



STEPHEN D. CUTLER  
CENTER FOR INVESTMENTS  
AND FINANCE

*Morningstar:*  
*Easy Screening for Beginners*

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## Tutorials on the Morningstar Investment Research Center

### Overview:

Morningstar offers public, corporate, and academic libraries real-time access to comprehensive data and independent analysis on thousands of **investments**, spanning mutual funds, stocks, exchange-traded funds, and closed-end funds. As a Babson student, you have access to Morningstar from the library database: <https://libguides.babson.edu/az.php?a=m>. You can get mobile access on your laptops and phones.

Compared to the other great finance tools, Morningstar is particularly useful for research on mutual funds and ETFs, and for screening stocks.

### How to start:

This is the homepage you will get after clicking on the link in the library database. From the toolbar, you can see the research categories offered by morning star. We will first go over how to screen for stocks. The same logic and process can be used to screen for funds, and ETFs.

**MORNINGSTAR** Investment Research Center<sup>SM</sup> End Session  
 Provided by

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Home Companies Funds ETFs Markets Articles & Videos Portfolio Help & Education Newsletters

**Companies**

**Screen for Stocks**

Get comprehensive financial information on New York Stock Exchange, American Stock Exchange, and NASDAQ stocks.

- ▶ Stock Favorites
- ▶ Stock Analyst Reports
- ▶ **International Stocks**

**Funds**

**Screen for Funds**

Find comprehensive financial information on thousands of mutual funds, including the Morningstar star rating.

- ▶ Fund Favorites
- ▶ Fund Analyst Reports
- ▶ Most Similar Funds
- ▶ Fund Compare
- ▶ International Funds
- ▶ Funds Summary

**ETFs**

**Screen for ETFs**

See financial information on hundreds of exchange-traded funds with up-to-date information on returns, reports and Morningstar ratings.

- ▶ ETFs by Trading Volume
- ▶ ETF Analyst Reports
- ▶ ETF Valuation Quickrank

**Markets**

**Get Returns**

Get return information on various investment indexes, types, sectors, and styles.

- ▶ Indexes
- ▶ Fund Categories

**Portfolio**

**Access Tools**

Test drive our robust yet easy-to-use portfolio tools and calculators to determine what your asset mix should be, how your investments are working together, and more.

- ▶ Portfolio X-Ray
- ▶ Retirement Cost Calculator
- ▶ College Savings Calculator

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## Screening:

Screening is a great way to translate your investment style and philosophy into stock names. Morningstar will take you to the screening page after you click on “Screen for Stock”.

The screenshot shows the Morningstar Investment Research Center website. At the top, there is a navigation bar with links for Home, Companies, Funds, ETFs, Markets, Articles & Videos, Portfolio, Help & Education, and Newsletters. A search bar is also present. Below the navigation bar, there is a section for "Companies" with a sub-section for "Screener". The "Screener" section has a "Select Data to Screen on:" dropdown menu set to "General". To the right of the dropdown, there is a "Morningstar Screens" button. Below the dropdown, there are links for "View All Data" and "Search for Data Points". At the bottom of the "Screener" section, there is a "Matches" and "Screen:" section. Below this, there is a progress bar showing the number of stocks that pass the screen and a "Click button to view results" button.

Under the *Screener*, you can pick the screening criteria from the drop-down menu. A common approach is to first put in a geographical and an industry screen to reduce the number of results. Once you click on an element in the drop-down menu, a separate window will pop-up.

For example, I am only interested in public companies that are in the “*Technology*” sector. It is important to note that there isn’t a uniform or best way to classify industries. Different platforms may have a different classification method. They may have different names, or that one may be more detailed than the other. Morningstar offers a few of those options, *Stock Industry*, *Stock Sector*, and *Stock Industry Group*. Generally, *Stock Sector* is used but if you know exactly the industry you are interested in, you can either add another screen or simply use the industry name as the screen, for example, instead of *Technology*, you would use *Computer Systems*. Being specific is important as you wish to eliminate the number of results to a comfortable amount, however, you also do not want to eliminate any potential opportunities you may be interested in.

The screenshot shows the "Build Your Screen" pop-up window. It has a title bar "Build Your Screen" and a subtitle "Select a condition and value to screen on." Below the subtitle, there are three sections: 1. Data | View Data Definition, 2. Condition, and 3. Value | Benchmark. In the "Data" section, there is a dropdown menu set to "Stock Sector". In the "Condition" section, there is a dropdown menu set to "=". In the "Value" section, there is a dropdown menu set to "Technology". At the bottom of the window, there are "OK" and "Cancel" buttons.

Click *OK* when you are finished adding this screen. The pop-up window will close itself and return back to the *Screener* page. You will see your screen being added to the list. On the bottom left, you can see there are 1662 stocks that passed the screen. Now we add a geographical screen.

**Screener**

Select Data to Screen on:  Our analysts have built some screens to get you started. [Morningstar Screens](#)

[View All Data](#) | [Search for Data Points](#)

Matches	Screen:	<a href="#">Start Over</a>
1662	(Stock Sector = Technology)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>

1662 stocks pass your screen. [Click button to view results](#)

After adding a geographical constraint, we eliminated about 600 stocks. Note that the total number of Domestic is 8536, on the left of the Screens. But with both the screens, sector, and geographic, the results come down to 1084. As of geographical screens, you can be more detailed by selecting which state the company operates in. Again, being specific can be good or bad depending on the situation.

**Screener**

Select Data to Screen on:  Our analysts have built some screens to get you started. [Morningstar Screens](#)

[View All Data](#) | [Search for Data Points](#)

Matches	Screen:	<a href="#">Start Over</a>
1662	(Stock Sector = Technology)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>
8536	<b>and</b> (Domestic / Foreign = Domestic)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>

1084 stocks pass your screen. [Click button to view results](#)

Starting from here, an investor has to use their unique investment philosophy in the selection process. I am only going to give a few more screens that are commonly used but the numbers are completely arbitrary. First, we want to add a screen for growth rate, revenue growth%.

1. Relationship to Other Criteria

2. Data | [View Data Definition](#)

\*When applicable, Year 1 refers to the most recent fiscal year

3. Condition

4. Value | [Benchmark](#)

Quartile Ranges	Revenue Growth % - 1 Year
<input type="checkbox"/> Top	15.11 to 983.78
<input type="checkbox"/> Second	3.08 to 15.11
<input type="checkbox"/> Third	-0.79 to 3.08
<input type="checkbox"/> Bottom	-100.00 to -0.79
<b>Average</b>	<b>15.93</b>

You noticed the input box just got a little more complicated. If you are confused about how a metric is calculate, you can also click on the [View Data Definition](#) next to Data. Then, you input the condition, usually, there are 6 options, >, >=, <, <=, =, and not. Lastly, note that if you are inputting a value yourself, Morningstar very thoughtfully provides you with Quartile Ranges so that you have a better idea what Revenue Growth% you should be looking for. When you are entering a percentage, the % sign is not needed.

Adding a few more screens results in only 6 companies passing the screen. There are so many metrics can you add constraints for, and it is easy to get 0 stocks pass your screen. If that's the case, you may want to review the numbers you are inputting and the metrics you selected. For example, if you have a high EPS growth and a

low P/E constraint, it may not give you any results. Because it is very hard for a company to be both growing really fast and be really cheap at the same time.

**Screener**

Select Data to Screen on:  Our analysts have built some screens to get you started. [Morningstar Screens](#)

[View All Data](#) | [Search for Data Points](#)

Matches	Screen:	<a href="#">Start Over</a>
1662	(Stock Sector = Technology)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>
8536	<b>and</b> (Domestic / Foreign = Domestic)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>
4816	<b>and</b> (Revenue Growth % - 1 Year >= 10)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>
4544	<b>and</b> (Dividend Yield % >= 1)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>
7505	<b>and</b> (Price / Fair Value <= 0.8)	<a href="#">Change</a>   <a href="#">Insert</a>   <a href="#">Remove</a>

6 stocks pass your screen. [Click button to view results](#)

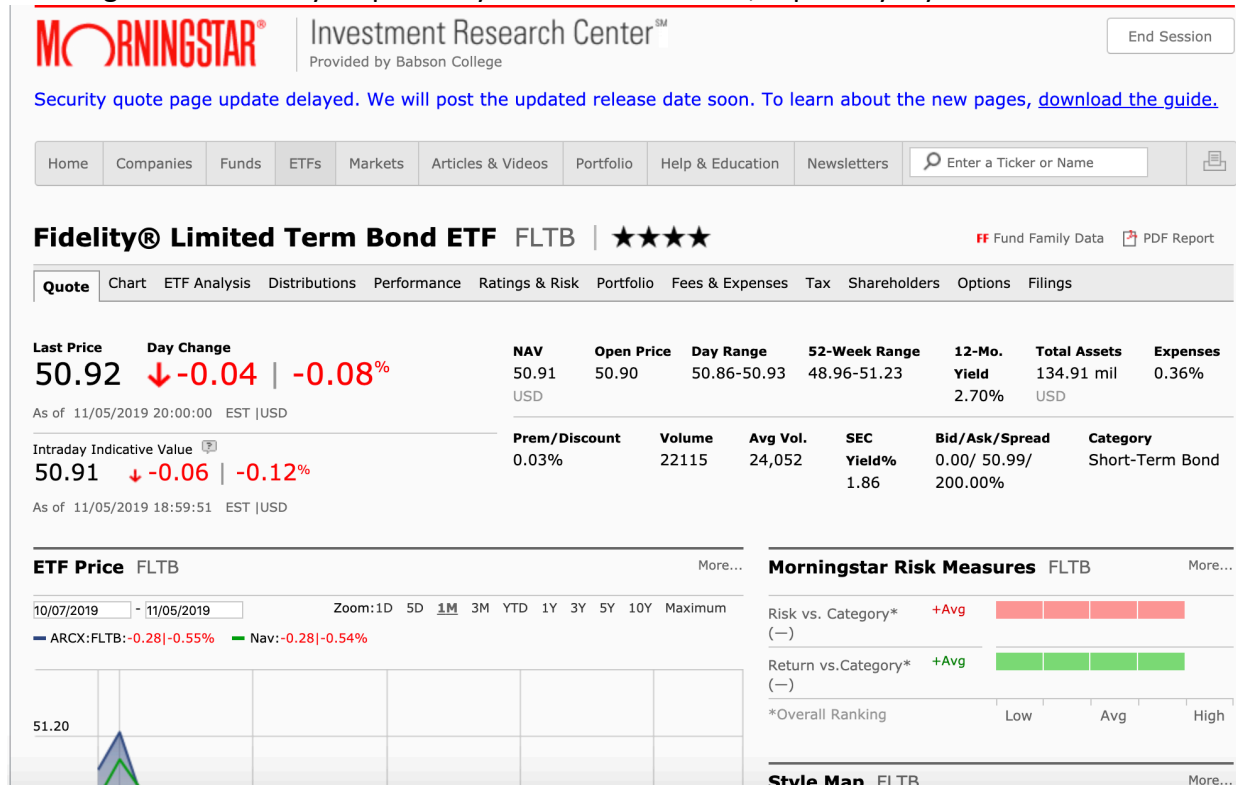
When you have finished with your screens, click the button on the bottom right to see your results. This is the end of the screening process, there are couple things to note:

1. Morningstar rating is the fastest way to get a first opinion on a stock. However, it is only useful if you spend the time to understand how they come up with the ratings and be in agreement. Otherwise, do not let the ratings influence your judgment.
2. Morningstar has built-in screens that you can grab by clicking on “*Morningstar Screens*”.
3. Click on each metric and understand how they are calculated because sometimes it is different from how we learned it in class. Make sure you are not missing opportunities due to miscalculation.
4. I find it most helpful to start top-down instead of bottom-up in screening. Start with industry, geography, exchange. Then, get to the firm specific things.
5. Screening only allows you to find companies with good historical performance. Will that trend continue into the future is key and is up to your judgment.

Screening for Funds and ETFs work in very similar ways.

## Research:

Morningstar can be very helpful for your research as well, especially if you are interested in funds or ETFs.



This is the classic overview page Morningstar offers. There are a lot of Morningstar-generated measures on the page so make sure to understand how these are calculated before taking into consideration. You can easily find Analyst report and analysis under the ETF analysis page. Under the *Portfolio* page, you can see how the fund is allocated, and how does it compare to the benchmark.

## Market Research:

This is the Markets research page on Morningstar when you want to get a quick update on the market. The Market Overview are commentaries generated by Morningstar. The Industry/Sector Reports are helpful learning materials as well.

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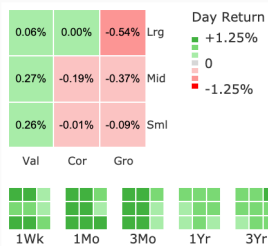
### Markets

Get a read on how particular indexes, sectors, and styles are performing in our Markets area.

#### Market Overview

- Quarterly
- Annual

### Market Barometer



### Stocks

#### Most Active Stocks

Ticker	Price\$	Chg%
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### Industry Reports

#### Industry Reports

- 2019: Q1
- 2018: Q1 Q2 Q3 Q4
- 2017: Q1 Q2 Q3 Q4
- 2016: Q1 Q2 Q3 Q4
- 2015: Q1 Q2 Q3 Q4
- 2014: Q1 Q2 Q3 Q4
- 2013: Q1 Q2 Q3 Q4
- 2012: Q1 Q2 Q3 Q4
- Index Returns
- Fund Category Returns

### Sector Reports

- Basic Materials
- Communication Services
- Consumer Defensive
- Consumer Cyclical
- Energy
- Financial Services
- Healthcare
- Industrials
- Real Estate
- Technology
- Utilities

Morningstar offers newsletters that gives you multiple daily updates. You can subscribe to those and get them delivered to you via email.

Overall, Morningstar is a great tool for researching funds and stocks. It has a sufficient amount of self-generated reported and analyst reports. And the screener is very user-friendly and helps you make better decisions by offering a peer analysis.