

Introduction to Morningstar

Morningstar Library Edition is just one of the many online research databases that Syosset Public Library offers; and, except for a select few, they are available from home from the library website (bookmark in folder).

Introduction

The purpose of this class is to provide an introduction to Morningstar Library Edition for people who:

- are new to Morningstar products
- have used the print edition and would like to learn more about the online version
- are thinking of investing for the first time

Tabs across the top: Stocks, Funds, ETFs (Electronically Traded Funds), Industries, Portfolio X-ray, and Help & Education.

Start with the link to **Help & Education** and open the page.

Help & Education offers help in searching the database

- **Site Training Guide** contains a pdf User's Guide
- **Investment Goals** contains articles and training material on investing
 - **Articles** on investing, retirement, *college planning*, etc.
 - **Investing Classroom** contains **online courses** for new and more seasoned investors; click on **Complete Course Catalog** and show different courses (stocks, funds, portfolio) and course levels (100 through 500 levels)
- **Specialized Investments** contains sections on Options, ETFs and Closed End Funds
- **Glossary** of investing terms

Help & Education is your tool to explore the database further and, along with the many books the library has on investing, to help you further your financial plan.

Five Major Sections of Morningstar

The Welcome page shows the five main sections of the database: Stocks, Funds, ETFs, Industries and Portfolio X-Ray.

Stocks

Below the Stocks image and explanation on the Homepage there are three choices: **Stock Recommendations**, **Stock Analyst Reports** and **International Stocks**.

Stock Recommendations lists **Morningstar 5-star stocks**

- The listing on the page can be sorted alphabetically by stock name, sector, industry, market cap, dividend yield or analyst report date by clicking the column heading.
- Above the listing of recommendations, there is an area called Screener. A dropdown menu will allow the viewer to look at the listing from various financial aspects:
 - Snapshot
 - Morningstar Ratings
 - Financials
 - Profitability
 - Performance
 - Valuation
- You can delete stocks to obtain a selected portfolio

Stock Analyst Reports allows access to every Morningstar Analyst Report

- Search alphabetically or put in a stock ticker or name at the top left corner of the page.
- The listing on the page can be sorted alphabetically by stock name, sector, industry, market cap or analyst report date by clicking the column heading.
- For each stock you get obtain the *current analyst report, an archive of analyst reports and top stocks in the sector.*

International Stocks

- Stocks headquartered in foreign locations.

Pick a stock and look at information provided—ADP.

Search example: Ticker=ADP (Automatic Data Processing)

(If there's time we can look up a specific security for you.)

Show Tabs on left side of screen (click on a few of them):

- Quote - data current as of recent business day; scroll down to company profile
- Snapshot
 - Tabs across top of report for Company Profile (with link to company website), Industry Peers, Growth, Profitability and Financial Health.
- Morningstar Rating
 - Morningstar Rating (5 stars for ADP)
- Analyst Research -- show Analyst Report Archive
- Charts
 - The *Price* and *Fundamentals* tabs allow you to compare two stocks by inserting a ticker symbol immediately above a chart in *Compare to a Ticker*
- Dividends & Returns -- under Price, show Daily Price History for 5 years (click on a year for daily prices)
- Data Interpreter - view Morningstar Style Box (See Glossary for Morningstar Style Box)
- Insider Trading includes Insider Trading but also Fund Information, such as:
 - Concentrated Fund Owners
 - Funds Buying and Funds Selling
 - Top Fund Owners

Printing (at bottom of left menu):

- **Formatted Report** (a PDF with information from all pages; contains page similar to format in print edition) **OR**
- **Print button** (includes combination of data sections as they appear in database)
- When using the **Print button**, at the top of the document that opens there will be an option to print a Full Report (which contains all sections)

Screen for Stocks

Immediately below the Stock image on the Home Page, there is the term *Screen for Stocks*. This section allows you to construct lists of possible investments, based on your personal criteria or Morningstar custom-built Screens. Click on the drop down menu to see a list of available screens. Click Morningstar Screens and the drop down menu to see Morningstar's Custom Screens.

You may wish to identify stocks in a particular industry (i.e., Oil & Gas).

Search Example: Stocks in Oil & Gas Industry

- From the Stocks section, click on the drop down menu under **Select Data to Screen On**.
- Under the General Category choose *Stock Industry*.
- A Build Your Screen box opens:
 1. Data: Stock Industry (show link to Data Definitions)
 2. Condition: =
 3. Value: Oil & Gas
- Click OK. Number of search results should appear. **Click button to view results**.
- You can add more criteria to narrow down your search or edit the criteria originally input.
- You can change Views and sort columns.
- There is also a preset list of screens developed by Morningstar called **Morningstar Screens** that patrons can click on.
 1. Click on a screen such as Terrific Ten Year Record.
 2. A list of the criteria appears. These screens can also be edited, deleted and added to.
 3. **Click button to view results**.

Funds

Below the Funds image and explanation on the Homepage there are three choices: **Fund Recommendations**, **Fund Analyst Reports** and **International Funds**.

Fund Recommendations lists **Morningstar Analyst Picks**

- The listing on the page can be sorted similar to the Stock Recommendations.
- Above the listing of recommendations, there is an area called Screener. A dropdown menu will allow the viewer to look at the listing from various financial aspects:
 - Snapshot
 - Performance
 - Risk & Tax Data
 - Portfolio
 - Nuts & Bolts (Expense Ratio, Loads, Purchase Info)
- You can delete funds to obtain a selected portfolio

Fund Analyst Reports allows access to every Morningstar Analyst Report

- Search alphabetically.
- The listing on the page can be sorted alphabetically by fund name, category, star rating, YTD Return % and analyst report date by clicking the column heading.
- For each fund you get obtain the *current analyst report and archived analyst reports*.

International Funds

- Funds investing in international stocks.

Pick a fund and look at information provided—

Search example: Ticker=FPURX (Fidelity Puritan Fund)

Show Tabs on left side of screen (click on a few of them):

- Snapshot
 - General information including Morningstar Rating, NAV, Investments, Portfolio Analysis
- Data Interpreter- view Morningstar Style Box (See Glossary for Morningstar Style Box)
- Analyst Research; show Analyst Report Archive
- Morningstar Rating
 - Morningstar Rating (4 stars for Puritan Fund)
- Tax Analysis
 - Pre-tax and tax adjusted returns
- Risk Analysis
 - Alpha, beta and standard deviation
- Portfolio
 - General portfolio information
 - Top 25 holdings
- Management
 - Management information including short biographies
- Fees and Expenses
- Purchase Information
 - Initial investment-general investment and IRA
 - Brokerage companies selling the fund
 - Fund address

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Screen for Funds

Immediately below the Fund image on the Homepage, there is the term *Screen for Funds*. This section allows you to retrieve lists of possible investments, based on your personal criteria or Morningstar custom-built Screens. Click on the drop down menu to see a list of available screens. Click Morningstar Screens and the drop down menu to see Morningstar's Custom Screens.

You may wish to identify some socially conscious mutual funds. And you may want to only invest in those socially conscious funds that have no lower than a three star Morningstar Rating.

Search Example: Socially Conscious Mutual Funds

- From the Funds section, click on the drop down menu under **Select Data to Screen On**.
- Under the General Category choose *Special Fund Types*.
- A Build Your Screen box opens:
 1. Socially Conscious (show Data Definitions)
 2. =
 3. Yes
- Under the Ratings Category choose *Morningstar Ratings*.
- A Build Your Screen box opens:
 1. Morningstar Rating
 2. >=
 3. Three Stars
- Click OK. Number of search results should appear. **Click button to view results**.
- You can change Views and/or sort columns. Click on the heading for the Morningstar Rating column to sort highest to lowest.
- To add criteria to further limit your search, at the bottom of the page **Click the button to Change Screening Criteria**
- There is also a preset list of screens developed by Morningstar called Morningstar Screens that patrons can click on which works the same way as in Stock Screens.

Can search for only No Load funds by:

- Select Data to Screen On
- Management and Purchase Data towards the bottom
 - Fees and Expenses
 - No Load Funds = Yes

Get Report

Any of the reports or pages we've accessed can be printed. If you want Morningstar Reports on specific stocks or funds:

- In the top left hand corner of the web page, there is a button **Get Report**, next to a search box.
- Type in the stock/fund name or symbol and click button.
 - As you type each letter, a list of potential stocks/funds appears that you can click on
- For instance, choose Automatic Data Processing (ADP)
 - On the left you will see various reports that you can view and print
 - At the bottom, there is **Formatted Report** which produces a pdf document with information from all pages. It is similar to the printed version of Morningstar for Mutual Funds **OR**
 - **Print button** (includes combination of data sections as they appear in database)

ETFs (Exchange Traded Funds)

Essentially, EFTs are mutual funds that can be bought and sold throughout the day like stocks on an exchange through a broker. They are priced throughout the day vs. mutual funds which are priced at the end of the trading day.

There are 672 ETFs in the Morningstar database.

- The only option for ETFs is Screen for ETFs.

Screen for ETFs

Immediately below the ETF image, there is the term *Screen for Funds*. This section allows you to retrieve lists of possible investments, based on your personal criteria.

You may wish to identify international ETFs investing in Foreign Large Value Stocks and with a 5-year return exceeding 10%.

Search Example: international ETFs that invest in Foreign Large Value Stocks and with a 5-year return exceeding 10%.

- From **Fund Group** section, click on the drop down menu and select International
- From **Morningstar Category**, click on the drop down menu and select Foreign Large Value
- From **Performance History**, click on the drop down menu next to *5 year return* and select 10%.
- Click button to view results.
- You can change Views and/or sort columns. Click on the heading for the Morningstar Rating column to sort highest to lowest.
- To add criteria to further limit your search, at the bottom of the page **Click the button to Change Screening Criteria.**

- A dropdown menu will allow the viewer to look at the listing from various financial aspects:
 - Snapshot
 - Performance
 - Risk & Tax Data
 - Portfolio
 - Nuts & Bolts (Expense Ratio, Loads, Purchase Info)

Morningstar applies this five-star rating system after three years of history for mutual funds. (See Glossary for Morningstar Rating)

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Industries

Stock Sectors- Morningstar divides the stock market into twelve broad industry sectors. Sectors are based on what companies actually do. That is, unlike some other sector classification systems, sectors aren't based on expected behavior of the stocks of these companies.

On the left, you will find four options:

1. **Index Returns** – Lists the results of basic stock, bond, fund, commodity and foreign indices, which act as benchmarks upon which to measure the performance of your portfolio.
 - a. **Stock Index** – Stock type, sector, Dow Jones, NASDAQ, Russell 2000 (small cap), S&P 500
 - b. **Bond** – Corporate, municipal, T-bill
2. **Industries** – Morningstar has identified 130 industries in the 12 sectors.
3. **Fund Category Returns** – Morningstar has classified mutual funds into 65 categories based on investment styles of funds
4. **Sector Reports** – Copies of the complete Morningstar sector reports for the most recent 4 calendar quarters.

Click on any **Sector**, **Industry** or **Fund Category** and all of the stocks/funds that comprise it will appear.

Click on any stock/fund and the underlying detail will appear.

You can link to stock or mutual fund reports directly from the Returns lists, and sort data by column. (Column heading in bold type indicates list is sorted by that column data.)

Example:

- Choose **Sector** then **Sector Name Energy**; 3-month is in bold; sort by Market Cap

Portfolio X-Ray

View your portfolio, or a group of potential securities, in a variety of ways. You can adjust your investments based on Morningstar's dynamic analysis, which provides suggestions to modify your portfolio.

Enter the names of the securities and allocate by percentage or dollar values.

(Use **Ticker Lookup**: search for Wal-Mart with hyphen)

You can save your portfolio information if you register for free trial membership on the sister site Morningstar.com.

Practice X-ray (from User's Guide):

- Enter ticker and percentages

<u>Ticker Symbol</u>	<u>% of Portfolio</u>
GE	20
WMT	10
ITRAX	15
HD	10
REFAX	25
FDIAX	20

- Percentage Weight must equal 100% or use Shortcut-- **Equal Allocation** button.
- Click on **View Your Portfolio X-Ray**. Scroll through report for patron to see what is there.
- Drop Down menu has various views to look at.
- **Change Views to Interpreter**. This may be of interest because of comparative analysis and/or suggestions to better diversify the portfolio. Analysis is at the bottom of each section. If you were to go back and adjust holding percentages on the securities in your portfolio, the interpretations would change accordingly.
 - Tells you whether you have too much or too little exposure in certain areas; sectors, countries, etc.
 - Tells you weighting in sectors, how aggressive you are, etc.
- **Change Views to Stock Sector**. This allows you to compare to the S&P 500.
- **Change Views to Stock Intersection**. This will list all stocks individually, including those that are contained in mutual funds and ETFs.