Importing Client Transaction Data from SchwabLink

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Importing Client Transaction Data from SchwabLink

This document provides an overview of the steps required to begin importing transaction data from SchwabLink into Morningstar Office. These preliminary steps include:

Introduction

- 1. Obtaining the necessary files from Schwab
- 2. Applying the correct currency and exchange filters within Morningstar Office
- 3. Creating initial positions at the chosen starting date
- 4. Creating and applying transaction settings.
- 5. Once these steps have been completed, you are ready to begin importing transactions. A brief overview of the ongoing importing process is provided.
 - The Morningstar highly recommends that you begin importing with the help of a Morningstar Import Specialist. Call the Support team at 1-866-215-2503 for more details if you have never imported from this source before.

For advisors who wish to save the time and trouble of daily importing and reconciliation, Saving Time with Morningstar is pleased to offer the option of outsourcing these tasks to our Back Office Services team. Working directly with you to define and meet your needs, Morningstar's BOS team will operate as an extension of your internal staff, under your direction and terms. Services

If you are already using another portfolio management system and are making the switch to Morningstar Office, there is no need to start over from scratch. Morningstar's Data Conversion Team can transfer the entire database of client transactional history contained in your previous system into Morningstar Office, allowing you to begin running in-depth historical performance reports.

Click here to fill out a quick survey and receive an estimate for back office services or data conversion. To learn more, dial 1-866-685-4494.

Morningstar **Back Office**

Conversions from Your Previous Portfolio Management System

Obtaining and Verifying Files

In order to begin downloading data files, you will need to make sure that SchwabLink Desktop is installed on your computer and configured to run a daily file download. For assistance in setting up a daily download, contact Schwab customer service at 1-800-647-5465.

Overview

You must export the following files from SchwabLink:

File Name	File Type
CSmmddyy.BLD or CSmmddyy.BKB	Build File (Positions, Securities, Prices, Client/Account data)
CSmmddyy.PRI	Price File
CSmmddyy.RPS	Position File
CSmmddyy.TRN or CSmmddyy.BAK	Transaction File
CSmmddyy.UPD or CSmmddyy.BKU	Update File* (Positions, Securities, Prices, Client/Account data) *This file is not necessary each day.

mm = month; dd = day; yy = year.

The files will look like this on your computer:

C:\Schwablink Files	
Name 🔺	Size Type
CS100809.BLD	759 KB BLD File
S100809.PRI	46 KB PRI File
🗩 CS100809.RPS	262 KB RPS File
C5100809.TRN	24 KB TRN File

File types needed

During the import process, Morningstar Office will identify any securities contained in your files that are tracked by Morningstar's research team. By mapping these holdings to our research database, we allow you to incorporate our research and analysis into your client reports.

However, because many securities are traded in multiple currencies and on multiple exchanges throughout the world, the mapping process will occasionally yield multiple matches for the same CUSIP or ticker. In order to eliminate confusion, it is recommended that you create a filter to guide Morningstar in mapping to the correct match.

By creating exchange and currency filters, you will ensure that, in the cases where two versions of a security are found in our database, Morningstar will map to the security traded on the exchange and in the currency you have specified.

Morningstar will not exclude securities traded on exchanges not included in your filter from the mapping process. The program will simply use the filter as a guide for finding the correct match in the cases where multiple matches are found.

To apply an exchange filter, do the following:

1. From the Home screen, click on Settings in the left-hand navigation panel.

Morningstar Office	
<u>F</u> ile <u>N</u> ew Favorites <u>T</u> ool	ls Reports <u>H</u> elp 🛃 Import 🔟 Price Ma
Home	Home Welcome
 Articles + Commentary Articles + Commentary Presentations Discussions Support + Training Settings Activities Managed Portfolios Document Library 	Announcements Date Headline 3/17 Introducing Morningstar's Corporat 3/15 Change to Stoxx Index Names 3/12 Sign up for our upcoming live onlin 3/12 Inclusion of Convertible Bonds in P 3/11 Morningstar Presentation Library Up Available More 🖄
	Practice Summary

Overview

Applying an Exchange Filter

2. Under Portfolio Accounting Systems Settings, click Preferences.

Settings	
Personal Settings	Portfolio Accounting System Settings
Assistant Management Create or Delete assistants.	Reports, Tax Lot Methods, Transactions, Management Fees Create new or Edit existing Settings for Users, Clients.Accounts, and/or Holdings.
Email Server Settings	Preferences Set miscellaneous preferences: currency, logo, import, etc.
Email Password Settings	Asset Allocation Reporting Sets
Client Web Portal Settings	Create user defined Asset Class Sets for reporting purposes.
Planning	Home
Planning Settings Set preferences for the Planning module.	Page Layout Add or remove sections.
Research	
Preferences Change your preferences for the Research module.	

3. The Preferences window appears. Click Set Exchange Filter.

Morningstar Office	
Preferences	
Enter Preference Details He	ere.
Account Setting	
Display Currency	US Dollar 🗸
Add Logo to Cover Page	٩
Add Logo to Footer	٩
Show Liquidated Holding	
Email Notification of Out of Balance Accounts	
Import Setting	
	User-Defined Fixed Income Data
	 Use Morningstar default data, when available
	C Use imported data
Security Filter Settings]
	Set Exchange Filter Set Currency Filter
Help	Save + Close Cancel

4. The Exchange Filter window appears. Click Add/Remove Exchanges.

ningstar Offi	ce			
matching proce	attempt to map your impor	ted securities to Morningstar-tracked securities. Y ges where your securities are trading below. The ur selected order.		
Use selected co Selection Order	untries/exchanges/currenc Exchange Code	ies as default for security matching. Reorder by g Exchange Hame	joing to 'Add/ Import Match	Remove' dialog box. Apply to find Stock Security
			,	<u> </u>
Liele		Add / Remove Exchanges	Save + Close	Cancel
Help		Adu / Remove Exchanges	Jave + Close	Cancel

- 5. In the window that appears, highlight an exchange you wish to add to your filter by clicking on the **exchange name** from within the list of available exchanges, then click **Add**.
 - You can select multiple exchanges at once by holding down the <CTRL> key as you click on each item.

6. After you have added every exchange on which your securities trade to the Selected Exchanges list, you can edit the order of the list. If multiple matches for a security ID are found on different exchanges, Morningstar will map to the match found in the exchange listed highest on your list. To move an exchange within the list, highlight the security and click on the **up** or **down arrows**.

Selected Exchanges				
Select Exchanges				
Select Countries/Exchanges/Currencies from Available Country/Exchange/Currency list.	Country/Exch	ange/Currenc	y list and add the	em to Selected
Available Exchanges				
Total Exchanges: 655				
NASDAQ Global Select Market, USA NASDAQ INTERMARKET, USA NASDAQ OPTIONS MARKET, USA			^	
NASDAQ, USA				
NASDAQ/IMMS (NATIONAL MARKET SYSTEM), USA NATIONAL COMMODITY & DERIVATIVES EXCHANGE NATIONAL MULTI-COMMODITY EXCHANGE OF INDIA NATIONAL STOCK EXCHANGE OF INDIA, IND NATIONAL STOCK EXCHANGE OF INTIHUANIA, LTU			_	
NATIONAL STOCK EXCHANGE OF LITHUANIA, LTO NATIONAL STOCK EXCHANGE, USA			-	
NEPAL STOCK EXCHANGE.NPL			<u> </u>	
		1	>	
Selected Exchanges	Add		Add All	
Total Exchanges: 2				
NASDAQ, USA				
NEW YORK STOCK EXCHANGE, INC., USA				*
				^
				^
				~
				*
				•
			>	
	Remove		Remove All	
		ĺ	OK	Cancel

7. Click OK. You will be returned to the Set Exchange Filter screen, where you will see your list of exchanges. Check the Import Match boxes to apply this filter to the mapping process while importing. You may also choose to check the Apply to find Stock Security boxes, which will apply the filter when you search for a stock. This means that when you search for a security within the Transactions Wizard, only results found within the exchanges on your list will be displayed.

Use selected o	ountries/exchanges/curren	ies as default for security matching. Reorder by g	oing to 'Add/	'Remove' dialog box.
Selection Order	Exchange Code	Exchange Hame	Import Match	Apply to find Stock Security
1	EX\$\$\$XNAS	NASDAQ		
2	EX\$\$\$XNYS	NEW YORK STOCK EXCHANGE, INC.	V	 Image: A start of the start of

8. Click Save + Close.

To apply a currency filter, do the following:

1. From the Home screen, click on Settings in the left-hand navigation panel.

Home Home Image: Home Welcome Image: Articles + Commentary Presentations Image: Discussions Date Image: Support + Training J17 Image: Activities J15 Image: Activities J12 Image: Analysis Sign up for our upcoming live onli J12 Inclusion of Convertible Bonds in i J11 Morningstar Presentation Library More 20	<u>F</u> ile <u>N</u> ew Favorites <u>T</u> o	ols Reports <u>H</u> elp 🛃 Import 🛅 Price M
Image: Another Stress Announcements Image: Articles + Commentary Announcements Image: Articles + Commentary Discussions Image: Discussions Date Image: Discussions J17 Introducing Morningstar's Corpora J12 Settings J12 Image: Discussion of Convertible Bonds in Image: Discussion of Convertible Bonds in Image: Discussion Discussion Discussion Library Umage: Discussion Discusion Discusis Discusis Discussion Discussion Discussion Discussio	Home	Home
Image: Presentations Announcements Image: Discussions Date Headline Image: Discussions Date Headline Image: Discussions 3/17 Introducing Morningstar's Corporations Image: Discussions 3/15 Change to Stoxx Index Names Image: Discussions 3/12 Sign up for our upcoming live onling Image: Discussion of Convertible Bonds in Image: Discussion Disc	🗉 Home	Welcome
Image: Discussions Date Headline Discussions 3/17 Introducing Morningstar's Corpora Image: Discussions 3/15 Change to Stoxx Index Names Image: Discussions 3/15 Change to Stoxx Index Names Image: Discussions 3/12 Sign up for our upcoming live onli Image: Discussions 3/12 Inclusion of Convertible Bonds in Image Image: Discussions 3/11 Morningstar Presentation Library Umage Image: Discussions Available	-	Announcements
Support + fraining 3/15 Change to Stoxx Index Names Image: Settings 3/12 Sign up for our upcoming live onli Image: Activities 3/12 Inclusion of Convertible Bonds in Image: Managed Portfolios 3/11 Morningstar Presentation Library U Available Available		
Image: Settings 3/12 Sign up for our upcoming live onli Image: Activities 3/12 Inclusion of Convertible Bonds in Image: Managed Portfolios 3/11 Morningstar Presentation Library U Image: Managed Portfolios 3/11 Morningstar Presentation Library U		
Image Portfolios 3/12 Inclusion of Convertible Bonds in S/12 Image Portfolios 3/11 Morningstar Presentation Library U Image Portfolios 3/11 Morningstar Presentation Library U		3/12 Sign up for our upcoming live onli
E Document Library Available		
More 🖄	🕨 🚞 Document Library	
		More 🖄
		Practice Summary

2. Under Portfolio Accounting System Settings, click **Preferences**.

Settings	
Personal Settings	Portfolio Accounting System Settings
Assistant Management Create or Delete assistants.	Reports, Tax Lot Methods, Transactions, Management Fees Create new or Edit existing Settings for Users, Clients.Accounts, and/or Holdings.
Email Server Settings	Preferences Set miscellaneous preferences: currency, logo, import, etc.
Email Password Settings	Asset Allocation Reporting Sets
Client Web Portal Settings	Create user defined Asset Class Sets for reporting purposes.
Planning	Home
Planning Settings Set preferences for the Planning module.	Page Layout Add or remove sections.
Research	
Preferences Change your preferences for the Research module.	

Applying a Currency Filter

3. The Preferences window appears. Click Set Currency Filter.

Morningstar Office	
Preferences	
Enter Preference Details He	ere.
Account Setting	
Display Currency	US Dollar 🗸
Add Logo to Cover Page	٩
Add Logo to Footer	٩
Show Liquidated Holding	
Email Notification of Out of Balance Accounts	
Import Setting	
	User-Defined Fixed Income Data
	 Use Morningstar default data, when available
	C Use imported data
Security Filter Settings	Set Exchange Filter Set Currency Filter
Help	Save + Close Cancel

4. The Currency Filter window appears. You will see US Dollars listed.

	urrency list according to you	ir selected order. ies as default for security matching. Reorder by	going to 'Add/	Remove' dialog box.
Selection Order	Currency Code	Currency Name	import Match	Apply to find Stock Security
1	USD	United States of America, Dollars		

- 5. To add edit the contents of your currency list, click **Add/Remove Currencies** and follow the same procedure described above for the Exchange filter.
- Once your currency list contains your desired currencies, check Import Match and Apply to find Stock Security boxes to apply this filter to the import mapping process and to your research search results. When you are done, click Save + Close.
- 7. You will be returned to the Preferences window. Click **Save + Close** to exit.

Applying Imported Price Setting for Performance Reports

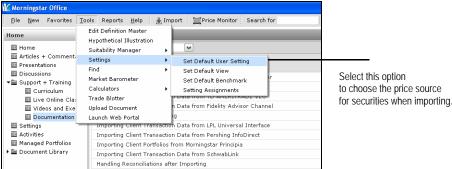
Your daily files from Schwab include a price file, which contains updated price information for every security held in your accounts. This price data is stored within the Definition Master. When generating performance reports, this imported price history will be used to analyze the performance of all securities not tracked by Morningstar, such as fixed income securities or options.

When it comes to calculating the performance history of Morningstar-tracked securities, you have the option to use either Morningstar's prices, or imported prices from Schwab.

It is recommended that you select the option to apply Schwab's prices, rather than Morningstar's prices, when generating performance reports. This will eliminate any price discrepancies that could otherwise appear between custodian-generated reports and reports you generate using Morningstar Office. This setting should be applied prior to importing securities from Schwab.

To select a price source for imported transactions, do the following:

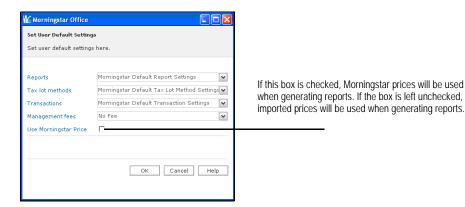
1. From the **Tools** menu, select **Settings**...**Set Default User Settings**. A dialog box appears.



transactions

How to select a price source for imported

2. Uncheck the box marked Use Morningstar Price.



3. Click **OK** to save the setting.



Overview

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For advisors not undergoing a database conversion, it is usually necessary to establish initial positions for each of your clients before you can begin importing transactional data. The initialization process is done only once and generates these starting positions as of the date of your choosing. The initial positions generated will be the ending share quantities and market values as of the initialization date.

Initialization is only necessary for advisors who are not taking advantage of Morningstar's database conversion services. If you previously used a different portfolio management system and have had your clients' transactional history transferred into Morningstar Office, skip this step of the process.

To initialize positions, do the following:

- 1. From the toolbar at the top of the screen, click **Import**. The Import window appears.
- 2. Check the **box** next to the file type name SchwabLink.
- 3. On the Action Shortcuts toolbar, click Initialize Positions.

V Impo	rt - Morningstar Office					
Eile	File Help Send us feedback					
🗄 🗄 Ir	nport 🔲 View Blotter 🐺 Edit Definition Master	🔝 Initializ	e Positions 🔣 R	efresh Local Data	base 🔟 Corpor	ate Actions Wizard 🔛 Trade Blotter •
Г	Interface Name	Initia	Lest Post Date	Last Custodian File Date	Last Reconcile Date	Interface Category
□ 1	TD Waterhouse					Custodian
Z 2	SchwabLink					Custodian
ПЗ	LPL Universal Interface					Custodian
□ 4	Pershing InfoDirect					Custodian
□ 5	Fidelity Advisor Channel - transactions					Custodian
□ 6	DST FAN Mail					Data Service

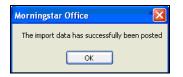
4. The Initialization dialog box appears. Click on the **magnifying glass** icon next to the File Name field to select the location where your Schwab files are stored.

Overview

Importing for the first time (Initializing) The Initialize Date field will automatically populate with the earliest date for which a
position file is available. If you wish to select a later date, you can edit the Initialize Date
field.

File Type Data Available		Include Subfolders		
File Type Data Available	9 🗸 Cat applicated			
	Get earliest u	02/13/2009	e	nitialize Date
1 Build/Upate File 02/13/2009	ailable	Data Available	le Туре	File Type
	09	02/13/2009	ild/Upate File	1 Build/Upat

- 6. Click **Initialize**. The initialization blotter will appear. This blotter summarizes all information that will be posted to Morningstar Office from your files. Glance over the Accounts, Transactions and Securities sections of the blotter to ensure that the information to be posted is correct.
- 7. You might encounter some transactions or securities that are in warning status, requiring extra attention. If you encounter a warning symbol in the status column next any item, refer to the document "Handling Warnings in the Import Blotter."
- 8. From within the toolbar at the top of the blotter, click **Post**. This uploads all information contained within the blotter to your Morningstar Office database.
- 9. You should see the following confirmation message appear: "The import data has successfully been posted."



- 10. The client information, account numbers, and initial positions for each account have now successfully posted to Morningstar Office.
 - If you experience any errors or difficulty posting, contact Morningstar Office Product Support at 1-866-215-2503.

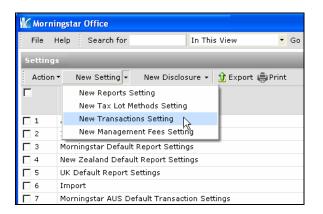
Applying the Correct Settings for Manual Transactions

After initializing, Morningstar recommends that you create a setting for manual transactions to mimic the Schwab transaction format. This setting will apply the appropriate cash offset (Sweep Account) to any transactions that are manually created within your imported accounts. The instructions below explain how to apply this transaction setting to all accounts in your practice.

If you have other transactional accounts within your practice that are not imported from Schwab, you may wish to apply a separate transaction setting to these accounts. Contact Morningstar's support desk for assistance at 1-866-215-2503.

To create a new Portfolio Accounting System setting, do the following:

- 1. From the **Home** screen, click on **Settings** in the left-hand navigation panel.
- Under the Portfolio Accounting System Settings area, click once on Reports, Tax Lot Methods, Transactions, Management Fees. The Settings pop-up window appears.
- 3. From the toolbar, click New Setting...New Transactions Setting.



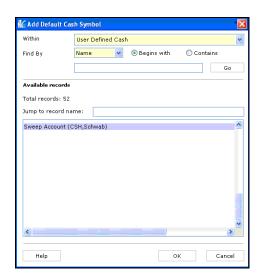
- In the new window that appears, enter a name for your new setting in the Setting Name field. Choose a name that reflects the import source for the accounts to which it will be applied.
- 5. In the Default Cash Symbol field, click the **magnifying glass** icon. The Add Default Cash Symbol dialog box opens.

Overview

How to create a new Portfolio Accounting System setting 6. Click the Within drop-down and select User Defined Cash, then click Go.

🖌 Add Default Ca	sh Symbol	3
Within	Money Market Funds 🗸 🗸	
Find By	Money Market Funds Out of Pocket User Defined Cash	Click the Within drop-down and select User Defined Cash.
Available records	-	
Total records:		
Jump to record na	ne	
	-	
Help	OK Cancel	

7. In the Available Records box, select **Sweep Account**.



8. Click **OK**. You are returned to the Transaction Setting window. Do not select any check boxes on the dialog box.

₩ Morningstar	Office				
Transaction Set	Transaction Setting				
Enter Transacti	on setting details here.				
Setting Type	Transaction	v			
Setting Name	Schwab Import Setting				
	(50 characters maximum)				
Default Cash Symbol	Sweep Account	2			
Record corpora	te actions for holdings:				
	Automatically record distributions				
	Automatically reinvest dividends				
	Automatically reinvest capital gains				
	Automatically record splits				
Post transactions to account					
Round Mutual	9 V Decimals				
Funds/ETF's to: For Settlement	Use Trade Date				
Date	use trade bate	¥			
these corporate would have to o will show you th	the above boxes to record corporate actions action transactions to your accounts automa pen your accounts then click on "New Transa e transactions that have been recorded, and ost these transactions.	tically. You ction" Which			
Help	Save + Close	ancel			

- 9. Click Save + Close.
- 10. Click **OK** when the save confirmation message appears.
- 11. Close the Settings window.
- 12. The last step is to make this transaction setting the default setting for all accounts. From the toolbar at the top of the screen, click **Tools** and select **Settings...Set User Default Settings**.
- 13. Click the Transactions drop-down menu and select your newly created setting.

Morningstar Office		
Set User Default Setting	gs	
Set user default setting	s here.	
Reports	Morningstar Default Report Settings	Click the Transactions drop-down
Tax lot methods	Morningstar Default Tax Lot Method Settings	menu and select the setting you created
Transactions	Schwab Import Setting	
Management fees	No Fee 🗸	
Use Morningstar Price		
	OK Cancel Help	

14. Click **OK**.

15. Click **OK** when the confirmation message appears.

The Daily Import Process

After you have completed the steps described above, you are ready to begin the ongoing import process. It is recommended that you import once a day if possible. If you are unable to import daily, avoid importing more than a week's worth of data at a time, so as to maximize the ease and efficiency of the process. The Import process consists of four main steps: loading the blotter, reviewing data, reconciliation and posting. These are summarized below.	Overview
 From the toolbar at the top of the main screen, click Import. The Import window appears. Check the box next to SchwabLink. On the toolbar at the top of the Import window, click Import. The Import dialog box appears. Confirm that the starting date displayed is correct. The starting date field should automatically display the date following that of your last imported file. For example, if you initialized as of January 15th, 2010 and are importing for the first time, your start date should be January 16, 2010. 	Loading the Blotter
 5. The end date field automatically displays the current date. Sy keeping track of which files have already been imported, Morningstar ensures that you do not accidentally import the same file twice. 	
6. Click OK . The Import blotter appears. This blotter summarizes all information that will be posted to Morningstar Office from your files.	
Once the blotter has loaded, glance over the Accounts, Transactions and Securities sections of the blotter to ensure that the information to be posted is correct. If you encounter a warning symbol in the status column next any item, refer to the document "Handling Warnings in the Import Blotter."	Reviewing Data
After confirming that the information contained in the blotter is correct, run the reconciliation process by clicking on the Reconcile button in the upper right-hand corner of the screen.	Reconciliation
In this process, the position of each individual holding within your accounts, which is calculated based on the transaction history recorded within Morningstar Office, is compared to the positions contained in the position file provided by Schwab. Any holdings for which Morningstar's calculated position does not equal the position in the Schwab file will appear within the Failed Reconciliation section of the blotter.	
If you see out of balance items appear during Reconciliation, call Morningstar Office Product Support at 1-866-215-2503 for assistance with troubleshooting.	

When you have finished reconciling positions, click on the Post button in the upper lefthand corner of the toolbar. You should see the message appear, "The import data has successfully been posted. Click **OK**.

Morningstar Office
The import data has successfully been posted
ОК

It is possible that you might instead receive the message, "The data in the following blotters haven't been posted completely – Transactions." After clicking **OK**, you will see one or more transactions in warning status remaining on the transactions blotter. Note that these transactions need to be posted or handled before beginning a new import. Otherwise, they will be automatically deleted and may cause reconciliation problems. Hold the cursor over the warning symbol in the status column of each transaction to determine what action is required.

For assistance, refer to the document "Handling Warnings in the Import Blotter" or call the Product Support team for help at 1-866-215-2503.