Client Success Story **Financial Advisors**

How One Financial Firm Transformed Through Custom Model Portfolio Research

"Screening different funds and running comparisons has been extremely useful."

Company
Mid-sized financial services organization

Application used
Direct Advisory Suite
(formerly Advisor Workstation)*

Use cases
Custom Model Portfolios

Industry
Financial Services

*Everything advisors love about Advisor Workstation has been enhanced and reimagined: Direct Advisory Suite is a connected set of tools designed for proposal creation, investment research, and investment planning—helping advisors stay efficient, informed, and ahead of the curve.

For financial advisors who want to differentiate their services and provide their clients with truly personalized investment solutions, the challenge of conducting thorough research while maintaining efficiency can feel like a major blocker. One such financial advisor at a mid-sized financial services organization—which provides insurance, investments, and financial guidance—has three years of experience using Advisor Workstation (Morningstar's previous advisor solution), faced this exact challenge as they prepared to transition from using turnkey model portfolios to creating his own custom investment strategies.

The Challenge: Breaking Free from One-Size-Fits-All Solutions

Like many in their field, this advisor had been relying on turnkey model portfolios from various firms—a practical solution that allowed him to serve clients effectively, but limited his ability to provide truly customized investment approaches. "Currently, I use the turnkey model portfolios from a few different firms," the advisor explained. "While these pre-built portfolios served their purpose, they came with significant limitations that didn't always align with our idea of customer support."

The opportunity to take on this challenge arose when the advisor became able to create his own model portfolios—a significant milestone that would allow them to charge actual fees for custom portfolio management rather than incorporating it into general planning services. However, this newfound freedom came with a substantial challenge: how to conduct the extensive research necessary to build superior portfolios while maintaining the efficiency his growing practice demanded.

This advisor recognized that creating competitive model portfolios required more than just selecting popular funds. It meant understanding exposure patterns, analyzing risk metrics, conducting performance comparisons, and making tactical decisions about asset allocation. "One gamble that they're taking in their 100% equity portfolio this year specifically, is that they've completely eliminated small caps from the portfolio," they noted when discussing how major firms make strategic decisions. "In my custom portfolios, I still include small caps to an extent."

The Solution: Leveraging Direct Advisory Suite for Comprehensive Research

When the advisor gained access to Morningstar's Direct Advisory Suite, they discovered a platform that could support his research-intensive approach to portfolio construction. After approximately one month of adaptation, they was confidently navigating the system and integrating it into their daily workflow for 2+ hours per day—time that increased significantly during intensive research periods.

The Advanced Screener became the advisor's primary research tool, letting them apply multiple filters simultaneously to identify potential fund candidates. "The Advanced Screener helps me find creative ways to use different filters for different purposes," he explained. Their typical screening process involves filtering for funds with three-plus star Morningstar ratings, silver or higher medalist ratings, and specific historical return thresholds—criteria they can adjust based on the specific needs of each model portfolio they're constructing.

What sets this advisor's approach apart is their systematic use of the Compare Tool to validate research decisions. Rather than making arbitrary selections, they created custom data sets that highlight the metrics most relevant to his investment philosophy. "I don't just throw random funds in the mix or randomly increase percentages without reason. So, it's kind of a way to fact check myself," they said, describing how the Compare Tool serves as their research validation mechanism.

Innovation in Action: Incorporating Alternative Strategies

The advisor's research capabilities were put to the test when they decided to explore cryptocurrency integration after attending a Grayscale conference. "I've done my own research, and I think adding a small portion of cryptocurrency, like Bitcoin, into a portfolio, has the potential to add a lot of value."

Using Direct Advisory Suite's research capabilities, they were able to analyze the risk-return profile of adding Bitcoin to traditional portfolios, ultimately incorporating it into their models for clients comfortable with the allocation. This type of innovative research—combining traditional asset classes with alternative investments—demonstrates the platform's flexibility in supporting forward-thinking investment strategies.

Streamlining Client Interactions

Beyond research capabilities, Direct Advisory Suite transformed how this advisor interacts with prospects and clients. The platform's integration features allow them to quickly upload client statements and conduct real-time portfolio comparisons during meetings. "I like the ability to customize the branding on reports," they noted, highlighting how professional presentation enhances client confidence.

The efficiency gains are substantial. "In just a couple of minutes, I can upload a client portfolio on the spot and draw up a comparison for a portfolio that I am suggesting, all during the meeting," the advisor explained in follow-up communications. "Before Morningstar, this kind of resource was something that had to be created in between meetings."

This capability proved particularly valuable in a recent client situation where the advisor was able to avoid scheduling a follow-up meeting entirely. By uploading a client's statement during their initial consultation and immediately demonstrating the benefits of their recommended portfolio allocation, they could complete the advisory process in a single session—saving both parties time and accelerating the decision-making process.

The Philosophy Behind the Process

What makes this savvy advisor's success particularly noteworthy is their philosophy around research and client service. They acknowledge that the financial services industry often pressures advisors to prioritize meeting volume over research quality.

However, this advisor believes that thorough research ultimately generates better client outcomes and higher long-term revenue. "It will generate you more revenue. You will get more and better clients, and it comes off much more professional and organized if you have different models readily available to show clients," they explained.

This perspective shapes his definition of success. For this advisor, success isn't just about gathering assets—it's about demonstrating clear value through superior research and customized solutions.

Looking Forward

As the advisor continues to refine their model portfolios and expand their research capabilities, they remain curious about how other advisors are leveraging similar tools. "I'm curious to hear how everyone else has used it. I'm sure there are some use cases that they've found that I haven't," they shared, demonstrating the continuous learning mindset that drives their success.

Their advice to other advisors considering a similar transition is straightforward: embrace the learning process. "My advice is to expect a lot of trial and error but stay curious and engaged," they said. "Don't get discouraged, because it can take a while."

Transform Your Practice with Direct Advisory Suite

Ready to elevate your research capabilities and enhance client interactions like this advisor? Morningstar Direct Advisory Suite provides the comprehensive tools and integrations you need to build superior portfolios, streamline client communications, and differentiate your practice in today's competitive landscape. Discover how Direct Advisory Suite can help you transition from generic solutions to customized investment strategies that truly serve your clients' unique needs.