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How To Use Investing Software To Optimize Your Portfolio For Maximum Growth

Dan Eggertsen: Hello. I'd like to welcome everyone to the call. This is Dan Eggertsen. I'm here with my father, Karl Eggertsen. How are you doing today Dad?

Karl Eggertsen: I'm doing real good Dan.

Dan Eggertsen: Hey great. Well today the focus is on the topic of investment software and the reason we're going into this topic is we've been getting a lot of questions from all kinds of people on investment software so I've gone through and I've boiled it down to three main questions that we see over and over again and we're going to hit those today. So if you're ready Dad, we're going to jump right into it.

Karl Eggertsen: Ready to go Dan.

Dan Eggertsen: Okay. The first question we're seeing is, "Is there software I can use to track my investments and also help me make investing choices? What are the possibilities here?"

Karl Eggertsen: Yes there's a lot of software out on the Internet and much of it is available to most anybody who knows how to find it and once you do find it, the various websites have made it pretty easy for almost anybody to use them. They really cover the spectrum of what most every investor would need as an aid in their investing. So there's many, many websites and it can be pretty confusing unless you have some way of kind of filtering down to the ones that the best and the ones that specifically can provide the kind of capabilities that you need.

Dan Eggertsen: Now I'm assuming that there're paid ones and free ones right?

Karl Eggertsen: There are both. Absolutely and there's plenty of free ones out there and I think for just about most anybody who knows how to find them, where they are. They're going to pretty much do most everything that you need with your investing.

Dan Eggertsen: Okay.

Karl Eggertsen: Okay so these tools basically – and I’m kind of for this topic and for a conversation here in this question – I basically look at investing in three ways, in three steps. One is to develop a portfolio. Help in identifying what assets you need, after you know what your goals are, and then how to combine them into a portfolio that’s going to meet your goals.

Then you want to track that portfolio over time and see how it’s doing. Then you want to manage the portfolio, portfolio management. So there’s really tracking and so tracking provides the feedback that you need to then go from there and manage your portfolio as required over time.

Some of the sites are more comprehensive and some are more specialized. There is four top notch ones that are highly rated and proven over time. They’re very well-known too. One is MSN Money, the other is Morningstar, the other is Vanguard, and the other is Risk Grades and I’m going to go back and give you the actual...

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Dan Eggertsen: URLs.

Karl Eggertsen: Yeah URLs right. One is Moneycentral.MSN.com, that’s MSN Money so that’s MoneyCentral.MSN.com. Then there’s Morningstar, that’s Morningstar.com. The third one is Vanguard.com and the fourth one is Risk_Grades.com. These four sites are among the very best out there. Two of them are pretty comprehensive. The first two Morningstar and MSN Money are two of the more comprehensive ones. They cover just about the gamut. Then the final two that I give, they are very good at a number of things but they are particularly good at some things that other websites aren’t the best at. Vanguard.com is very good with retirement investing.

Dan Eggertsen: Ah okay.

Karl Eggertsen: In fact Vanguard will take you right through the whole process of establishing a portfolio that you need and how to manage it during retirement. Risk_Grades.com focuses on risk and it’s very specialized, very well-known and it’s very good. That’s their entire focus and that’s why they’re good. Starting off with the first one MSN Money, it basically is very comprehensive.

It has a wide variety of capabilities, advanced screening, and portfolio tracking tools. It also provides interactive technical charts where you can actually format the displays right on the computer to look at data, compare stocks and mutual funds in a variety of ways to meet the objectives of what you’re trying to do with these charts.

They have personal finance calculators for both financial planning, banking, investing, and also taxes. It’s one of the most powerful portfolio management tools on the web. It’ll manage up to 100 different assets and each of up to 50 portfolios.

Dan Eggertsen: Wow.

Karl Eggertsen: It does pretty much everything at least pretty well. So that's one of the reasons I provided this site because it does just about everything and it also has market news on it. So if somebody wants a one stop place, this is a place to come. It's not that it doesn't have weaknesses but it covers a wide variety of things and it's one of the three best comprehensive websites out there.

Dan Eggertsen: Okay.

Karl Eggertsen: Morningstar.com is also comprehensive. It provides all types of mutual fund data, stock data, exchange-traded fund data, bond data, and it also ranks them. It's a world renown ranker and it's probably the most quoted ranking company out there.

Dan Eggertsen: The Morningstar Ratings?

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Karl Eggertsen: Yeah the Morningstar ratings, five stars, four stars. It's great for that. It also has a ranking capability to find the leaders. So you can rank stocks or mutual funds in a specific category and find out which ones are the leaders. You can also find undervalued assets by doing - they have a ranking capability for example to look at where the undervalued exchange-traded funds are.

So it has a variety of research tools to find the best stocks and mutual funds and bonds for your purposes. Of course these are all graphed so that you can see them over a period of time. They have asset allocation capability which gets into identifying and combining asset classes that will meet your specific goals. So they actually take you through the whole process of helping you screen and find the assets that you need and how to combine them into a portfolio; that's asset allocation.

It also can help you create a portfolio that then can be tracked and you can manage right on this website. It also has one of the world class portfolio management capabilities anywhere. In fact, it has some capabilities that no other portfolio or management tool has. One is the ability to x-ray your portfolio; look at it in detail.

Dan Eggertsen: Wow.

Karl Eggertsen: It can break down even individual assets so that you can tell exactly what your exposure is to different styles of investing. If you're more growth, more value oriented in your portfolio, whether you're more small company oriented, more foreign company oriented, it has that capability where with just a click of the button you can actually see what the mix of your portfolio is and if you're overbalanced in any particular area.

It also identifies expenses so you can find out how to reduce the costs of your portfolio's expenses. It also has the ability to analyze trades before you make them. Cost analysis as I was

just talking about, IRA calculator to help you determine whether you should use a ROTH or a traditional IRA, a bond calculator so you can compare whether to use taxable or non-taxable bonds based on your tax bracket.

So it's extremely powerful. Now the last two I'll cover quickly. Vanguard.com, it focuses on retirement. It has a variety of retirement calculators. It basically helps you identify your goals. It has guidance and automated questionnaires that you answer and then it helps you identify your goals and then it gives you guidance on how to reach those goals.

It also has a variety of simulations against various market scenarios to determine your portfolio's ability to sustain income strain and growth over long periods of time; prior to retirement as well as after retirement. This is all based on the size of your portfolio, the asset allocation, the withdrawal that you would be making after retirement, the withdrawal rate, and the length of your retirement.

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Okay so Vanguard, really good on retirement and helping people plan their retirement and manage their retirement. Risk_Grades.com is the last one and it basically, it's entire focus on risk. Risk is measured against a global equity standard. It can compare and rank individual assets, with respect to their risk against this global standard as well as it can also compare the risk of your portfolio against any index or other benchmark that you would care you use and you can also compare your portfolio against another portfolio to see which one does the best from the standpoint of risk.

Dan Eggertsen: Right.

Karl Eggertsen: So it's a great way for somebody to insert their portfolio in Risk Grades and periodically you can check out what the risk is because risk will vary over periods of time, what's happening in the world? Like we've just been going through a very deep recession here and the interaction of other countries and their investment in ours, it can continually change your risk so it's a good thing to keep on top of how risky your portfolio is. So those are the four websites and what they can do. It's hard to give them in a nutshell because they all have so much to offer but...

Dan Eggertsen: Right. Which one would be the simplest one to use for the beginner because this may all seem a little overwhelming to any beginners listening to the call. For someone that's just starting out and they just basically want to type in the ticker symbols of the funds that they have or the stocks that they have and they want something that will make recommendations based on how young they are and their asset allocation and everything. Which one would you recommend for the beginner?

Karl Eggertsen: I think Morningstar because it also has a lot of educational focus. MSN.com has a lot of news. It has a lot of calculators and tools but there's an underlying assumption that

it, it's assuming that most people that come on the site understand the jargon, have some basic investing experience. Morningstar is of a more educational bent.

It's geared to the beginner as well as the expert investor and has loads of articles and guidelines in plain language they use in a lot of their guidance and education articles that they provide. So I think that Morningstar of the four would be a good place for somebody to start to get familiar. It's very easy to use the site, very easy to maneuver. The other three sites are as you get more experience, they can provide some other capabilities that you'll probably want to use later.

Dan Eggertsen: Okay. Now which one do you use personally and that's the second question actually, "What investing software and tools do you use and what do you use them for?" So just a quick list of what you use and what you use them for.

Karl Eggertsen: I use Morningstar regularly. I have my portfolio in there. All my portfolios are in Morningstar and I manage them there. I rebalance them. I'm able to periodically x-ray them and see how the markets have changed things. It's a tool that I've used for many years and it's the one I use the most.

[15:08.7]

Dan Eggertsen: Okay.

Karl Eggertsen: MSN.com I use primarily for news and periodically I will look up specific information about a particular asset I'm interested in. If I want to do some research, I'll often will go to MSN.com and see what's going on. It helps me in that way; mainly for research and news.

Vanguard I periodically will run my portfolio against their simulations where they simulate a variety of market environments to see how my portfolio does. I will use it maybe a couple of times a year for that. Risk Grades I have my portfolio in Risk Grades and I periodically will see how risky it is compared to other configurations I might, you know if I need to make any changes to my portfolio, if I'm getting too risky because of the way my portfolio is configured, I might feel a need to make some minor adjustments. It's mainly just to keep track of my portfolio. But Morningstar is the one I use the most. The others I use periodically for the reasons I just gave.

Dan Eggertsen: Okay. Well great. The third question deals with the cost. Basically "Do I need expensive investing software or are there free tools that can help me?" So of all the ones that you mentioned, what are the relative costs associated with using these different pieces of software.

Karl Eggertsen: Well these are all free.

Dan Eggertsen: All of them are free.

Karl Eggertsen: With one exception on Morningstar. If you want to use the x-ray capability, which is called the Premium Service, that's \$190 a year which 12 bucks a month or something

like that, for me to have, it's the only tool out there like this where you can just go down to the skeleton of your portfolio.

Dan Eggertsen: Really?

Karl Eggertsen: Yeah. You can really look at it in such great granular detail. Unlike any other capability out there, it's received a lot of awards, a lot of recognition for its capabilities. It's very unique and it's powerful and that x-ray capability along with some other capabilities that come with it, that premium service is worth it to me. That's the only thing I really pay for when it comes to these tools. All of the rest of the capabilities – Morningstar, most of the stuff on Morningstar is free.

Dan Eggertsen: Wow.

Karl Eggertsen: Yeah. But if you want to get some of these high powered capabilities on Morningstar, you know you're going to have to pay for it. But all of these, and most everything I've told you here, all four of these sites for the most part are free.

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Dan Eggertsen: Wow so for everyone that thinks this is going to be expensive or confusing, you've got these free tracking services that will track the progress of your portfolio as it grows and then for the educational part, you've got educational resources and then you've got me and my dad to help guide you along the way. So I think we've covered everything here Dad, unless there's anything else you want to add.

Karl Eggertsen: Not right now Dan. You know for this short phone call there's so much more that could be said but I've tried to go through these four sites and give you at least a good feeling about all the capabilities that, examples of capabilities that are there and these four websites are four of the very best that are out there.

And they cover the gamut of the type of software help that you would need for your investing. They're loaded with educational information and news. They will help you do everything from developing a portfolio from step one all the way through managing it into retirement. So I think we covered it.

Dan Eggertsen: I think you did a great job as always. You nailed it Dad and I thank everyone for being on the call. We're just committed to everyone listening to this. We're committed to helping you reach your investing goals. I thank you all for being on the call and thank you very much for your time Dad.

Karl Eggertsen: Okay.

Dan Eggertsen: We'll talk to everyone [inaudible 19:20.2]

Karl Eggertsen: It was a lot of fun Dan. We'll talk to you later.

Dan Eggertsen: Okay thanks bye. All right Dad. Good job.

Karl Eggertsen: Hey how do you feel about things right now with your place?

[19:28.2]