



Client Success Story **Envestnet PMC**

How Envestnet PMC Deepens Due Diligence and Research with Direct

“The versatility of this one-stop product is key for us. We can centralize our data and our database, then use it through different ways of analyzing data.”

Ling-Wei Hew

Principal Director, Multi-Asset and Alternatives

Company

Envestnet PMC

Product used

Morningstar Direct

Use cases

Research and Analysis
Investment Reporting

Industry

Financial Services

The Challenge

On the Envestnet platform, financial advisors have 12,000-plus investments to choose from, an overwhelming number of options. Envestnet PMC helps them sort through the possibilities and choose fund managers for their long-term plans.

But first, analysts have to make sense of exhaustive supplies of data.

Ling-Wei Hew leads the multi-asset and alternatives research team. Asset management partners send them extensive spreadsheets that they need to compare against other data. But this data exports in a developer format that doesn't feed easily into their tools.

Before they can run any analysis, teams would have to transpose the data, standardize formatting, and aggregate their data sources.

The Solution

Ling-Wei's team help advisors make informed decisions with visibility into a broad range of asset managers.

To be successful, they need to dig into the details of the data, from underlying holdings to macro viewpoints. Their thorough vetting assures clients that they have the full picture on investment options.

With Morningstar Direct, the due diligence team has a complete suite of tools for a 360-degree investment analysis.

“The versatility of this one-stop product is key for us,” Ling-Wei says. “We can centralize our data and our database, then use it through different ways of analyzing data.”

All Their High-Quality Data, All in One Place

Without accurate holdings data, portfolio managers are left with blind spots. Ling-Wei's team needed in-depth holdings information to see true exposures.

Envestnet PMC uses Morningstar Direct to monitor performance of third party models featured on the firm's recommended lists.

Model portfolio data can automatically import into Direct for easy review.

From there, analysts can drill down to the holdings level and append ETF tick data, pricing, and other public data. That helps them perform look-through asset allocation and performance in one place.

“The wealth of data in Morningstar Direct, the ability to import your own data, and the custom database give us so much flexibility.”

Envestnet uses their own quantitative methodology to rank mutual funds and separately managed accounts. With Direct's custom database, Ling-Wei's team can cross-reference internal ratings against Morningstar data.

That means the team can recommend strategies based on the full continuum of investment data without gaps.

“We have a comprehensive, single data set to use when analyzing managers,” she says.

More ways to analyze portfolios

Often, risk and return drivers aren't readily apparent. An investment strategy that seems appealing on the surface might not be once you look under the hood.

With Direct's [portfolio analysis tools](#), Ling-Wei's team can confidently validate their recommendations.

“Direct is the one-stop solution. We can't do what we want to do without the tool.”

Ling-Wei's team uses Direct to assess a portfolio through multiple lenses.

In the Total Portfolio Attribution tool, Envestnet analysts can assess the results of active investment management.

Ling-Wei's team runs portfolios through attribution analysis to understand if they adhere to their intended processes through underperformance and outperformance. Her team can then compare the effects of asset allocation, manager selection, and active return against their benchmark.

For another due diligence perspective, her team also runs portfolios through factor attribution.

With Morningstar's Risk Model, Envestnet analysts can decompose sources of risk. Are managers following their style approach during market doldrums, or are they chasing performance? Her team can use custom policy benchmarks to understand an asset manager's commitment to their investment philosophy.

“All that data substantiates our recommendation or opinion of a strategy,” she says.

For quick analysis, Ling-Wei champions the Excel API. Through the integration, analysts can make fast edits to an equation or a section header.

Presenting due diligence findings with clear reports

Ultimately, Ling-Wei's team are the advisors to the advisors. Their goal is to help financial advisors choose managers that will be able to outperform peers over a full market cycle.

To communicate the data behind their investment recommendations, the team turns to Presentation Studio. All their data can flow into the flexible charting and reporting tool to spin up presentations.

Here, visuals capture the main takeaways.

“We can take all this information and put it into charts and graphs, explaining what we're seeing in a language and visuals that are easy to understand,” Ling-Wei explains.

The team has created their own templates for across-the-board consistency. They can pull out tables that best tell their investment story or use condensed versions for a client-friendly presentation.

Ling-Wei's team uses the full spectrum of tools in the platform every day. For her team, experience with Morningstar Direct is more than a resume nice-to-have — it's a requirement.

Ready to See for Yourself?

Talk to a specialist about [deeper portfolio analysis with Morningstar Direct](#).

visit: <https://www.morningstar.com/try/direct-trial>

Envestnet PMC has not received any cash or non-cash compensation from Morningstar, directly or indirectly, in exchange for this client success story.