

# Standard Bank



## Morningstar Direct<sup>SM</sup> Enhances Productivity, Portfolio Analysis, and Positioning for Standard Bank

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I work within the Private Client Business of Standard Bank, the largest banking group in Africa as measured by marketing capitalization. Our assets under management equal \$183 billion and we operate in 32 countries globally.

I am on a small team called Fund Solutions, set up to manage ultra-high-net-worth client portfolios consisting of mutual funds or collective investment schemes, on a discretionary basis. We primarily conduct analysis of local unit trusts and structured products. Our team has been using Morningstar Direct to put

together risk-profile model portfolios that look to achieve risk-adjusted returns and meet investment objectives.

When I first started with Standard Bank, we were using a number of external data sources. We were able to replace multiple providers with Morningstar Direct. It has global reach and the ability to supply at least the basics on pretty much any fund in the global universe quite quickly. Morningstar Direct is a true one-stop shop that provides us with all the data we need in a single source, eliminating the need for other data providers and bringing us a significant cost savings. We no longer need to purchase additional local and foreign fund databases. It also lets us spend more time analyzing data outputs to make better-informed investment decisions, rather than gathering data and creating reports.

### **Detailed, dynamic, and reliable data**

We've found Morningstar Direct to provide extremely detailed mutual fund information, down to a fund's underlying holdings, which is important information for us. With our previous data provider, our analysis was limited to the fund-class level.

Then there's the fact that Morningstar Direct offers investment data that is not static—the data is updated daily. While it already includes data on a broad number of funds, it's continuously growing. The competitors tend to have a pretty static database, and if you want further information you have to ask them to incorporate the additional funds. Morningstar is always actively looking to expand the data coverage Morningstar Direct offers. This means that if I'm searching for fund information, I don't need to look outside Morningstar Direct, because Morningstar is doing that groundwork already.

We're also quite comfortable with the integrity of Morningstar Direct's data, as Morningstar has a whole team of people behind the scenes working to ensure data accuracy and quality.

### **Building and tracking model portfolios**

We create our model portfolios in Morningstar Direct and we are able to really customize the way we track and monitor their performance. I can backdate a model to see how the portfolio's funds would have performed, as well as incorporate any investment decisions that I would or would not have made. Of course, we also monitor our models going forward, tracking them against peer groups that we have customized and dictating the comparison benchmarks we think will give us the best insights into the portfolio's performance.

The performance attribution functionality has become an integral part of our day-to-day analytical process at the portfolio level, helping us better understand what's driving the performance within our model portfolios. Having attribution analysis available at the touch of a button is a big time saver. Our next step is to get into attribution of the underlying funds.

### **Customizing accessible presentations**

The ability to graphically present a summary of all of this data is critical for us. Primarily with Presentation Studio, Morningstar Direct helps us summarize information in an understandable format so we can discuss it internally and, to some degree, put that information in front of internal and external clients. Presentation Studio allows us to present data over and above the basic, predefined quicktake reports. We appreciate that the data is consistent across all fund reports and fact sheet iterations. This makes it easy to compare funds at a glance.

We like the fact that Presentation Studio is customizable, giving us the ability to change the various graphs and data tables to present information to different audiences. For our internal clients—typically relationship managers and wealth advisors—we'll put our models into workbooks and fact sheets. Clients like being able to see, on one page, a portfolio of funds, with information that is formatted and comparable to what they are accustomed to seeing on individual underlying funds.

And because we can customize these materials, clients can request different graphs with different information, and it's easy for us to provide that.

### **Reducing manual labor**

Morningstar Direct has streamlined our processes. For presentations, we previously had to run a variety of Microsoft Excel models and do a lot of manual manipulation of data to get the final output. With Morningstar Direct, all the information can be both manipulated and presented within the tool itself. In my view, that is fairly unique. And because it is easy to update the performance reports and presentations that we create in Morningstar Direct, we can simply refresh the data to make sure reports are current.

Also, we no longer need to build nor maintain our proprietary models, which saves us a lot of time.

I haven't seen any other product providers that can compete with the batch reporting capabilities in Morningstar Direct. The fact that we can schedule specific reports on a monthly or quarterly basis is another time saver.

We use batch management within the performance reporting functionality. We have set up certain groups of funds by asset class so we can monitor performance and a number of risk measures. We've scheduled reports to run monthly. Once we analyze these reports, we are able to export them into Microsoft Excel.

Also, we are in the process of building scoring models within the performance reporting functionality. There will be less manual manipulation of data, and hopefully a reduction in the margin for human error, which ultimately can help us stay on top of our local universe of approximately 850 unit trusts. The ability to incorporate independent quantitative and qualitative Morningstar ratings as part of the scoring methodology is useful for us.

In Presentation Studio, we are also exploring batch management for running fact sheets on a monthly basis. It would be efficient, as we would not need to go back each month and run these ourselves—the updated sheets would just be produced automatically.

### **Comparing apples to apples**

Within Morningstar Direct's extensive data, you can be sure you are looking at funds on the same basis, whether it's through a ratings methodology, a performance criterion or a risk measure. We are comfortable that we are comparing funds on equal footing, as opposed to comparing funds from a variety of sources. And the fact that there are fairly extensive teams working on the comparability and integrity of the data means we can spend less time worrying about whether the data is actually correct and actually analyzing it to make decisions.

### **Client-centered service**

I'd sum up Morningstar as dynamic and extremely client-centric. It's evident through a variety of system and database updates to Morningstar Direct that Morningstar is always looking to enhance its capabilities to meet client needs. As we expect our business to grow and change, we're happy to work with a dynamic organization.

Morningstar's training and phone support services differentiate the company and help us use Morningstar Direct to its full capacity. We've had monthly face-to-face contact with Morningstar's Client Solutions Consultants, as well as by phone or email. We appreciate that we can send them reports or workbooks we're working on, and they help us accomplish what we want to do in the most efficient way.

The next step for us is to take on clients and manage their assets on a discretionary basis. Morningstar Direct has been quite valuable in terms of helping position us to launch this offering to our high-net-worth clients. We're confident that a research tool like Morningstar Direct will aid in the qualitative and quantitative research we'll need to conduct.