CFRED's 13th Legaltech Seminar

Rating a Robo-Rater

by

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Chaired by: Prof. David C. Donald, Faculty of Law, CUHK

30 June 2020 Tuesday, 11:00am - 12:30pm
(online seminar)

Since 2011, Morningstar has issued Morningstar Analyst Ratings on many of the largest mutual funds in the USA. In June 2017, Morningstar launched the Morningstar Quantitative Rating™ to provide a forward-looking rating on all mutual funds. Morningstar uses a "robo-rater" machine-learning model to assign Morningstar Quantitative Ratings. However, the "robo-rater" cannot utilize the complete set of information available to Morningstar's analyst as it cannot process "soft information". The purpose of this study is to evaluate if and how this "robo-rater" is conducive to mutual fund selection. I find that the only value of the "robo-rater" is in its assessment of mutual fund expenses and that its inability to process "soft information" makes the Morningstar Quantitative Rating™ much less useful than the Morningstar Analyst Rating™.

About the speaker

David Nanigian, Ph.D., CFP®, is an Associate Professor of Finance in the Mihaylo School of Business at California State University, Fullerton and the director of the school's CFP Board-Registered Professional Certificate in Personal Financial Planning Program. His research focuses on investment vehicles and is frequently cited in global media outlets such as *The Wall Street Journal, The New York Times*, and Associated Press. Nanigian earned CFP® certification in 2016 and received his Ph.D. from Texas Tech University in 2010.

All are welcome! If you would like to attend, please register by 5pm, 29 June 2020.
https://cloud.itsc.cuhk.edu.hk/webform/view.php?id=9716627

For enquiries, please contact us at **law-cfred@cuhk.edu.hk**.