



Mutual Fund Screening Systems

By Kenneth J. Michal

On average, mutual funds make up about 40% of an AAI member's portfolio. While this percentage is down slightly as investors have increased their direct investment through stock and the use of mutual fund alternatives such as exchange-traded funds, open-ended mutual funds are still a significant and important investment vehicle for many.

Mutual funds allow investors to pool their money into large portfolios for cost effective, professional money management. Mutual funds free investors from the work involved in selecting and managing a portfolio of individual stocks and bonds, but the explosion of mutual fund choices has made it more difficult to select and monitor the funds themselves. While you can turn to an investment adviser or financial planner for advice on selecting mutual funds, mutual fund screening and analysis programs provide the necessary tools for investors willing to do their homework.

Mutual Fund Screening

The thought of sifting through thousands upon thousands of mutual funds to select a single fund (appropriate for your portfolio) can be quite an imposing task. With the number of mutual funds approaching the number of publicly traded stocks, how can you narrow the scope? One answer is screening.

Screening involves setting up a list of parameters, or criteria, that you can use to find a group of funds that have similar characteristics. While you could use a financial newspaper, magazine, or book to perform basic screens, the screening process is most easily accomplished using a computer.

Software packages offer some form of data service with the screening capability built into the software. Subscribers receive periodic data updates; a software program is worthless without these data updates. Likewise, the data is only as useful as the flexibility

and power of the program's screening function.

An abundance of Web-based screening tools allow investors to perform screening on-line. The software is either downloaded to your computer in an invisible fashion or the screening criteria are established through forms on your Web browser. Screening is actually performed on a central computer and the screening and ranking results are sent back to your computer.

Mutual fund screening systems enable an investor to quickly locate a few funds that meet personal risk, return, and management style needs. For example, if you determine that your portfolio is lacking international stock diversification, a screening program can quickly come up with a list of no-load mutual funds that have consistent performance above the average for international equity funds, acceptable risk, and below average expenses.

The screening criteria dictate how the database is filtered. It is important to select a system that provides the flexibility to create effective screening criteria along with a database that provides a rich set of data fields suitable for screening. The more criteria you input into the screen or the tighter you make the values for each, the fewer the number of funds that will pass your filter.

Critical elements to consider when choosing a mutual fund screening application include:

- the number of funds in the complete universe,
- the number and types of fields that can be used for screening and sorting, and
- the conditions and values that can be specified for each field.

For example, a screen might consist of an investment objective equal to aggressive growth, an annual five-year return greater than 15.0%, a front-end load equal to zero, and an ex-

pense ratio less than 1.0%. If this screen provides too many candidates, requiring a 17.0% annual five-year return or adding a risk measure, for example, can tighten the criteria and decrease the number of passing funds. Once the universe of funds has been narrowed sufficiently, individual fund analysis follows.

Performance Comparison

The key function performed by mutual fund systems is monitoring, or the comparison of a fund's performance. While performance comparison is primarily done through screening, a worthwhile feature of any good mutual fund screening system is the ability to easily and clearly present how well your fund investment did against other funds or benchmarks.

Current presentation standards for monitoring include sophisticated charting functions, reports for specific time periods, and fund comparison reports that make monitoring easier and more comprehensive. The most powerful programs use color line graphs and bar charts to display the performance of an index, an average for a fund investment objective, and the performance of other similar funds along with the performance of a particular fund for any period selected. Some applications even offer basic mutual fund portfolio management capabilities.

Size of Database

A comprehensive data set should cover the universe of non-money market mutual funds—currently exceeding 12,000. However, this total includes mutual funds with multiple class offerings, funds that provide the same basic portfolio divided into various offerings segmented by fee structures or, in some cases, by minimum initial investment requirements.

Alternatively, the universe should match the universe of funds that you consider for your portfolio, such as

PRODUCT COMPARISON: MUTUAL FUND SCREENING SYSTEMS

Mutual Fund Screening Software/Service		Disk-Based	Mutual Fund Expert 6.5 Personal	Mutual Fund Expert 6.5 Pro	Mutual Fund Expert 6.5 Pro-Plus	
Company			Steele Systems, Inc.	Steele Systems, Inc.	Steele Systems, Inc.	
Telephone			800/379-0679	800/379-0679	800/379-0679	
Web Address			www.mutualfundexpert.com	www.mutualfundexpert.com	www.mutualfundexpert.com	
E-mail			custserv@steelesystems.com	custserv@steelesystems.com	custserv@steelesystems.com	
Delivery Medium			software (CD-ROM)	software (CD-ROM)	software (CD-ROM)	
Update Schedule			monthly/quarterly/annually	monthly/quarterly/annually	monthly/quarterly/annually	
Price (AAIL Member Discount)			\$221/\$107/\$50 (20%)	\$535/\$311/\$100 (20%)	\$635/\$411/\$130 (20%)	
Platform			Windows	Windows	Windows	
Data Source			Standard & Poor's Micropal	Standard & Poor's Micropal	Standard & Poor's Micropal	
Database Content	Number of Funds/Indexes		13,500+/67	13,500+/67	13,500+/67	
	Number of Data Fields		92	227	653	
	Number of Data Fields for Screening		92	227	653	
	Number of Data Fields for Ranking		92	227	653	
	Performance	Monthly Total Returns		last 12 months	last 120 months	1962 to present
		Quarterly Total Returns		last 4 quarters	last 4 quarters	last 4 quarters
		Annualized Returns		1/3/5/10 years	1/3/5/10 years	1/3/5/10/15/20 years
		Return for Individual Yrs.		last 10 years	last 10 years	1962 to present
		Year-to-Date Return		✓	✓	✓
	Relative		% rank, +/- category	% rank, +/- category	% rank, +/- category, +/- index	
Risk-Related Features		a, B, R-sq, st dev, avg mat	a, B, R-sq, st dev, avg mat, S, T	a, B, R-sq, st dev, avg mat, S, T		
Portfolio Information		mgr, comp, foreign	mgr, comp, lg hold, foreign	mgr, comp, lg hold, foreign		
Screening	Any Data Field		✓	✓	✓	
	Category		✓	✓	✓	
	Monthly Returns		✓	✓	✓	
	Quarterly Returns		✓	✓	✓	
	Annualized Returns		✓	✓	✓	
	Calendar Year Returns		✓	✓	✓	
	Year-to-Date Return		✓	✓	✓	
	Relative Performance		✓	✓	✓	
	Risk		✓	✓	✓	
	Portfolio Information		✓	✓	✓	
Reporting	Fees/Expenses/Loads		✓	✓	✓	
	Charts		✓	✓	✓	
	Specific Time Periods		✓	✓	✓	
	Predefined/Custom Formats		✓	✓	✓	
	Export to a File		✓	✓	✓	

Key to Risk and Portfolio Abbreviations

Risk-Related Features

- a: alpha, market risk-adjusted performance figure
- avg mat: average maturity (for bond funds)
- B: beta, a measure of market risk
- R-sq: R-squared, proportion of beta related to market
- st dev: standard deviation, volatility of fund's return
- S: Sharpe ratio, standard deviation-adjusted measure of performance
- T: Treynor ratio, beta-adjusted measure of performance

Portfolio Information

- comp: portfolio asset composition
- foreign: percentage of fund in foreign securities
- lg hold: largest holding of fund
- mgr: portfolio manager and tenure
- cap gains: unrealized capital gains

PRODUCT COMPARISON: MUTUAL FUND SCREENING SYSTEMS

Mutual Fund Screening Software/Service		Internet-Based	Morningstar.com—Premium Service (Advanced Screens)	MSN MoneyCentral Investor—Fund Screener	Quicken.com—Mutual Fund Finder	
Company			Morningstar, Inc.	Microsoft, Inc.	Intuit, Inc.	
Telephone			800/735-0700	800/373-3676	650/944-6000	
Web Address			www.morningstar.com	moneycentral.msn.com/investor	www.quicken.com	
E-mail			joe@morningstar.com	supportservices.msn.com	NA	
Delivery Medium			Internet	Internet	Internet	
Update Schedule			daily/weekly/monthly	monthly	monthly	
Price (AAll Member Discount)			\$9.95/month or \$99/year	free w/Internet access	free w/Internet access	
Platform			any PC with Internet	any PC with Internet	any PC with Internet	
Data Source			Morningstar	Morningstar, Standard & Poor's	Morningstar	
Database Content	Number of Funds/Indexes		12,000+/NA	11,100+/NA	12,000+/NA	
	Number of Data Fields		200+	130+	100+	
	Number of Data Fields for Screening		85	85	20	
	Number of Data Fields for Ranking		85	85	6	
	Performance	Monthly Total Returns		latest month		
		Quarterly Total Returns		last 28 quarters	latest quarter	last 12 quarters
		Annualized Returns		1/3/5/10 years	1/3/5/10 years	1/3/5/10/15 years
		Return for Individual Yrs.		last 8 years		last 10 years
		Year-to-Date Return		✓	✓	✓
	Relative		% rank, +/-category, +/- index	+/- category	+/- category, +/- index	
Risk-Related Features			α, B, r-sq, st dev, S	α, B, r-sq, st dev, S	α, B, st dev, S	
Portfolio Information			mgr, comp, lg hold, foreign	mgr, comp, lg hold	mgr, comp, lg hold, foreign	
Screening	Any Data Field					
	Category		✓	✓	✓	
	Monthly Returns		✓			
	Quarterly Returns		✓	✓	✓	
	Annualized Returns		✓	✓	✓	
	Calendar Year Returns					
	Year-to-Date Return		✓	✓	✓	
	Relative Performance		✓			
	Risk		✓	✓		
	Portfolio Information		✓	✓	✓	
Reporting	Fees/Expenses/Loads		✓	✓	✓	
	Charts		✓	✓	✓	
	Specific Time Periods			✓		
	Predefined/Custom Formats			✓		
	Export to a File			✓		

steer your decision. The comparison grid indicates the data update schedules available for each application along with the associated costs of each. Note that the mutual fund performance data of most on-line services is updated only monthly. Items such as price charts and net asset value may be updated daily, but most other data

elements are tied to a monthly mark-to-the-market figure.

Depth of Data

The analysis of an individual fund and the examination of fund details hinge on the amount and organization of the data and information presented.

Along with the size of the data set and how frequently it is updated, you also want to consider how comprehensive the data is on each fund.

Information generally falls into four main categories:

- performance statistics,
- risk-related features,
- fund portfolio information, and

SmartMoney.com— Fund Finder	Thomson Investors Network— Mutual Funds Center	Wall Street City—Mutual Fund Power ProSearch
Smart Money Magazine	Thomson Financial Services, Inc.	Telescan, Inc.
NA	301/545-4999	800/324-4692
www.smartmoney.com	www.thomsoninvest.net	www.wallstreetcity.com
support@smartmoney.com	Custserv1@thomsoninvest.net	webmaster@wallstreetcity.com
Internet	Internet	Internet
daily/weekly/monthly	monthly	daily/weekly/monthly
free w/Internet access	free w/Internet access; \$2.50 per report; \$19.95/month or \$199/year	\$9.95/month
any PC with Internet	any PC with Internet	any PC with Internet
Morningstar	CDA/Wiesenberger	Morningstar
11,400+/NA	10,000+/NA	12,000+/NA
200+	350+ (\$)	200+
26	28	83
10	NA	83
latest month	latest month	latest month
latest quarter	latest quarter	last 28 quarters
1/3/5/10 years	1/3/5/10/15/20 years	1/3/5/10 years
last 4 years	last 10 years (\$)	last 8 years
✓	✓	✓
% rank, +/- category, +/- index	% rank, +/- category, +/- index (\$)	% rank, +/- category, +/- index
a, B, r-sq, st dev, S, T	a, B, r-sq, st dev, S, T (\$)	a, B, r-sq, st dev, S
mgr, comp, lg hold, foreign	mgr, comp, lg hold, foreign (\$)	mgr, comp, lg hold, foreign
✓	✓	✓
	✓	
	✓	
✓	✓	✓
✓	✓	
✓	✓	✓
✓	✓	✓
✓	✓	✓
		✓

- fund operations and services. Performance statistics usually include annual total returns and annualized total returns over three-, five-, and 10-year periods and longer. Returns for shorter periods, usually year-to-date, one month, three months and the last 12 months are also common. Performance is also often reported as

a difference from an index, such as the S&P 500, or from a category average. Percentile or decile ranks for performance are sometimes displayed to put the absolute performance differences into perspective.

Risk measures range from standard deviation and beta to risk indexes and risk deciles. Risk-adjusted returns

using return-to-risk ratios such as the Sharpe ratio or Treynor ratio may be included. Alpha, another risk-adjusted performance measure, and R-squared, a measure of diversification, are usually grouped with beta. For fixed-income funds, average portfolio maturity is usually reported as a measure of risk, while some services also report the average credit quality of the bond holdings.

Fund portfolio information can be very expansive or quite meager, but more often than not is just a brief synopsis. At the extreme, a program might offer details resembling a typical annual report with calculated portfolio statistics that attempt to capture the portfolio manager's investment style and approach. Portfolio breakdowns by percentage in cash, stocks, etc., are minimal descriptions of portfolio position. A listing of top stock holdings with portfolio percentage representation and a portfolio breakdown by sector or industry weights is useful in understanding investment strategy. The most comprehensive programs also include average price-earnings ratio, price-to-book-value ratio, earnings growth rate and dividend yield for all stocks in the portfolio. For bond funds, weighted average coupon, maturity, and credit rating are reported.

Fund operations and services describe loads, fees and expenses along with minimum initial and subsequent investment amounts. You may also find the fund manager's name and tenure in addition to the fund telephone number and other fund features, such as automatic withdrawal and investment programs.

Distribution Methods

For the software applications featured in this comparison, mutual fund data arrives on a CD-ROM disc. When the data is distributed via CD-ROM, it is installed and stored on your computer, and screening and analysis information is at your disposal. With some applications, certain information remains stored on the CD-ROM to keep from overburdening your hard

**Figure 1.
Mutual Fund Expert**



beyond the manager's name and tenure.

Pro-Plus offers a more robust 653 data fields and has complete performance returns from 1962 to the present. Pro-Plus portfolio details include information on the fund manager, the fund's portfolio composition, the largest holdings of the fund, and the percentage of the fund that is invested internationally. The Mutual Fund Expert Pro-Plus program was recently awarded the *Computerized Investing* Editors' Top Pick for Windows in the mutual fund screening category (see "Editors' Top Picks" in the March/April 2001 issue of *Computerized Investing*, available on our Web site).

Screening and reporting capabilities are strong for each of the Expert programs, with Pro-Plus allowing even the most sophisticated mutual fund investors to perform any and all necessary filters in order to select funds. The programs are easy to work with and all have the same interface. If you are comfortable working with multiple-page (multiple tab) worksheets, then you will find it easy to navigate through the information supplied by these programs. The Expert family of programs also features a unique quick-reference toolbar on the main database page of each program for easy navigation. Overall, the Mutual Fund Expert programs are top-notch fund screening applications and perform the necessary tasks for effective fund analysis.

(Note: The prices quoted in the comparison grid for the Mutual Fund Expert programs reflect additional charges per year for shipping and handling—\$5.00 for one-time subscriptions, \$12.00 for quarterly and \$36.00 for monthly).

Mutual Fund Survey 2.0

Mutual Fund Survey for Windows is a CD-based screening program from Value Line. Based on the printed Value Line Mutual Fund Survey, this electronic version includes a larger database (11,000-plus funds) of both load and no-load funds. Mutual Fund Sur-

disk. Internet-based screening programs allow you to perform the screen on-line; the results are returned to you in the form of a Web page, most often one equipped with links to quotes, news and other information.

Internet screening utilities usually offer limited screening power and somewhat reduced data sets compared to software. However, some of the recent Web-based entries from vendors such as Microsoft and Morningstar provide a combination of detailed data and versatile screening tools. When comparing these options, keep in mind how much data and screening functionality you actually need.

Disk-Based Services

Because these programs are delivered on a CD-ROM, they offer sophisticated screening and reporting capabilities. Look for CD-ROM-based software to offer the most in terms of depth and range of data due to their large storage capacity. Accordingly, disk-based programs also carry higher costs than Internet screening services. See Table 1 on page 20 for ratings on each program in five areas.

Mutual Fund Expert 6.5

Mutual Fund Expert from Steele Systems comes in three versions: a Personal version, a Professional version, and a Pro-Plus version. The three programs include an impressive database of over 13,500 mutual funds (including money market mutual funds and multiple class funds) and are available in monthly, quarterly and annual updates. The main difference between the three is in the detail of information supplied for each fund.

The Personal version features a roster of 92 data fields and performance returns for the last 12 months, last four quarters, and the last 10 years, as well as three-, five- and 10-year annualized returns. The latest version of Personal includes some additional risk-related measures versus previous versions as well as several new pieces of portfolio information.

The Professional program includes the same set of performance returns as Personal along with 227 data fields for screening and ranking. Professional and Pro-Plus feature greater risk-return coverage—including both the Sharpe and Treynor ratios. The new Professional version has also expanded its portfolio information section, providing additional fund data

vey is updated each month and now offers a weekly performance data update via the Valueline.com Web site.

Mutual Fund Survey includes performance returns for the latest month and last two quarters; annualized returns for three, five, 10, 15, and 20 years; and individual year returns from 1977 to the present. Mutual Fund Survey includes a formidable amount of risk-related statistics and portfolio information, such as the largest holding of the fund and the percentage of the fund in foreign securities.

If you are familiar with or have seen Mutual Fund Survey software in the past, not much has changed—the current version of the software has been on the market for some time now. The program offers extensive screening and complete reporting capabilities. With an easy-to-use interface and seamless drop-down menu toolbar, not to mention a recent drop in the price, Mutual Fund Survey remains a solid screening tool that performs sound fund analysis.

Principia for Mutual Funds 4.6

Morningstar now supports two versions of their powerhouse mutual fund screener—Principia Pro and Principia Pro Plus.

Both programs cover 12,500 funds. Principia Pro provides over 150 fields, all of which are available for screening and ranking. Principia Pro Plus is their top-of-the-line program—geared more toward professional investors and investment advisers—featuring more than 300 data fields, with over 150 available for screening and sorting.

Principia Pro Plus also comes complete with the Advanced Analytics package, providing “under the hood” details and insightful information on individual funds. This extra data feature is what actually separates the two applications. Otherwise, the screening tool and the primary data set are exactly the same—a key consideration when choosing between these two software siblings.

Both programs feature the presen-

tation tool Portfolio Developer, which allows users to construct hypothetical illustrations of client portfolios. Both also integrate with a stock screening database sold separately, allowing users to analyze a portfolio of stocks and funds.

The Principia programs offer an annualized return for the trailing 12-month period and individual performance returns for the last 10 years for Pro and the last 15 years for Pro Plus, as well as returns for the latest month and latest quarter. The programs include a fair amount of risk measurements and a nice array of portfolio information. A new feature of both programs is integrated Web links that give users direct access to Morningstar advisory reports via an exclusive Web site.

Both Principia Pro programs include an easy-to-use on-screen filtering utility and even display Morningstar’s equity and fixed-income style boxes in their main database pages. The team of Principia Pro programs does an excellent job of fund screening and analysis and continues to solidify Morningstar’s position as an industry leader in the world of

mutual fund data and screening applications.

Internet-Based Services

All of the Internet-based mutual fund screening services listed here are either completely free or at the very least offer some form of free screening. Fee-based screening as well as free screening capabilities are available at the Morningstar.com and Wall Street City sites. The majority of the fund data currently available on investment-related Web sites is supplied by Morningstar. Of the seven Internet-based services discussed in this article, only two do not use Morningstar mutual fund data. It appears as though there are several different data sets made available by Morningstar, for the database sizes, reports, and fund data and information varies among the group of Morningstar data subscribers.

Those sites that provide free mutual fund screening require you to register with the site. While these sites offer convenience, they still don’t outrank the available disk-based services in terms of breadth of data and screen-

Figure 2.
Principia Pro for Mutual Funds

Fund Name	Morningstar Rating (3-5)	Morningstar Page	Assets	Morningstar Category	Principia Objective	Years Since Began	Rank No.	Mean Fund Return
FID Bond Income	4.5			Long-Term Bond	Cons Bond-General			10.1%
FID International	4.5			Foreign Stock	Foreign Stock			11.2%
FID Large Cap Growth	4.5			Large Growth	Growth			8.5%
FID Growth & Income	4.5			Large Bond	Growth			7.6%
FID Growth & Income	4.5			Intermediate-Term Bond	Cons Bond-High Quality			8.8%
FID Growth & Income	4.5			Mid-Cap Value	Equity Income			10.0%
FID Growth & Income	4.5			Small-Cap	Small Company			8.2%
FID Growth & Income	4.5			Foreign Stock	Foreign Stock			10.0%
FID Growth & Income	4.5			Short-Term Bond	Cons Bond-High Quality			10.0%
FID Growth & Income	4.5			Foreign Stock	Foreign Stock			10.0%
FID Growth & Income	4.5	2001-01-30	2001-01-30	Domestic Participating Divid	Partic. Invest			10.1%
FID Growth & Income	4.5			Large Bond	Growth and Income			10.0%
FID Growth & Income	4.5			Large Bond	Growth			10.1%
FID Growth & Income	4.5			Mid-Cap	Mid-Cap Growth			10.5%
FID Growth & Income	4.5			Large Bond	Appreciation Growth			5.9%
FID Growth & Income	4.5			Large Bond	Appreciation Growth			6.6%
FID Growth & Income	4.5		2001-05-23	Domestic Bond	Appreciation Growth			12.0%
FID Growth & Income	4.5			Domestic Bond	Balanced			10.0%
FID Growth & Income	4.5			Domestic Bond	Balanced			10.0%
FID Growth & Income	4.5			Intermediate-Term Bond	Cons Bond-High Quality			8.8%
FID Growth & Income	4.5			Intermediate-Term Bond	Cons Bond-High Quality			8.8%
FID Growth & Income	4.5			Intermediate-Term Bond	Cons Bond-High Quality			8.8%
FID Growth & Income	4.5			Intermediate-Term Bond	Cons Bond-General			10.1%

ing flexibility. See Table 1 on page 20 for ratings of each service in five areas.

Business Week Online—Mutual Fund Search

A recent on-line partnership brought together Standard & Poor's and Business Week magazine—members of the McGraw-Hill family of publishing companies. This synergy resulted in a one-stop investment center at Web Business Week Online (www.businessweek.com). Utilizing much of the data and tools once available on S&P's Personal Wealth Web site, the new Business Week Online site has beefed up its offerings in a revamped investing section. The investing section now hosts a mutual fund screening tool to go along with its library of current and archived articles and special reports on fund analysis.

The Mutual Fund Search module, once available only via subscription on Personal Wealth, is now free to guests of Business Week Online. Mutual Fund Search is powered by Standard & Poor's and features an 11,000-plus fund database. The screening

interface comes with a nice “add another row” feature for each of its screenable fields. With this add-on function, multiple returns can be stipulated and several risk measures can be utilized in one screen. For example, you can screen for both short-term performance, say the fund's latest monthly return, as well as a 10-year annualized return all within the return field category. With this feature, you can also create absolute filters for each individual data field. Mutual Fund Search includes 34 screenable fields, and up to five columns of data can be used for sorting the results.

Basic S&P Reports, free to registered users, provide over 150 data fields on mutual funds. Returns available here include: daily and weekly returns; performance total returns for the latest month and second quarter; annualized returns for three, five, and 10 years; and individual annual returns for each of the last five years. Relative performance comparisons are versus fund peer group and versus the S&P 500. Risk-related features are quite strong—with R-squared and the Sharpe ratio as part of its roster—and

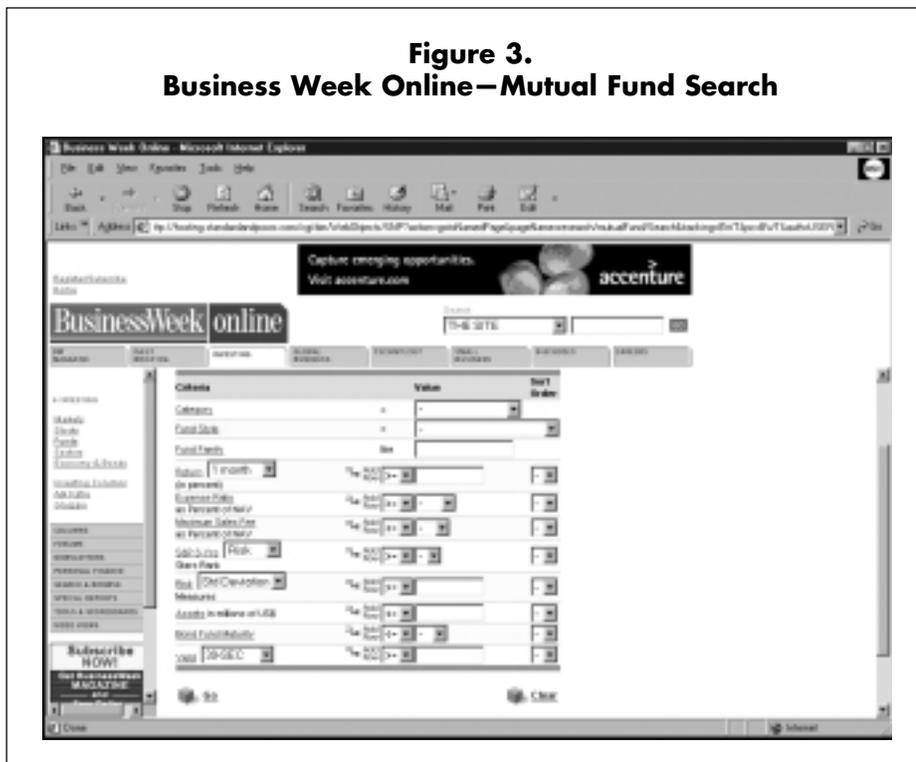
portfolio information includes the fund's capital gains as well as a fund asset allocation breakdown and a list of the fund's top 10 holdings.

For a limited time, S&P Premium Research Reports are free to registered users. Included are S&P Fund Reports and S&P Select Funds reports. S&P Select Funds are hand-picked by S&P analysts, who use quantitative and portfolio analysis as well as comprehensive fund manager interviews to find the best funds. Both reports are available in Adobe Acrobat PDF format. Also available are S&P Enhanced Analytics Reports, which offer detailed rankings and show how a fund compares with its peers.

Business Week Online's Mutual Fund Search module is the only Internet offering to provide complete screening capabilities, as monthly, quarterly, and individual calendar year returns are provided. It also offers a set of five pre-packaged S&P-developed screens that filter for top performers and top-yielding funds.

Business Week Online features a most solid mutual fund analysis tool—one of the most comprehensive on-line applications listed here. And the tool's special functions are a bonus. The site also offers several nice fund reports. For the individual investor, this is definitely a site worth checking out.

Figure 3.
Business Week Online—Mutual Fund Search



Morningstar.com—Fund Selector

The majority of the news, data, reports, and tools found on Morningstar's home page (www.morningstar.com) are free to registered users. There is a subscription-based portion of the site as well; for \$9.95 per month, Premium Service members gain access to an expanded set of research and analysis capabilities. The Fund Selector utility features both a standard, free version as well as an advanced product available only with a subscription to Premium Service.

The free Fund Selector has recently been upgraded with enhanced features and functionality. This tool is

quite simple. It features separate menus for selecting criteria and can now accept multiple screening criteria in a single screen. The Premium Service Fund Selector is a more powerful mutual fund screener that features more screenable data fields than the free version—over 80, versus just 19. However, the two applications do utilize the same database of funds (12,000-plus) and offer the same set of performance statistics and fund information libraries.

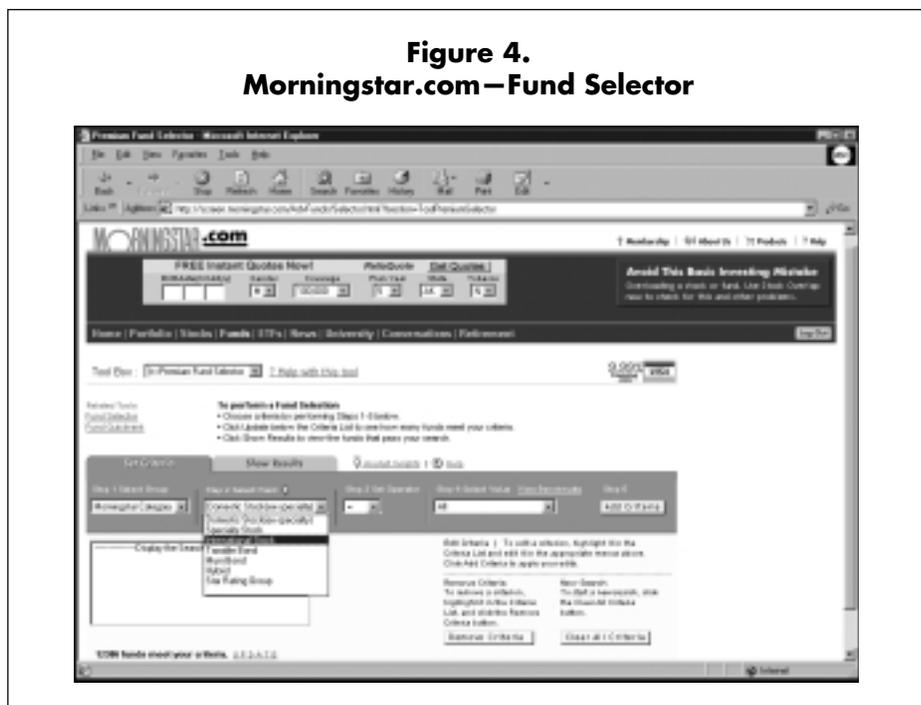
Beyond the data field totals, the real difference between the two tools is the level of functionality. The Premium Fund Selector is much more intuitive and offers more screening options. Designed on a Java-based foundation, criteria selection is seamless and dynamic screen results appear on the same page for easy adjusting of the criteria.

As a side note, the Java-based Premium Fund Selector's presentation is flawless on the Mac—at least when using Microsoft Internet Explorer 5.0 browser software—a key point that helped garner the site the top spot for mutual fund screening on a Macintosh (and consequently as an on-line alternative) in the aforementioned *Computerized Investing* "Editors' Top Picks" article.

Popular Morningstar Quicktake Reports, once a differentiating factor of the free and fee-based offerings on Morningstar.com, now appear to be streamlined—they are presented as one standard, common report. However, Premium Service does provide access to proprietary analyst reports that extend discussions on individual fund prospects.

Three additional mutual fund screening and comparison tools are available for free at Morningstar.com. A set of six starter screens called the Morningstar Screens, filters developed by Morningstar analysts, can be found within Fund Selector. Also available are a fast and easy Fund Quickrank screener and a Fund Compare utility, which allows you to evaluate funds against one another, testing for the better returns, the higher ratings, and

Figure 4.
Morningstar.com—Fund Selector



more.

For the individual investor looking to conduct basic mutual fund screening, the free services at the Morningstar.com Web site should work just fine. However, if you are looking for more multi-dimensional screening capabilities, check out the Premium Service edition of the Fund Selector. A 30-day free trial of Morningstar.com's Premium Service is available.

MSN MoneyCentral Investor—Fund Screener

The structural design of the MSN MoneyCentral Investor site (moneycentral.msn.com/investor) has recently changed and the features and services of their mutual fund screening application, now referred to as the Fund Screener, have been updated. This revamping of the site is, in some instances, not necessarily for the better.

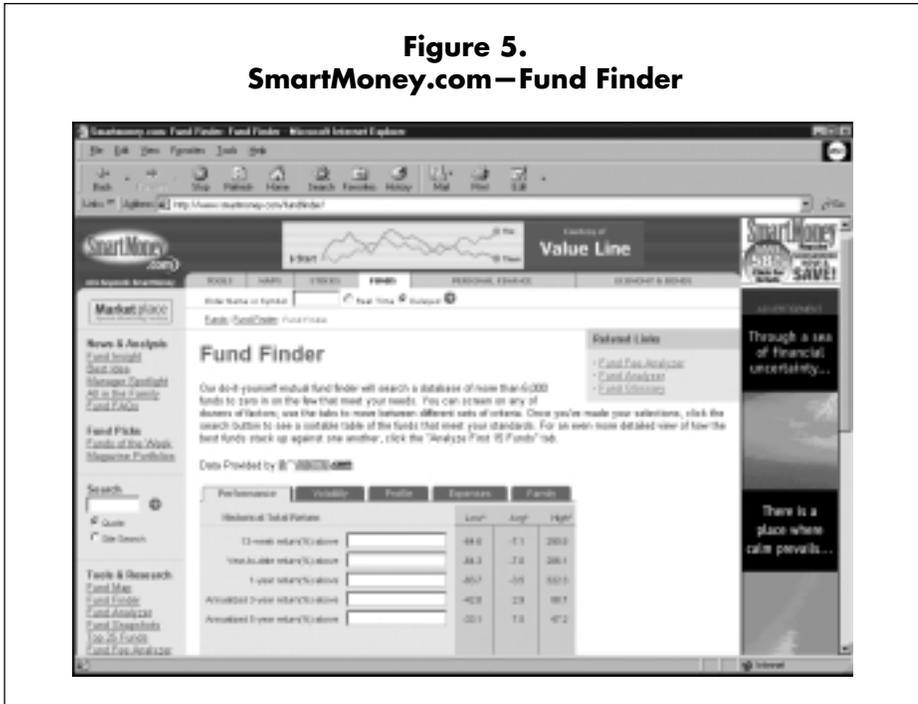
On a positive note, the database of funds has been significantly beefed up to over 11,000—up from 8,000-plus a year ago. Fund data is supplied by Morningstar and new partner Standard & Poor's Micropal; data is updated monthly. On the flip side, the screening tool and accompanying fund

reports have suffered as a result of some of the changes that were made: The number of data fields within a report were cut in half (from over 300 to 132) and the number of data fields available for use in the screener were reduced—now just 85 fields are present, when previous versions of the site's screening application offered over 100 fields.

Nevertheless, MSN MoneyCentral Investor's Fund Screener features the most screenable data fields of any of the free Internet applications discussed here and comes close to the totals of the general-purpose Personal version of Steele Systems' Mutual Fund Expert software program.

Like the Java-based tool found on Morningstar.com, the Fund Screener uses Microsoft's Active X technology to present an interactive fund screening experience. (Note: This interactive applet does not transfer well to the Macintosh. A standard html-based screening interface is present at the site when browsing with a Mac). Developing a screen here mirrors the process used in a software interface. Screening criteria are selected from a menu of nine different categories and input one at a time. The results are displayed directly below the screen-

Figure 5.
SmartMoney.com—Fund Finder



ing module, allowing you to easily adjust screening criteria or any additional filters. And as with software, screens can be saved. Users can either design their own screens or select from a list of 12 pre-packaged screens.

The Fund Screener offers performance returns for the latest quarter as well as three-, five-, and 10-year annualized returns. It neither offers any kind of monthly total return, nor any individual year returns—two clear misses. A standard set of risk-related statistics as well as several data points showing relative performance versus fund category are available. Several pre-packaged fund searches are found in the Fund Screener, including six basic screens and 10 deluxe screens that can be added to and run directly within the Fund Screener.

No longer the total package that it once was, the Fund Screener on the MSN MoneyCentral Investor site is still a solid citizen that meets the standard individual investor's requirements for fund screening quite nicely. For a free site, its database numbers are quite impressive, but the exact content of the selected fields and site's screening proficiency (especially for Mac users) is a little suspect.

Quicken.com— Mutual Fund Finder

Intuit, Inc., the makers of the popular Quicken software program, maintains a mutual fund screening application, the Mutual Fund Finder, at their free personal finance Web site (www.quicken.com).

The Mutual Fund Finder offers performance returns for the last 12 quarters and individual returns for the last 10 years, along with annualized returns for three-, five-, 10-, and 15-year periods. It does not offer any kind of monthly total returns. A fair amount of screening choices are present, but users cannot screen using risk factors. However, the fund reports do feature several risk-related measures including alpha, beta, and the Sharpe ratio. The coverage in terms of portfolio information is quite competitive as well: fund manager, asset composition, and the largest holdings of the fund are provided.

A new segment recently added to the site's fund reports is a bonus feature exclusively from Morningstar called the Fund Evaluator. The Fund Evaluator is an education tool designed to help investors better understand and digest the information found in fund reports and to help

them make better investment decisions based upon what they discover. The Fund Evaluator is set up like a step-by-step tutorial and has three main sections: return vs. risk, fund holdings, and cost of ownership. This tool is full of raw data, but also offers rankings of key data points throughout for easier comparison. The rankings are based on how a fund compares to its category average.

Quicken.com also features a group of nine screens based on popular mutual fund investing strategies, as well as a step-by-step screen developer module designed to help novice screeners create meaningful fund screens. The site also offers 50 different lists of Top 25 Funds as compiled by Morningstar.

Mutual Fund Finder on Quicken.com is a basic filtering application for mutual funds. Screening capabilities are below average but get the job done. For an individual looking to perform basic fund screening and analysis at no cost, this is a site worth browsing. If for no other reason, you can see what kind of insights the Fund Evaluator provides and decide if it can help you improve your fund analysis skills.

SmartMoney.com—Fund Finder

SmartMoney magazine's Web site (www.smartmoney.com) continues to support a free fund screening module—the Fund Finder. Another Java-based application that installs directly in your browser, Fund Finder offers users a unique screening experience. A crisp, five-tab module guides you through the creation of screens and offers assistance by providing low, average, and high statistics for applicable fields, such as historical returns, based upon all funds in the current database.

While the screening tool has remained constant over the last couple of years, a recent partnering with Morningstar has brought about a larger fund database and a significant upgrade to the site's fund reports.

The Fund Finder now features a Morningstar database of over 11,400

funds, while the database content includes latest month and latest quarter total returns, and three-, five-, and 10-year annualized returns. The Snapshot portion of the complete fund report now provides individual year returns and a year-to-date return—two performance return categories missing on previous reports. Like the two screening applications on Morningstar.com, the Fund Finder and its accompanying fund reports are updated on a daily basis, with one-day and one-week returns. As for additional database content such as relative performance numbers, risk statistics, and portfolio-related information, the Fund Finder offers the most data points of all the free Web sites.

Several Java-based graphical charts and meters are also scattered throughout the fund report. These graphics provide an additional, unique perspective on fund analysis. The interactive lot includes a return comparison graph, a risk-reward trade-off chart, a fund holdings overlap meter, a fund fee analyzer chart, and several “Take Note” charts and meters. These “Take Note” items highlight any unusual numbers that SmartMoney thinks you should be aware of.

Fund Finder has just 26 available fields for screening. The results can be sorted on 10 of those fields—all of which are displayed in the results window. One drawback of the Fund Finder is that results are only posted once the screen has filtered the database down to a respectable viewing level—under 50 funds, according to our tests.

The results window also has a very interesting secondary tab that allows for detailed analysis of the top 15 funds from any screen. Continuing with the dynamic Java capabilities, this tab shows where each fund in the top 15 of your screen falls within a high/low visual distribution range for one of 10 data categories, such as returns and risk measures. This one-of-a-kind feature includes points plotted along the range as well as the specific number for each fund. The beauty of

this tab's display is that it allows users to quickly pick out the outliers and find the norm for each value.

A “Best & Worst” section on the site offers two quick search functions for screening top 25 and bottom 25 funds and tables of weekly top 10 gainers and losers.

The SmartMoney.com Fund Finder is a unique application and quite sharp, to say the least. The screening capabilities are nice, but it is the data interpretation that sets this Web site apart from the competition and makes it a site worth checking out—even if you utilize it in addition to your primary mutual fund screening software or on-line screener.

Thomson Investors Network—Mutual Funds Center

At the Thomson Investors Network Web site (www.thomsoninvest.net) and in their Mutual Funds Center there is a mutual fund screening application. The nameless screening tool has a multi-page interface that makes for somewhat slow screen creation. However, this screener has a lot to offer with regard to screening capabilities and features a 10,000-plus CDA/Wiesenberger mutual fund database.

The Thomson site is almost completely free to registered guests. The screening tool is free. A TipSheet report that includes some performance statistics is also free. Subscription plans costing \$19.95 per month provide access to Full Reports: 25 expanded stock reports and 25 mutual fund reports a month. The mutual fund Full Report, with over 350 data fields, can also be purchased individually for \$1.50 per report. Data that is available only via subscription or through a one-time purchase of a report is denoted in the grid with a dollar sign (\$). For example, the year-to-date (YTD), monthly, quarterly, and annualized returns are available as part of the free TipSheet report, while the individual year returns are available only in the Full Report. The relative performance data, risk stats, and portfolio details are only quoted in

the Full Report.

Like SmartMoney.com's screening system, the Thomson screener also offers S&P 500 and database averages as reference points throughout the screening pages.

The database is solid and offers a broad range of performance choices, even if some are tied to fees. Other free tools like those found on Morningstar.com, MSN Money-Central Investor, and SmartMoney.com offer as much in terms of data and information, but Thomson's free screening capabilities are quite good. The Full Report has mounds of data—excessive amounts for the average individual investor, especially when you consider the costs involved. Users might want to check out Thomson Investors Network if they are interested in conducting some secondary screens utilizing short-term performance variables.

Wall Street City—Mutual Fund Power ProSearch

Telescan's home on the Web, the Wall Street City site (www.wallstreetcity.com), features another Java-based module, this one entitled Mutual Fund Power ProSearch. The Power ProSearch screening module is available with a Wall Street City Pro subscription costing \$9.95 per month. The site also provides a free, generic utility called the Mutual Fund html Search. This tool features the same exact screening options as the Java-based application, without the dynamic capabilities and functionality. The presentation quality is also lacking as the fields are not categorized or labeled here, rather they are simply listed in alphabetical order. The fact that both feature the same set of fields is quite odd and makes Power ProSearch's Java-based screening option a rather expensive luxury.

Offering a software-like appearance, Power ProSearch's interface includes five field-picker categories including performance, composition, and premium. The criteria found in the premium group are exclusive to Telescan

Table 1.
Mutual Fund Screening System Ratings

Criteria are rated on a scale of one to five, with five denoting the best score. Performance rates how well the program or service accomplishes its stated objectives; Usefulness rates whether the analysis performed is actually valuable and applicable to investment-making decisions; Documentation rates the quality of the printed materials, on-line help, and manufacturer support; Ease of Use rates how simple the program is to install, learn and operate; and Value rates the cost of the program or service relative to the features provided.

	Performance	Usefulness	Documentation	Ease of Use	Value
Disk-Based					
Mutual Fund Expert 6.5 Personal	5	5	4	5	5
Mutual Fund Expert 6.5 Professional	5	5	4	5	4
Mutual Fund Expert 6.5 Pro-Plus	5	5	4	5	5
Mutual Fund Survey 2.0	4	4	3	5	4
Principia Pro for Mutual Funds 4.6	5	4	4	5	5
Principia Pro Plus for Mutual Funds 4.6	4	3	4	5	5
Internet-Based					
Business Week Online—Mutual Fund Search	3	4	4	4	4
Morningstar.com—Fund Selector: Free	3	3	4	5	4
Morningstar.com—Fund Selector: Premium	4	4	3	5	3
MSN MoneyCentral Investor—Fund Screener	3	3	3	5	3
Quicken.com—Mutual Fund Finder	2	3	3	4	3
SmartMoney.com—Fund Finder	2	3	3	4	3
Thomson Investors Network—Mutual Funds Center	3	3	2	3	2
Wall Street City—Mutual Fund Power ProSearch	3	3	4	3	2

and Wall Street City. An example is Down-Market Premium, or the average annual percentage premium a fund has delivered against its index in those quarters that the benchmark index delivered negative returns. There are 39 such premium-style fields available. These same premium fields are available with the standard html screener, but not categorized as such.

Wall Street City features solid fund reports from Morningstar, the same exact 200-plus data field Quicktake Reports found on Morningstar.com. Database content is quite solid, especially in terms of performance, where Morningstar provides latest month and quarter returns as well as a year-to-date return and three-, five- and, 10-year annualized returns. Similarly, relative performance, risk, and fund portfolio information are also substantial offerings. However, one major drawback is that much of this data is missing in the Power ProSearch module itself, where performance return criteria is only available for the annualized years. This miss is a little odd and a clear negative of the site's screen-

ing tool. The same fields are absent on the free html screener as well.

Some unique fund criteria that are present in the screening applications on Wall Street City are four relative performance returns—indicators that measure a fund's performance against its own history. They include periods of one day, one week, six weeks, and 26 weeks. The indicators compare a fund's current price with its price at an earlier period. For example, a fund that has moved from \$10 six weeks ago to \$15 today would have a six-week relative performance of 150—150 percent of its previous price. Criteria such as these are most frequently used to find funds that have shown the greatest gains in price and work best when applied in the form of "high as possible" relative criterion as opposed to an absolute criterion.

A multitude of various mutual fund screens and packaged searches are available for free on Wall Street City. Top 25 lists are available for stock funds and bond funds. The site's ProSearch runs over 35 million search cri-

teria combinations in order to find the screens that have worked the best or worst over the last 12 months. Lists of the 15 best-performing screens and 15 of the worst-performing screens are updated and presented each week on the site. Also available are Top 25 lists of the best and worst mutual fund screening criteria, or indicators, over that last six months.

The screening capabilities on Wall Street City are average at best and paying almost \$10 a month for the Java interface seems foolish. There are some nice, unique screenable fields present, but the cost outweighs the overall benefits. Limited screening choices are somewhat offset by the relative performance and the "premium" fields. However, if you plan to conduct any screens here, suffer through the boring html screener instead of opting for Java Power ProSearch.

Kenneth J. Michal is associate editor of Computerized Investing.