



Morningstar fact sheet

What is your corporate background?

Morningstar Investment Management Europe Limited was created by its parent company, Morningstar, Inc., to supply regulated services in the UK and other parts of Europe. Morningstar Investment Management Europe leverages the fund research conducted by Morningstar global analysts.

Founded in 1984, Morningstar's mission is to create great products that help investors reach their financial goals. Today, Morningstar is a leading provider of investment information and insight with operations in 27 countries. It offers investment management services through its registered investment adviser subsidiaries.

Morningstar Investment Management had approximately \$185 billion in assets under advisement and management globally as of June 30, 2016.

Why should I consider using your Discretionary Fund Management service?

Clear Investment Principles

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

In-Depth Valuation Analysis

Our valuation-driven portfolio construction focuses on one central idea: We find fair value in fundamentally strong but underpriced 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 face-to-face meetings with fund managers, to identify and rate what they believe to be the highest-quality funds in the market place, examining thoroughly the 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 underpriced (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 underpriced assets and avoiding overpriced assets), fundamental diversification, and forward-looking approach to viewing asset class co-movements (that is, those that buffer gains and losses), all help mitigate risk in our portfolios.

Each Morningstar portfolio targets a consistent level of risk across the market cycle. The Morningstar risk-tolerance questionnaire, which you will 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 simply 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.

This iterative process reconsiders the opportunity set, with a constant eye on fundamental diversification and portfolio allocations.

Dedicated Support

Morningstar Managed Portfolios gives advisers the support they need to stay focused on client needs, including 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 lineup of managed portfolios is designed to be a fundamental part of a long-term investing plan.

Morningstar Managed Portfolios

Income Series

- Moderately Cautious
- Moderate

Active Series

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

Passive Series

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

Multi-Asset Real Return Series

- Multi-Asset Real Return 100
- Multi-Asset Real Return 300
- Multi-Asset Real Return 500
- Multi-Asset Real Return Flexible

What are your fees?

Active, Income and Real Return Series

Total AUM (across all platforms)	Fee
£0 to £50 million	0.30% + VAT
£50 million to £100 million	0.275% + VAT
£100 million +	0.25% + VAT

Passive Series

- 0.20% + VAT

Who should I contact to discuss the service further?

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