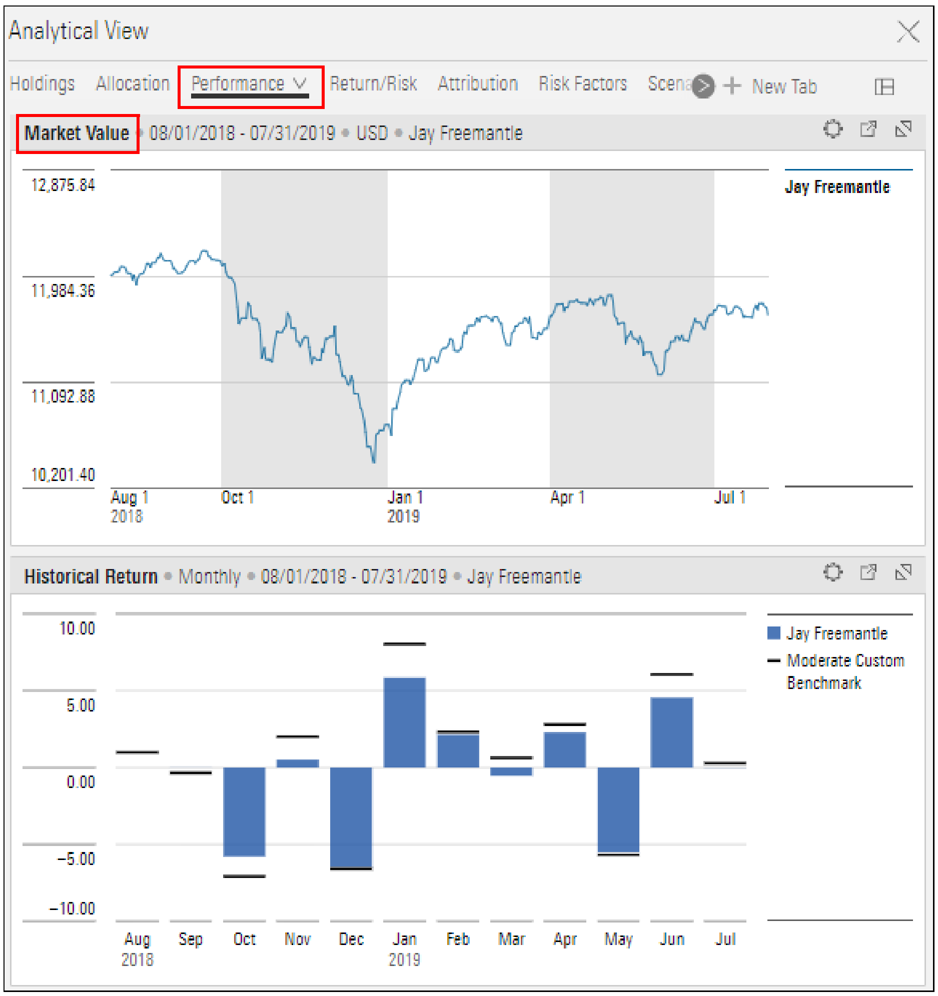
Exercise 8: Compare the performance of the account and its benchmark

In this exercise, you will use the Historical Return chart to compare the account and its benchmark.

The Client Accounts workbook should be open with the Jay Freemantle account selected.

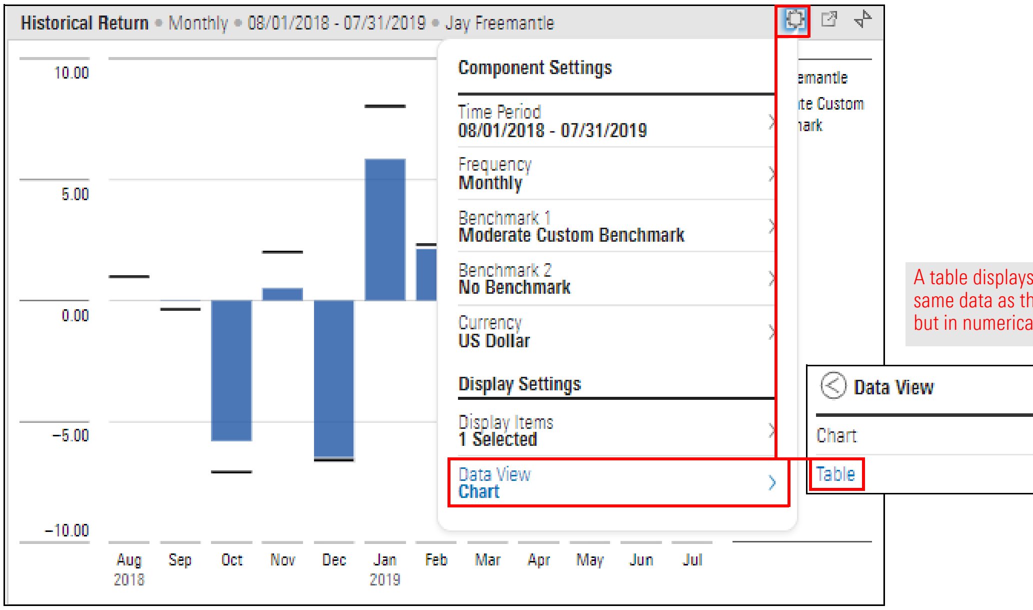
Do the following:

1. In the Grid, click **Jay Freemantle** to open the Analytical View.
2. To view the account's overall performance, select the **Performance** tab.



In the Market Value chart, you can see that the account has not recovered its value at the starting date.

3. At the bottom of the Performance tab, in the **Historical Return** chart, click the **Component Settings** icon, and from the menu, select **Data View** > **Table**.



A table displays the same data as the chart, but in numerical format.

4. **Click away** from the Components Settings menu to close it.

5. In the table, **count** how many months in the past year the account has trailed the benchmark. It's also worth noting that the losses were steeper than the gains.

Historical Return • Monthly • 08/01/2018 - 07/31/2019 • Jay Freemantle

Name	04/01/2019 - 04/30/2019	05/01/2019 - 05/31/2019	06/01/2019 - 06/30/2019	07/01/2019 - 07/31/2019
1 Jay Freemantle	2.41	−5.87	4.80	−0.01
2 Moderate Custom Benchmark	2.79	−5.67	6.05	0.27
3 +/-	−0.38	−0.20	−1.25	−0.28

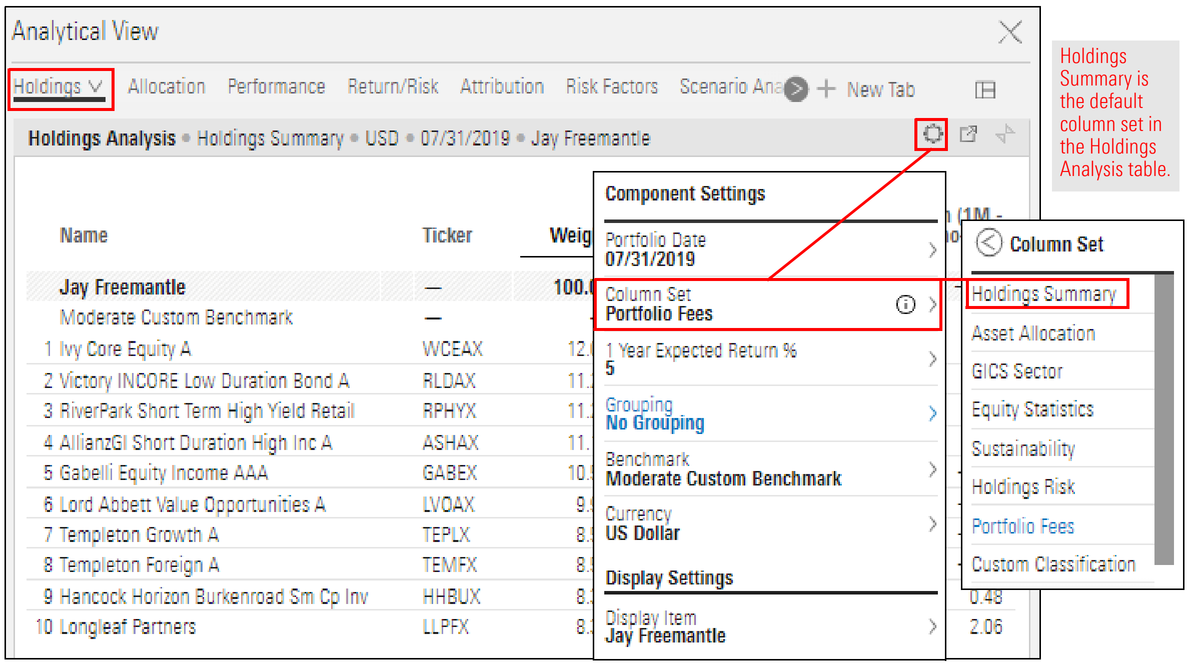
Scroll here to view more of the table.

Exercise 9: Identify the weakest holdings

In this exercise, you will examine the performance of the account holdings to identify the weakest holdings.

Do the following:

1. To determine which holdings were key factors in driving the low performance, select the **Holdings** tab.
2. In the **Holdings Analysis** table, if the Portfolio Fees column set is still displayed, change the column set to **Holdings Summary**.



3. **Click away** from the Components Settings menu to close it.

4. **Scroll right** to see the Return (3M mo-end), Return (6M mo-end), and Return (1Y mo-end) columns.
5. Click the **Return (1Y mo-end)** column heading to sort high-to-low.

   Note the holdings whose returns fell below the benchmark.

Holdings Analysis • Holdings Summary • USD • 07/31/2019 • Jay Freemantle

	Name	Return (3M - mo-end)	Return (6M - mo-end)	Return (YTD - mo-end)	Return (1Y - mo-end)
	Jay Freemantle	**−1.25**	**2.60**	**8.61**	**—**
	Moderate Custom Benchmark	0.31	6.16	14.70	2.19
1	Ivy Core Equity A	1.53	13.31	20.83	6.53
2	Victory INCORE Low Duration Bond A	1.07	2.25	2.39	2.75
3	RiverPark Short Term High Yield Retail	0.48	1.48	2.15	2.67
4	AllianzGI Short Duration High Inc A	0.87	2.37	4.05	2.47
5	Gabelli Equity Income AAA	−1.35	5.23	13.70	−1.10
6	Lord Abbett Value Opportunities A	−1.62	4.05	13.57	−3.04
7	Templeton Growth A	−4.50	−2.46	5.35	−10.78
8	Hancock Horizon Burkenroad Sm Cp Inv	−3.56	1.23	12.77	−10.87
9	Templeton Foreign A	−5.75	−3.91	2.99	−10.91
10	Longleaf Partners	−2.12	0.00	10.90	−12.11

Click here to sort.

Benchmark

These losses indicate the holdings to be considered for replacement.

6. To investigate a bit further, **sort** the **Return (6M - mo-end)** column and note the holdings whose returns fell below the benchmark.

Holdings Analysis • Holdings Summary • USD • 07/31/2019 • Jay Freemantle

	Name	Return (3M - mo-end)	Return (6M - mo-end)	Return (YTD - mo-end)	Return (1Y - mo-end)
	Jay Freemantle	**−1.25**	**2.60**	**8.61**	**—**
	Moderate Custom Benchmark	0.31	6.16	14.70	2.19
1	Ivy Core Equity A	1.53	13.31	20.83	6.53
2	Gabelli Equity Income AAA	−1.35	5.23	13.70	−1.10
3	Lord Abbett Value Opportunities A	−1.62	4.05	13.57	−3.04
4	AllianzGI Short Duration High Inc A	0.87	2.37	4.05	2.47
5	Victory INCORE Low Duration Bond A	1.07	2.25	2.39	2.75
6	RiverPark Short Term High Yield Retail	0.48	1.48	2.15	2.67
7	Hancock Horizon Burkenroad Sm Cp Inv	−3.56	1.23	12.77	−10.87
8	Longleaf Partners	−2.12	0.00	10.90	−12.11
9	Templeton Growth A	−4.50	−2.46	5.35	−10.78
10	Templeton Foreign A	−5.75	−3.91	2.99	−10.91

Click here to sort.

Benchmark

Are any of these the same holdings you noted in the Return (1Y - mo-end) column?

7. To investigate even further, **sort** the **Return (3M - mo-end)** column and note the holdings whose returns fell below the benchmark.

Holdings Analysis • Holdings Summary • USD • 07/31/2019 • Jay Freemantle

Name	Return (3M - mo-end)	Return (6M - mo-end)	Return (YTD - mo-end)	Return (1Y - mo-end)
Jay Freemantle	**−1.25**	**2.60**	**8.61**	**—**
Moderate Custom Benchmark	0.31	6.16	14.70	2.19
1 Ivy Core Equity A	1.53	13.31	20.83	6.53
2 Victory INCORE Low Duration Bond A	1.07	2.25	2.39	2.75
3 AllianzGI Short Duration High Inc A	0.87	2.37	4.05	2.47
4 RiverPark Short Term High Yield Retail	0.48	1.48	2.15	2.67
5 Gabelli Equity Income AAA	−1.35	5.23	13.70	−1.10
6 Lord Abbett Value Opportunities A	−1.62	4.05	13.57	−3.04
7 Longleaf Partners	−2.12	0.00	10.90	−12.11
8 Hancock Horizon Burkenroad Sm Cp Inv	−3.56	1.23	12.77	−10.87
9 Templeton Growth A	−4.50	−2.46	5.35	−10.78
10 Templeton Foreign A	−5.75	−3.91	2.99	−10.91

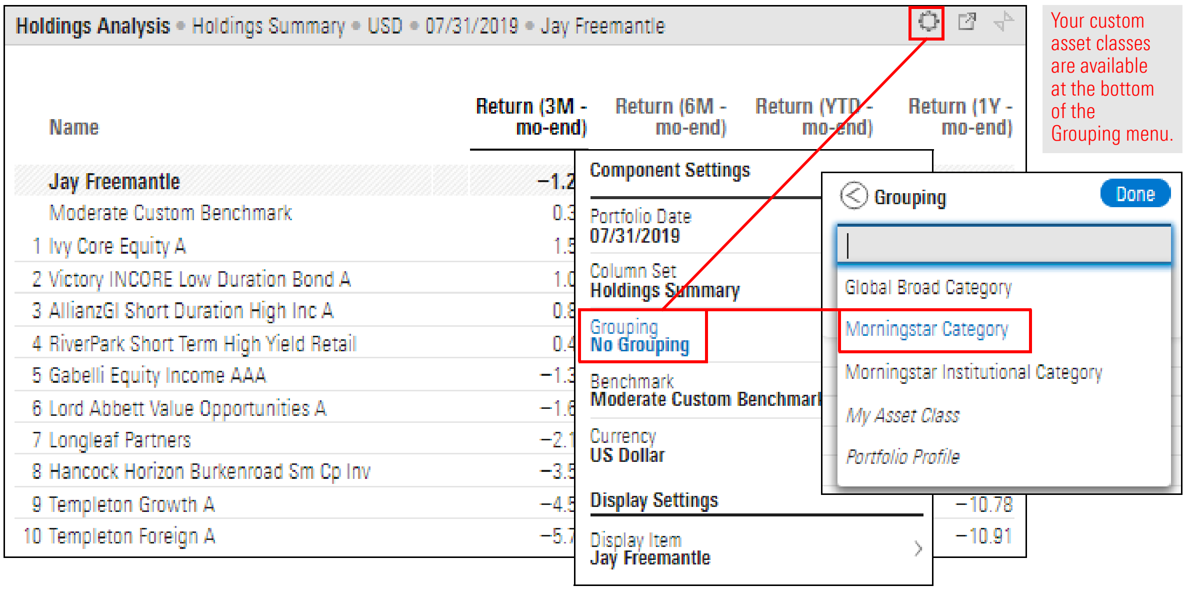
Click here to sort.

Benchmark

Were any of these holdings called out in the Return (1Y - mo-end) and Return (6M - mo-end) columns?

8. In the following table, **list** the funds falling below the benchmark in at least two of the three time periods:

9. Now that you have identified holdings to be replaced, find out the Morningstar Category each one belongs to. When you replace them, use holdings in the same categories. In the Holdings Analysis table, click the **Component Settings** icon, and from the menu, select **Grouping** > **Morningstar Category**.



10. Click **Done**.

11. **Click away** from the Components Settings menu to close it.

Note the Morningstar Category of the holdings identified in step 8 on page 27.

Holdings Analysis • Holdings Summary • USD • 07/31/2019 • Jay Freemantle

	Name	Ticker	Weight
	Jay Freemantle	—	**100.00**
	Moderate Custom Benchmark	—	—
▼	**Foreign Large Value**	—	—
1	Templeton Foreign A	TEMFX	8.51
▼	**High Yield Bond**	—	—
2	AllianzGI Short Duration High Inc A	ASHAX	11.16
3	RiverPark Short Term High Yield Retail	RPHYX	11.22
▼	**Large Blend**	—	—
4	Gabelli Equity Income AAA	GABEX	10.54
▼	**Large Growth**	—	—
5	Ivy Core Equity A	WCEAX	12.06
▼	**Large Value**	—	—
6	Longleaf Partners	LLPFX	8.32
▼	**Mid-Cap Blend**	—	—
7	Lord Abbett Value Opportunities A	LVOAX	9.98
▼	**Short-Term Bond**	—	—
8	Victory INCORE Low Duration Bond A	RLDAX	11.24
▼	**Small Blend**	—	—
9	Hancock Horizon Burkenroad Sm Cp Inv	HHBUX	8.39
▼	**World Large Stock**	—	—
10	Templeton Growth A	TEPLX	8.58

After removing the highlighted holdings, replace them with more robust holdings in the same Morningstar Categories to preserve the client account's diversification.

12. In the following table, list each fund from step 8 on page 27 and its Morningstar Category:

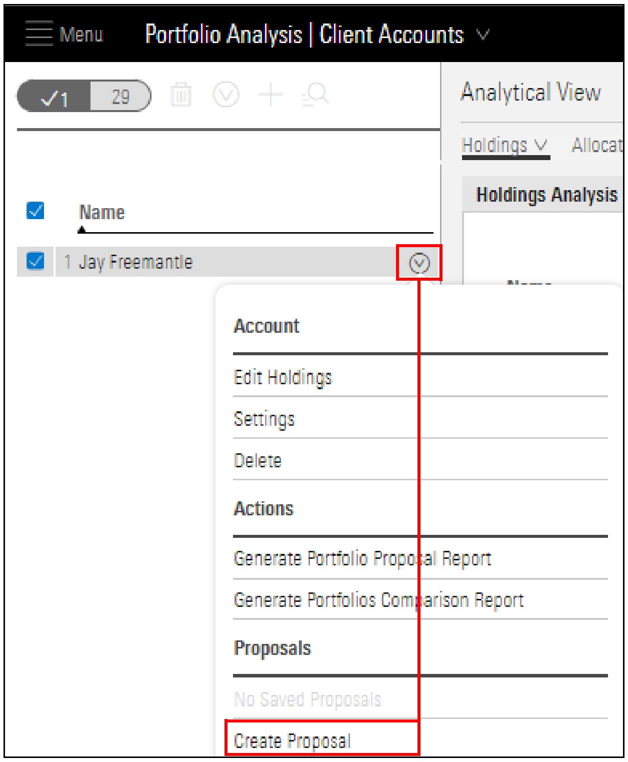
Holding	Morningstar Category

Exercise 10: Create a proposal for a client account, replacing weak funds with more successful ones

Now that you have identified holdings to remove from the client account, you can create a proposal. The Client Accounts workbook should still be open.

Do the following:

1. In the Grid, **hover the cursor** over **Jay Freemantle**. From the **Actions** menu, select **Create Proposal**. The Creating Proposal window opens.



Note the highlighted selections.

2. In the Creating Proposal window, **remove** the holdings you listed in step 8 on page 27.

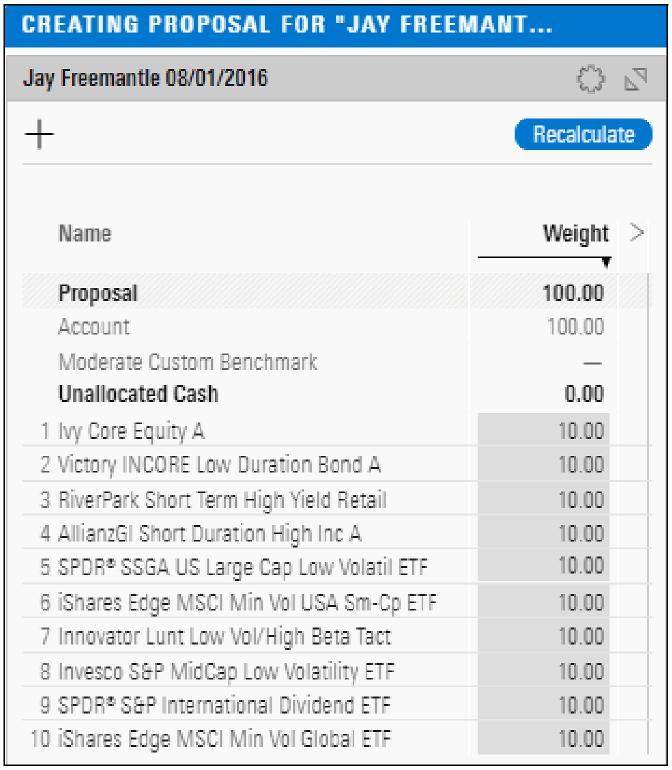
   Note: If you need help with this step, please refer to step 3 on page 9.

3. In the table below, list the following:
    - the Morningstar Category you listed in step 12 on page 29
    - the holding you have chosen from that Morningstar Category to replace the holding listed in step 12 on page 29, and
    - the ticker of the holding in the Holding column.

Morningstar Category	Holding	Ticker

4. Set the **weights** of the holdings (not just the new ones) to equal weights totaling 100.

   ☞ Note: When you imported the Jay Freemantle account, each holding had a weight of 10. In the Creating Proposal window, those weights might have changed due to the passage of time and changes in the funds' values.



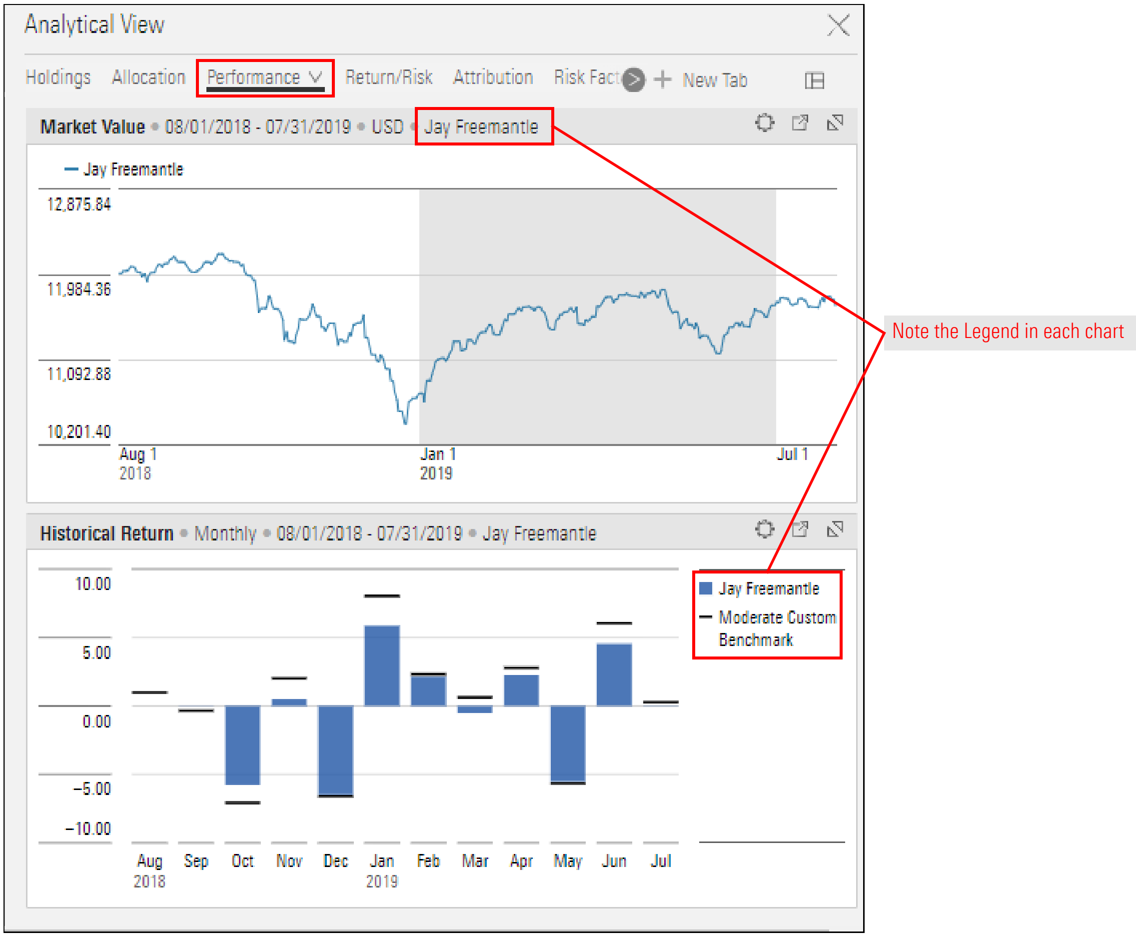
If you are working with the Jay Freemantle account, set each holding's weight to 10.

5. Click **Recalculate**.
6. Click **Save As**.
7. Name the proposal **Jay Freemantle Proposal** and click **Save**.
8. In the upper-right corner of the window, click **Close**.

Exercise 11: Compare the client account and its proposal

In the Analytical View, select the **Performance** tab. Note that neither chart displays data from the proposal. The reasons are as follows:

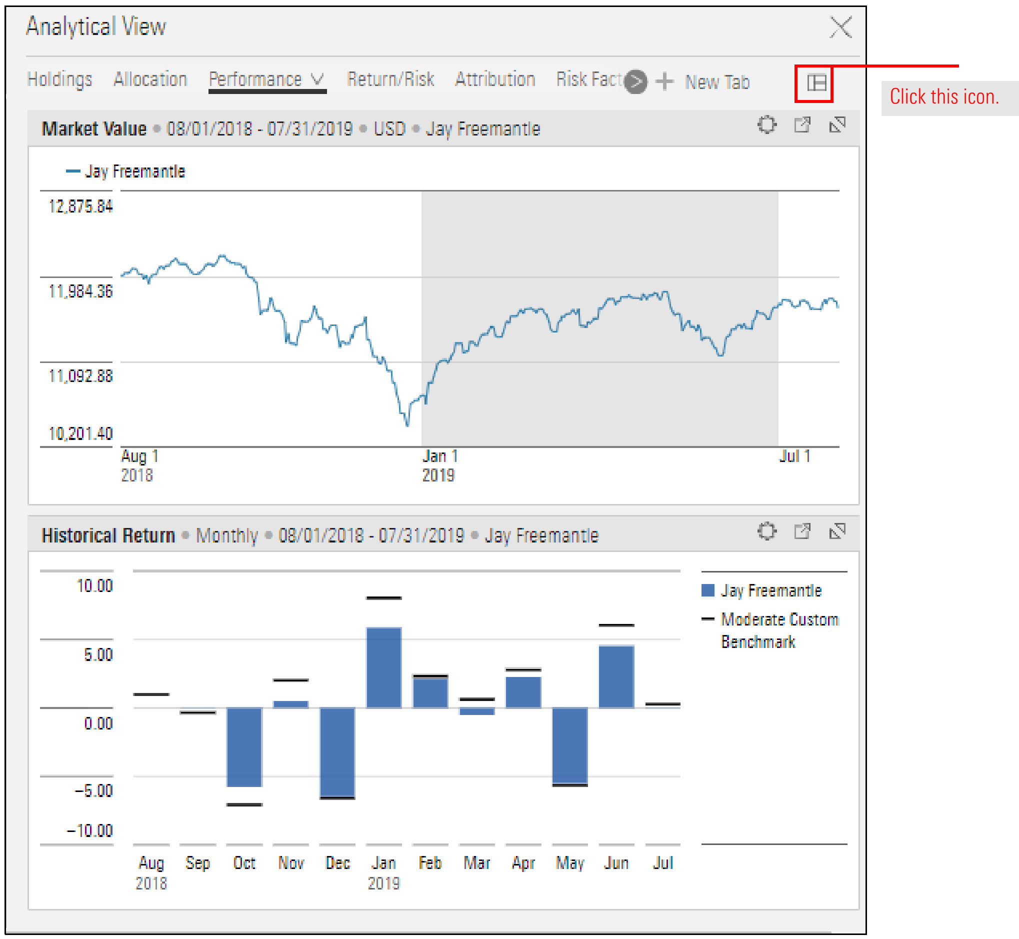
- The Market Value chart can display data from only the client account, and
- The Historical Return chart defaults to display data from the client account and its benchmark.



The Market Value chart displays data as a line chart but it can't display data from the proposal. To display a line chart reflecting the client account and the proposal, replace the Market Value chart with an Investment Growth chart.

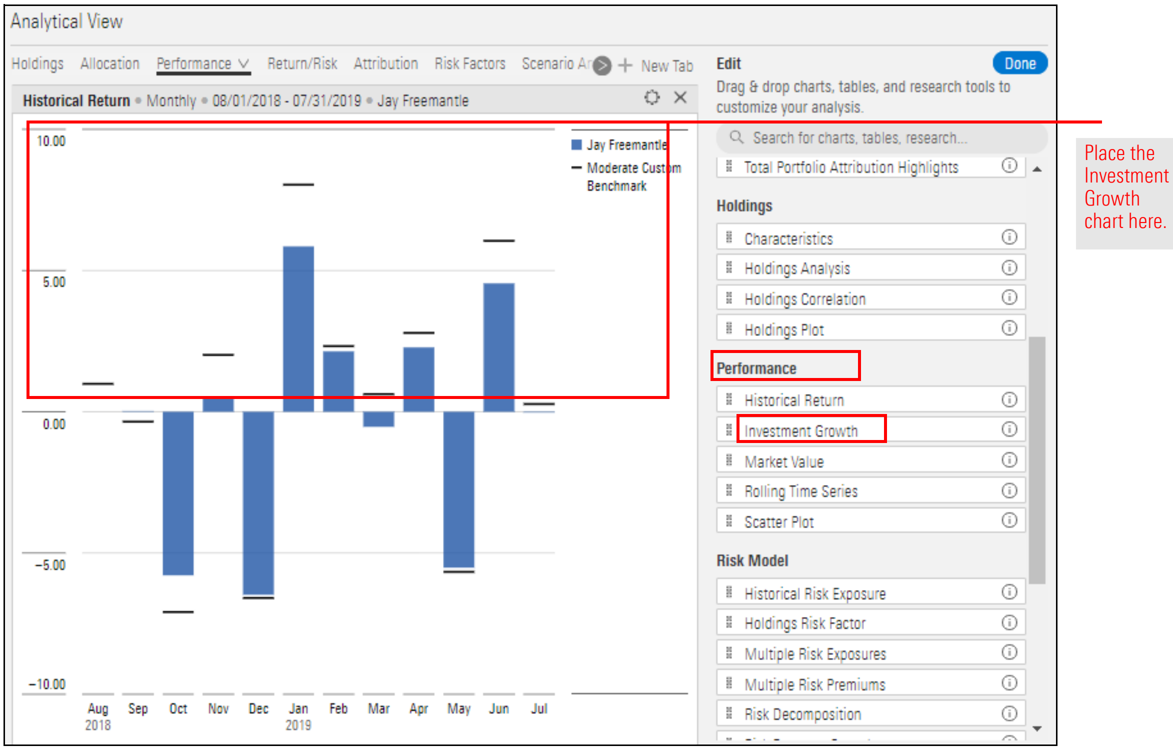
Do the following:

1. On the **Tabs** bar, click the **Edit** icon. The Edit panel opens.



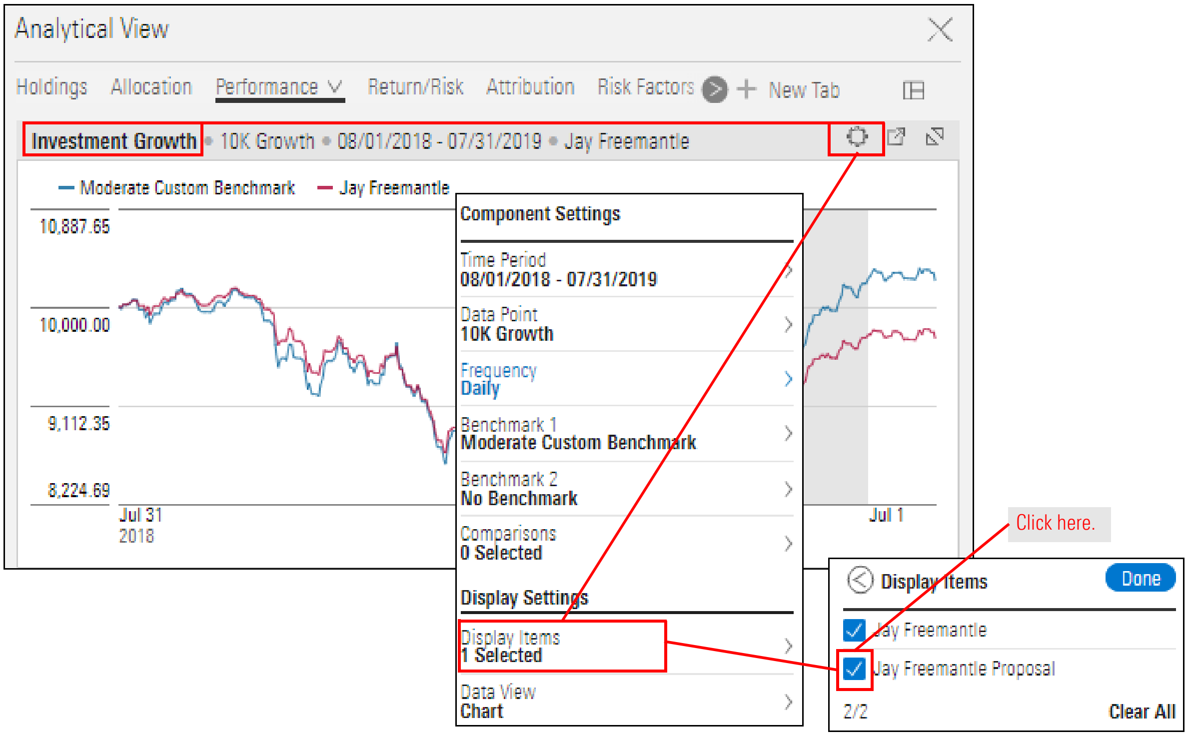
2. To delete the **Market Value** chart, click the **X** in the upper-right corner.

3. In the Edit panel, **scroll down** to the **Performance** section, then **drag-and-drop** **Investment Growth** to the top of the Analytical view (the area previously occupied by the Market Value chart).



4. At the top of the Edit panel, click **Done**.

5. In the Investment Growth chart, click the **Component Settings** icon and from the menu, select. **Display Items** >**Jay Freemantle Proposal**.



6. Click **Done**.

7. **Click away** from the Components Settings menu to close it.

What has the trend been for the proposal during the past year?

Over the past year, how has the proposal's performance compared to that of the benchmark?

Over the past year, if the client had been invested as in the proposal, would he have seen greater or lesser profit than in his current account?

Increase Your Knowledge about Proposals

Overview

You have created proposals for three client accounts and displayed them in different components. In this section, you will learn how to do the following:

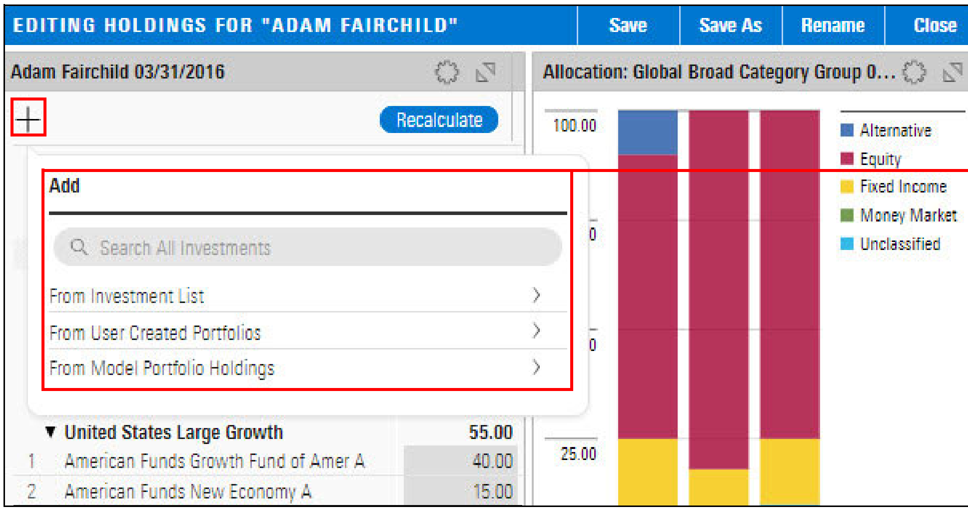
- Add an investment list or portfolio object in a proposal (page 38)
- Understand how many proposals a client account can have (page 39), and
- Generate a proposal report (page 41).

How can I add an investment list or portfolio object in a proposal?

When a proposal is first created, its holdings are based on those of the client account. Any holding you do not want to retain needs to be removed manually, item-by-item. A model portfolio, custom benchmark, or investment list can be used when adding holdings to a proposal. The options for doing so are described in the following table:

☞ Note: You can use more than one of the options described in the table, but you cannot include both a model portfolio as an individual object and the same model portfolio's holdings.

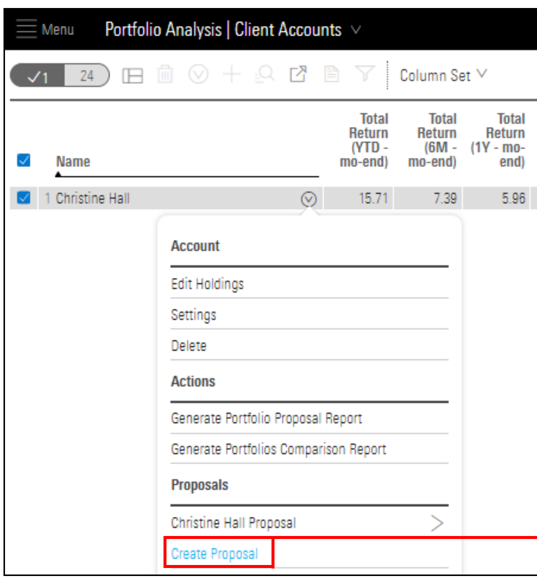
Option	Description	Notes
From Investment List	Select an **investment list**, then do one of the following: ▸ Click **Add All Investments**, or ▸ Select **one or more investments**.	Each investment is added as an individual holding in the proposal. Be sure to assign a weight, value, or number of shares to each one.
From User Created Portfolios > Custom Benchmarks	Do one of the following: ▸ Click **Add All Investments**, or ▸ Select **one or more benchmarks**.	Choosing "Add All Investments" adds each custom benchmark as a holding to the proposal. The benchmarks are not broken out into holdings. If a change is made to a custom benchmark used in a proposal, the change carries over to the proposal.
From User Created Portfolios > Model Portfolios	Do one of the following: ▸ Click **Add All Investments**, or ▸ Select **one or more model portfolios**.	Choosing "Add All Investments" adds each model portfolio as a holding to the proposal. The model portfolios are not broken out into individual holdings. If a change is made to a model portfolio used in a proposal, the change carries over to the proposal.
From Model Portfolio Holdings	Select **one or more model portfolios**, then select a **portfolio date**.	The model portfolio's holdings are added as individual holdings. Changes to the model portfolio do not affect the holdings in the proposal.



The options for adding to a proposal are shown here.

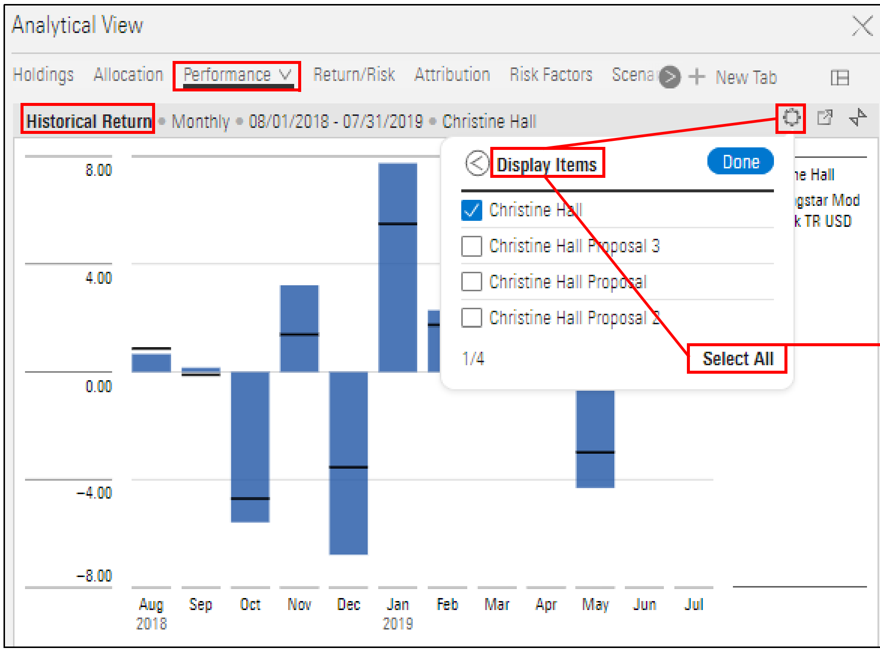
How many proposals can a client account have?

You can create and display up to three proposals per client account.

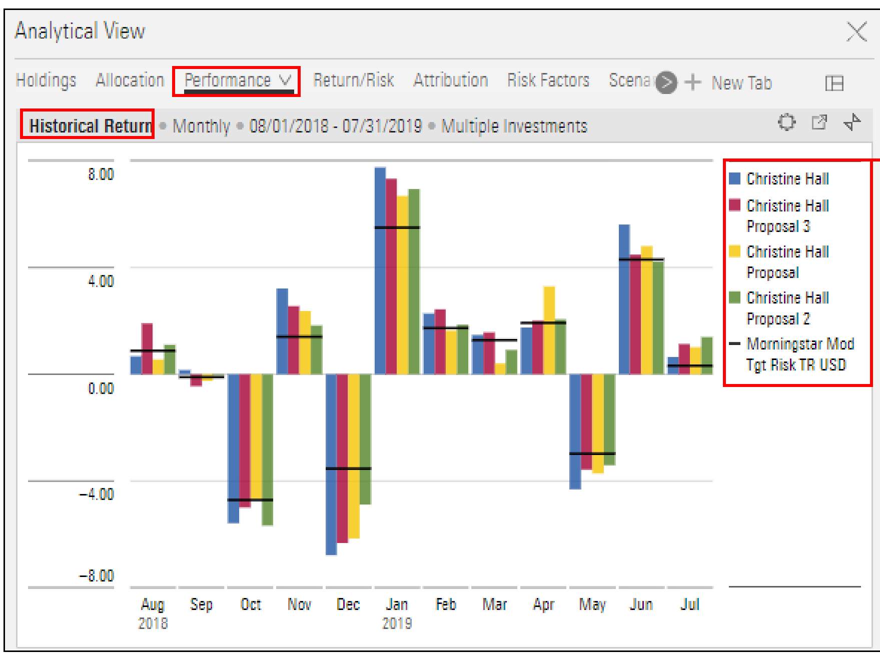


Select this option to create a second or third proposal for this account.

The method and results of displaying a client account and multiple proposals in a Performance chart are shown in the following illustrations:



Click here to select the client account and all of its proposals.



The maximum number of displayable items are shown here. Note that the benchmark can be displayed along with the account and proposals.

How can I generate a proposal report?

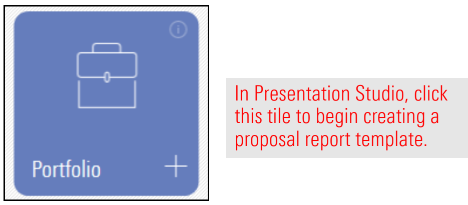
Once you're satisfied with a proposal, share it with your client. Naturally, you want the proposal to look as polished and professional as possible. To do that, you need a template.

In Morningstar Presentation Studio, you can create the following proposal templates:

- Portfolio Proposal Report, and
- Portfolios Comparison Report.

The overall steps to creating a template are as follows:

1. In Presentation Studio, create a proposal report template.



2. Publish the proposal report template from Presentation Studio.

   Note: Contact your CSM for publishing rights.

3. In Morningstar Direct for Wealth Management, use the template to generate a proposal report.