

Morningstar[®] Managed PortfoliosSM

Mutual Fund Portfolios

MIF

ETF Portfolios

ETF

Select Stock Baskets

SSB

A Team You Can Trust

The Insight of Your Financial Advisor, The Strength of Morningstar

At Morningstar Investment Services, we understand there is no “one-size-fits-all” investment or formula to secure your financial future. That’s why we’ve created a diverse lineup of portfolios to help you meet your goals.

Whether that means investing in mutual funds, stocks, or exchange-traded funds, our strategies aren’t designed to chase the latest market trends. They’re designed to be part of a strategy that supports your financial well-being.

We offer more than 30 investment choices that together we call Morningstar Managed Portfolios. Backed by the independent research of Morningstar, our parent company, each portfolio 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, meeting with you personally to understand your investment goals, and connecting you to the options that are right for you. Our investment team selects and monitors the investments in your portfolio, allowing your advisor to focus on your goals—and create a holistic plan to reach them.

Mutual Fund Portfolios

Your All-Access Pass to Quality Fund Managers



Asset Allocation Series

Comprehensive, well-diversified portfolios for all types of investors

Retirement Income Series

Risk-managed strategies for the stages of retirement

Focused Series

Targeted options designed to offer specific market exposure

Before we invest in a mutual fund, we want to understand not only the funds themselves, but the people behind them. How do the fund managers make their 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. The results include fund portfolios that are designed to go beyond the numbers to help meet your individual needs.

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 look at the numbers—how well a fund has performed, its expenses, how much money has been invested with the manager—but we also seek to understand how well a fund might fit within a portfolio.

After meeting personally 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. We use a disciplined process to scrutinize investment performance and make sure it's in line with the strategy's goals. If a fund has been successful, we want to know the manager's vision for continuing a strong performance record.



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.

Our investment team visits fund companies across the country



Bill Harding, Director of Research, oversees our manager research and due diligence

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.

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 and asking tough, insightful questions so we can see how a fund might perform in the future.

Morningstar's trusted 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 use proven research from Ibbotson Associates, a Morningstar company and leader in asset allocation research, to set appropriate risk and reward expectations for each strategy. By depicting long-term historical performance and the relationships between asset classes, we can help ensure 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.

Select Stock Baskets

An Army of Stock Analysts at Work for You



Strategist Series

Portfolios of analyst picks based on Morningstar newsletters and indexes

Custom Series

Sophisticated stock strategies that can be tailored to your needs

Our “stock basket” portfolios put sophisticated investment strategies within your reach. We take a prudent approach to stock investing, relying on Morningstar’s research covering thousands of individual companies and monitoring each of our stock holdings carefully.

We work with your advisor to understand your needs, and then combine our money management expertise and the research of dedicated Morningstar equity analysts to provide you with a sound, tailored stock portfolio.

Customizable and Risk-Aware

The Select Stock Basket portfolios are among our most versatile offerings, providing a fast and effective way to diversify your investments or craft a strategy designed just for you. Our custom options allow you to exclude certain sectors, industries, or particular stocks, and to incorporate investments you already own. Whatever you choose, we’ll work with your advisor to tailor a portfolio to your needs—keeping risk and tax efficiency in mind as we do.

We focus on companies that we believe can maintain profitability, yet are significantly undervalued. In this way, we build in a margin of safety that helps to protect your money. We want to invest exclusively in businesses with competitive advantages—we call them “wide moat” stocks—that make it difficult for similar companies to overtake them. As long-term investors, we won’t buy stock in companies we think are at risk of losing their edge.

Putting Morningstar Research on Your Side

To build each portfolio, we start with independent Morningstar equity research from about 100 analysts. That research is one of the largest sources for stock analysis in the world, giving us a detailed look into nearly 2,000 companies globally.



John Owens, Investment Manager, speaks with advisors about customizing client accounts

Patrick Dorsey, Morningstar's Director of Equity Research, reports on trends worth watching in equity investing

Morningstar stock analysts are among the industry's most well-known.

They were quoted more than 5,000 times in 2010 by

publications including *Barron's* and *The Wall Street Journal*.

Morningstar analysts comb through everything from financial statements and conference call transcripts to forecasts of a company's future earnings to develop an estimate of a 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.

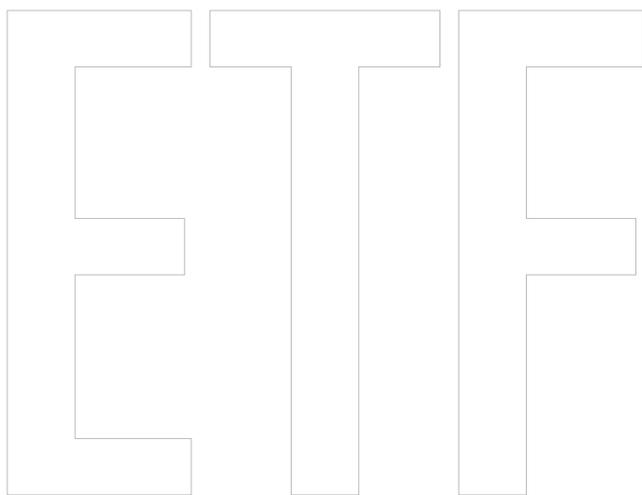
Baskets of Our Best Ideas

After identifying which of our strategies is the best fit, we can customize your account to reflect your particular objectives and risk tolerance. Maybe you're already heavily invested in the healthcare sector, or wish to avoid technology. Your advisor will help us understand your needs, so we can work together to refine your investment exposure to accommodate them. Based on these requests, we take a "best ideas" approach, selecting the 25 to 35 stocks that we think offer the most compelling opportunities.

In addition to customizable portfolios, our wide range of offerings includes off-the-shelf strategies based on Morningstar's popular stock newsletters and indexes. Whatever portfolio you choose, we'll keep a close eye on it, making adjustments throughout the year to reflect changes in the market, a stock's estimated value, or your investment strategy. When we have to sell—whether it's to lock in gains or weed out underperformers—we aim to limit the tax consequences of our investing decisions to help save you money.

ETF Portfolios

Uncovering Compelling Opportunities in the ETF Market



ETF

Asset Allocation Series

Cost-managed strategies to help diversify your investments

Dynamic Series

Against-the-grain portfolios that seek out overlooked values in the market

What's behind the popularity of exchange-traded funds, or ETFs? Investors like them because they deliver many of the benefits of traditional indexed mutual funds with the trading flexibility of stocks. At Morningstar Investment Services, we take advantage of these qualities to provide unique strategies that offer both lower costs and attractive investment opportunities.

Paying Yourself First

When investing in ETFs, we want to maximize their key advantage: the ability to limit costs. That's why we generally seek out investments with the bare minimum in expenses for the exposure we're targeting. When we analyze an ETF, we consider the index or strategy that each follows, examining how closely a manager is able to track an ETF's benchmarks.

Coverage You Can Count On

We draw upon Morningstar's extensive data on almost every ETF in the world. Morningstar analysts personally evaluate more than 300 ETFs in the United States, representing over 95% of total U.S. assets under management. In short, we've got ETFs covered.

At Morningstar Investment Services, we leverage this deep pool of analysis to better understand an ETF's performance, key risks, and what type of portfolio an ETF is best suited for.





Quantitative Analyst Sam Yan reviews and validates performance figures



Jeffrey Ptak, President and Chief Investment Officer of Morningstar Investment Services, directs the development of strategies, including our newest ETF portfolios.

Our ETF portfolios are built on a rich foundation of

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

Discovering Value

Our family of ETF portfolios is designed to take advantage of exciting market opportunities wherever they arise. After working with your advisor to determine which strategies best suit your needs, we invest your money in areas of the market that, in our opinion, offer the best value.

In many of our ETF offerings, we use a “core and explore” approach to anchor each portfolio in trusted, broad-based investments that follow their benchmarks. We support that “core” with narrower “explore” positions to highlight a certain industry, investment style, or region of the world. For instance, we might take an explore position in an ETF that tracks in energy stocks if those stocks appear to be

trading at a discount to what we think they’re worth. These flexible holdings, based on Morningstar analysts’ convictions, are designed to give your portfolio an advantage. We then monitor and manage each account to ensure that it stays aligned with its objectives, while remaining nimble enough to take advantage of market opportunities as they arise.

In other ETF portfolios, we take a “contrarian” approach, which puts all the focus on value by investing in the most unloved segments of the market. When others are fearful, we stick to our guns, trusting our research, experience, and methodologies. We seek out ETFs that have been less popular in recent years to help find investments with the best potential for returns. This strategy helps diversify your overall portfolio and put your money in investments that many investors may miss.

Building Your Investment Plan

Working with Your Advisor and Morningstar Investment Services

Less Paperwork, More Communication

We'll send the information that matters to you, including clear, candid commentary and portfolio updates.

Access Anytime

Log in to our web site to get up-to-date information when you want it, including balances, transactions, and current holdings.

At Morningstar Investment Services, we deliver the attention and 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

Interested in learning more about how to make Morningstar Investment Services part of your investment planning? Contact your advisor to take the next steps.

First, you'll be asked to complete a questionnaire to help us identify the appropriate investment strategy for you, taking your goals, overall financial picture, and investing expectations into account. From there, your advisor will create a proposal based on your answers, helping you identify the mutual fund, stock, or ETF portfolios that best fit your needs.

Invest with Morningstar Investment Services

Once your plan is in place, your advisor will work with you to chart your progress toward your goals over time, making sure your portfolio changes as you do. Along the way, we'll keep you well-informed with online access to your account information, plus comprehensive performance reports and insightful updates from our investment team each quarter.

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.

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

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