



## Morningstar fact sheet

### What is your corporate background?

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, and real-time global market data. The company has operations in 27 countries.

Morningstar's Investment Management group, through its investment advisory units, creates investment solutions that combine award-winning research and global resources with proprietary Morningstar data. With more than USD\$207bn in assets under advisement and management as of 30 September 2018, Morningstar's Investment Management group provides comprehensive retirement, investment advisory, and portfolio management services for financial institutions, plan sponsors, and advisers around the world.

### Why should I consider using your Discretionary Fund Management service?

#### Clear Investment Principles

Our core investment principles form the foundation of the investment process and guide the team's investment thinking, behaviours and decision-making. The investment team takes a long-term and valuation-driven approach to investing. To help manage risk and deliver better returns, the team builds fundamentally diversified portfolios that combine investments with different underlying drivers.

#### In-Depth Valuation Analysis

Our valuation-driven portfolio construction focuses on one central idea: We find fair value in fundamentally strong but under-priced investments. From idea generation to holistically building portfolios for the long term, valuation is the key factor guiding the way we construct portfolios and helping us manage risk.

The core of our philosophy is the belief that asset class returns are intrinsically linked to the cash flows they supply to investors. We analyse capital markets with a valuation lens to find ways we can get more than we'll pay for and gauge market sentiment to help ensure we're taking a contrarian look at the markets.

In-depth, fundamental asset class reviews are integral to developing our conviction in different investment opportunities. This judgement-driven approach leads to our best thinking about capital markets research and asset classes.

#### Independent Manager Research Experts

Morningstar Investment Management Europe is able to leverage the expertise of the Morningstar analyst team, which is one of the largest and most experienced fund research teams in the market with more than 100 investment professionals globally. Our analysts are based around the world because we believe the best assessments come from people on the ground. They use independent data from Morningstar, Inc. and regular conduct face-to-face meetings with fund managers. To identify and rate what they believe to be the highest-

quality funds in the market place, the team adheres to five pillars that they consider key to understanding funds: People, Parent, Process, Performance and Price.

Find out more about the [Five Pillars of Morningstar Manager Research](#).

### What is your approach to discretionary fund management?

#### Portfolio Construction and Monitoring

Armed with investment ideas, our global team works together to holistically build portfolios suited to each strategy we offer. Portfolio construction is about ranking and risk management. We seek to gain the largest exposure to our best ideas that are the most under-priced (that is, have the largest difference between price and fair value), while building robust portfolios designed to stand up to challenging investment environments or investment errors.

#### Risk-Appropriate Management

We view risk as the permanent loss of capital. Our valuation-based approach (that is, seeking under-priced assets and avoiding overpriced assets) helps mitigate risk in our portfolios. Importantly, we look beyond historical correlations and seek a forward-looking composition that is most likely to deliver on the portfolio objective.

The Morningstar risk-tolerance questionnaire, which you can give directly to clients, connects to each portfolio's asset allocation and design. This minimises the chance for a mismatch between the portfolio you recommend and the client's needs.

It is important to understand risk looking ahead into the future, not looking at the past. Our research produces insight into not only future investment opportunities but also their attendant fundamental drivers of risk. By better understanding these forward-looking risk drivers, we can diversify portfolios for the future rather than basing these decisions on the past.

Once we've holistically built portfolios, we manage them. This part of the process is iterative, where we spend considerable effort continuing to find opportunities, thinking through ways those opportunities might be included in our portfolios, and watching markets closely for any signs that would call for adjustments within the portfolio.

Portfolio management is not a stop/start process. We constantly review our positions, seeking to maximise reward for risk. Each strategy has a set of investment guidelines that outline the investment objectives, risk levels, and investment constraints. These are monitored to stay within the defined ranges.

#### Dedicated Support

Morningstar Managed Portfolios gives advisers the support they need to stay focused on client needs. This includes a dedicated service team for questions, a website with quarterly updated performance information, and client-ready communications. Advisers using Morningstar Managed Portfolios receive regular portfolio updates and market commentaries to help keep their clients informed.



## What investment solutions can you offer through the Nucleus platform?

### Our Capabilities

We provide a wide range of innovative solutions to financial advisers for their clients. Our line-up of managed portfolios is designed to be a fundamental part of a long-term investing plan.

### Income Series

- Moderately Cautious
- Moderate

### Active Series

- Cautious
- Moderately Cautious
- Moderate
- Moderately Adventurous
- Adventurous

### Passive Series

- Cautious
- Moderately Cautious
- Moderate
- Moderately Adventurous
- Adventurous

## What are your fees?

### Active and Income series

- 0.30+ VAT

### Passive series

- 0.20% + VAT

## Who should I contact to discuss the service further?

### Sales Contacts by Region

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