



Morningstar Investment Services
Managed Portfolios

Mutual Fund Portfolios



MF

ETF Portfolios



ETF



SSB

Select Stock Baskets

—
A Team You Can Trust

The Insight of Your Financial Advisor, The Strength of Morningstar



At Morningstar Investment Services, we're committed to putting investors first. That's why we provide a diverse range of managed portfolios created to help secure your financial future.

Whether that means investing in mutual funds, exchange-traded funds, or stocks, the strategies we offer are designed to be part of a plan that supports your financial well-being.

Backed by the independent research of Morningstar, our parent company, each portfolio we offer is built for the long term, managed with a keen eye on risk, and created to put your needs front and center, where they belong.

Your financial advisor plays a vital role on your path to financial security, from helping you plan for the lifestyle you want to connecting you to the options that are right for you. Our carefully managed lineup of portfolios allows your advisor to focus on your goals—and to create a holistic plan to reach them.

Your All-Access Pass to Quality Fund Managers



With nearly three decades of money manager research experience, Morningstar is a respected authority on mutual funds. At Morningstar Investment Services, we put this research to work for you. Our goal is to combine the best of each manager's capabilities into diversified portfolios providing consistent, above-average returns.

Before we invest in any mutual fund, we want to understand not only the funds themselves, but the people behind them. How do the fund managers make decisions, and how can we ensure that they'll make the right ones with your money? Our investment team travels across the country to meet with every manager we consider. We don't just want to know what they've done, we want to know who they are.

Face-to-Face Investing

To select a mutual fund, many investors focus on past performance, but we think historical returns are just one part of the story.

We not only look at the numbers—including performance and expenses—but look ahead, too. If a fund has been successful, we want to know the manager's vision for continuing a strong performance record.

After meeting with a mutual fund manager, our experts return to our offices to debate their ideas and dissect what their findings mean for investors like you—whether you're looking for a way to grow your nest egg, save for college, or secure a steady income in retirement.

We invest your money as if it were our own, and we expect the same of the fund managers we work with. That's why we seek out those who invest their own savings in the funds they oversee.





Our analysts go the distance, each traveling

an average of 14,000 miles a year, meeting personally with

fund managers to track down promising investment opportunities.



Investment manager Marta Norton makes on-site visits to fund companies.

Through our contacts at fund companies, we're better able to identify talented managers and uncover new investment opportunities for your portfolio. For instance, when a respected manager leaves a post to open a new fund, we're not afraid to invest with them. When we have confidence in a manager's ability to make savvy investment decisions, we think their record can be repeated at a newer fund.

Morningstar's reputation in the industry has allowed us to create a network of fund company contacts that regularly keeps us in the loop. We not only check in with fund managers each quarter to discuss their holdings, we stay in touch as markets shift or management teams change, giving us a valuable — and unique — perspective on the state of the economy.

"We invest your money as if it were our own, and we expect the same of the fund managers we work with."

Research You Can Trust

We get our information from Morningstar's own unbiased research and other trusted sources, including the fund managers themselves. We are truly independent. We review all the data, and follow up by meeting one-on-one with managers, asking tough, insightful questions so we can see how a fund might perform in the future.

We use proven research from Ibbotson Associates to set appropriate risk and reward expectations for each strategy. A Morningstar company and leader in asset allocation research, they have years of experience in evaluating global markets. We use Ibbotson's data on long-term asset class performance to help ensure that our portfolios are allocated to meet the expectations we set for them. That prudent foundation helps limit the impact of the market's ups and downs on each portfolio.

Uncovering Compelling Opportunities in the ETF Market

Just as with our mutual fund portfolios, we select every ETF investment according to a well-developed methodology, drawing upon Morningstar's extensive data on almost every ETF in the world. We strive to tap into ETFs' best qualities: lower costs and the flexibility to pursue market opportunities.

Coverage You Can Count On

Morningstar analysts personally evaluate more than 300 ETFs in the U.S., representing more than 95% of total U.S. assets under management. In short, we've got ETFs covered.

“We strive to tap into ETFs' best qualities: lower costs and the flexibility to pursue market opportunities.”

At Morningstar Investment Services, we leverage this deep pool of analysis to better understand an ETF's performance, key risks, and the type of portfolio to which it's best-suited. Then, we combine it with the asset allocation research of Ibbotson Associates to build our family of ETF portfolios.



Quantitative Analyst Sam Yan reviews and validates performance figures.



Our ETF portfolios are built on a rich foundation

of research and data that covers nearly every ETF on the market.

“Morningstar analysts personally evaluate more than 300 ETFs in the U.S., representing more than 95% of total U.S. assets under management.”

Paying Yourself First

We know that costs can have a significant impact on a portfolio’s performance. All else being equal, we generally opt for the least-expensive options to help minimize the costs you pay. That’s why we use ETFs that tend to follow benchmark indexes predictably, giving us a good sense of what an ETF may own today, tomorrow, and months into the future.

Discovering Value

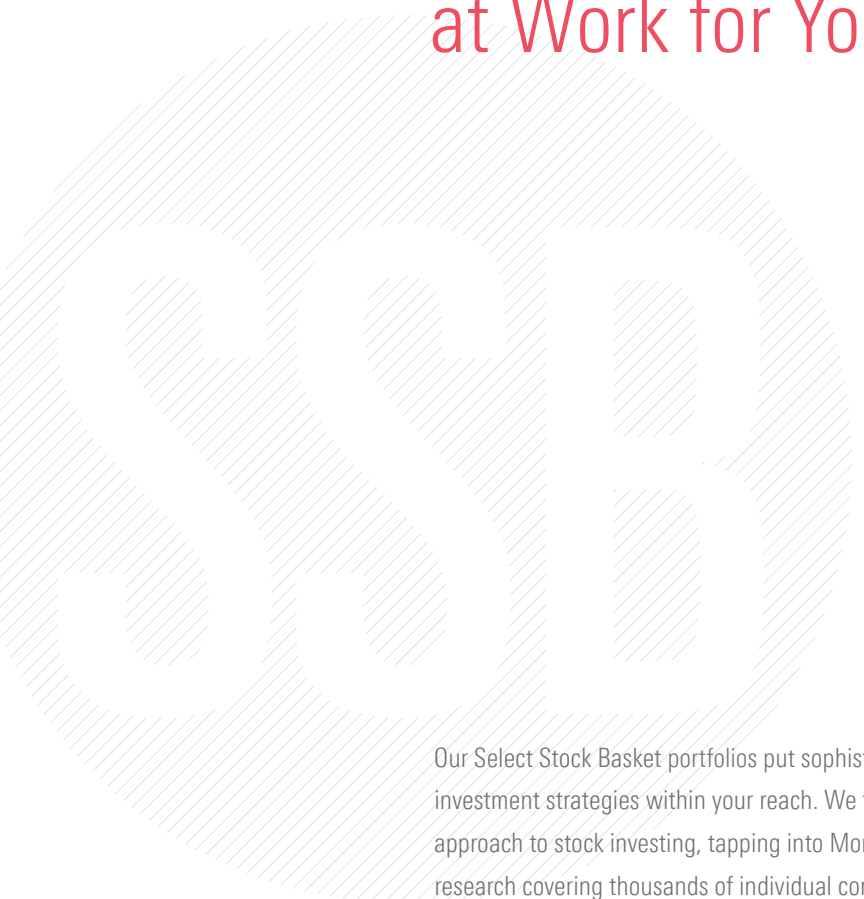
Our lineup of portfolios brings you a range of approaches to ETF investing. Each is built to take advantage of market opportunities wherever they arise. After you’ve worked with your advisor to determine which strategies best suit your needs, we invest your money in the areas of the market that we think offer the best value.

Many of our ETF offerings employ a “core and explore” approach. These portfolios are anchored with trusted, broad-based investments that follow their benchmarks. The “core” is supported with narrower “explore” positions. These ETFs home in on narrower market segments—for example, a certain industry, investment style, or region of the world—that appear to be compellingly priced. Taken together, these flexible holdings, based on Morningstar analysts’ convictions, are designed to give your portfolio an advantage.

No matter what approach you choose, each portfolio is monitored and managed closely to ensure that it stays aligned with its objectives, while remaining nimble enough to connect you to opportunities.

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Select Stock Baskets

An Army of Stock Analysts at Work for You



Our Select Stock Basket portfolios put sophisticated investment strategies within your reach. We take a prudent approach to stock investing, tapping into Morningstar's research covering thousands of individual companies and monitoring each of our stock holdings carefully.

Built for the Long Term



The Select Stock Basket portfolios provide an effective way to diversify your investments or play a role in a strategy designed just for you.

“Our portfolios are designed to put your money in our highest-conviction picks.”

We work with your advisor to understand your needs, and then combine our portfolio management expertise and the research of dedicated Morningstar equity analysts to provide you with a stock portfolio that's rooted in professional research.

We focus on undervalued, high-quality companies, especially those with healthy balance sheets, solid profit margins, and strong cash flow. Our preference is to invest in businesses with durable competitive advantages—we call them “wide moat” stocks—that make it difficult for competitors to overtake them. As long-term investors, we generally avoid companies we believe are at risk of losing their edge. With this approach, we aim to build a margin of safety that helps to preserve your capital, while offering the potential for attractive returns over the long run.



Morningstar equity analysts are among the industry's best known.

They appear regularly on CNBC and are frequently

quoted in financial publications such as *Barron's*.

David Whiston, Lauren Migliore, and Michael Wong are among the Morningstar equity analysts named winners in the *Wall Street Journal's* "Best on the Street" 2011, 2012 and 2013 annual surveys.

Putting Morningstar Research on Your Side

To build each portfolio, we start with Morningstar's respected independent equity research, powered by more than 100 analysts with expertise across a range of industries. That research is one of the largest sources of stock analysis in the world, giving us a detailed look into approximately 2,000 companies, including 99% of the firms in the S&P 500, as well as hundreds of small-cap, mid-cap, and foreign companies.

Morningstar analysts comb through quarterly and annual reports, perform extensive financial and industry analysis, and talk to management, customers, suppliers, and competitors—all in an effort to develop an estimate of the stock's fair value. That's a powerful piece of information, helping them to gauge whether a stock may be undervalued—and therefore attractive to buy.

Baskets of Our Best Ideas

Our portfolios are designed to put your money in our highest-conviction picks. Using this "best ideas" approach, we select the 25 to 35 stocks that we think are the most compelling. Focusing on these stocks gives us the confidence to seize opportunities to buy additional shares when they become less expensive and to sell when they become dear, while being mindful of transaction costs. What's more, we invest across an array of industries, ensuring that each portfolio is well-diversified.

Whatever portfolio you choose, we'll keep a close eye on it, making adjustments throughout the year to reflect changes in the market, our view of the company, or your investment strategy. When we do sell—whether it's to lock in gains, harvest tax losses, or weed out underperformers—we'll reinvest the proceeds into one of our high-conviction stock picks. The bottom line is that we aim to maximize your returns while keeping taxes and transaction costs to a minimum to help save you money.

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Building Your Investment Plan

Working with Your Advisor and Morningstar Investment Services



At Morningstar Investment Services, we deliver the support that you and your advisor need to provide a sound plan that's built around you — and stays that way.

Talk to Your Advisor

The investors we serve recognize the value of our philosophy, trusted research, and objective portfolio management process. Interested in learning more about how to make Morningstar Investment Services part of your investment planning? Contact your advisor to take the next steps.

Investing for the Long Term

We believe in the value of collaborating with your advisor, who provides the personal attention you need to help reach your goals. Once your plan is in place, your advisor will keep you up-to-date and chart your progress over time, ensuring that your portfolio changes as you do. ●●

Morningstar, Inc.—our parent company—is referred to as Morningstar or Morningstar, Inc.

Morningstar Investment Services, Inc., is referred to as Morningstar Investment Services. Morningstar Investment Services is a registered investment advisor and wholly owned subsidiary of Morningstar, Inc.

The Morningstar Managed Portfolios program (“Program”) is offered by Morningstar Investment Services and is intended for citizens or legal residents of the United States or its territories. This Program can only be offered by a registered investment advisor or investment advisor representative.

Ibbotson Associates, Inc., a registered investment advisor and wholly-owned subsidiary of Morningstar, Inc., is a sub-advisor to the Program.

The Program includes various strategies available to individuals and institutions primarily through arrangements Morningstar Investment Services has with various unaffiliated registered investment advisors. Within the Program, Morningstar Investment Services or its investment advisory affiliate provides discretionary investment advisory services.

In addition to the Program, Morningstar Investment Services also offers model portfolios to third-party advisory programs (“Advisory Program”) of financial institutions on a non-discretionary basis as a strategist. Under a strategist arrangement, the Advisory Program has full discretion to invest the Advisory Program client accounts in accordance with the model or deviate from the model provided by Morningstar Investment Services.

It is important to note that investments in securities (e.g., mutual funds, exchange-traded funds, common stocks) involve risk and will not always be profitable. Morningstar Investment Services does not guarantee that the results of its advice, recommendations, or the objectives of your portfolio will be achieved. Morningstar Investment Services does not guarantee that negative returns can or will be avoided in any of its portfolios. An investment made in a security may differ substantially from its historical performance and as a result, you may incur a loss. Past performance is no guarantee of future results. Diversification does not eliminate the risk of experiencing investment losses.

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