
Form ADV Part 2A: Firm Brochure

Morningstar Associates, LLC

Plan Sponsor Services

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Morningstar Associates, LLC

Plan Sponsor Services

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Chicago, IL 60602
312.696.6000

www.corporate.morningstar.com

May 31, 2012

This brochure provides information about the qualifications and business practices of Morningstar Associates, LLC to help you determine whether to hire or retain us as your investment adviser. If you have any questions about the contents of this brochure, please contact us at 312.696.6000.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Morningstar Associates, LLC is a registered investment advisor and wholly owned subsidiary of Morningstar, Inc. Registration does not imply a certain level of skill or training.

Additional information about Morningstar Associates, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

You may request a complete copy of our current brochure free of charge at any time by contacting our Compliance Department at 312.696.6000, or by email to compliance@morningstar.com.

Advisory Business

Morningstar Associates, LLC is a registered investment advisor and wholly owned subsidiary of Morningstar, Inc., a publicly traded company (Nasdaq Ticker: MORN). Because we are required to inform you of any individual who holds more than 25% of our company, please be advised that Joseph Mansueto, CEO of Morningstar, Inc., individually holds more than 25% of Morningstar, Inc.'s outstanding shares of stock, and is therefore an indirect owner of more than 25% of Morningstar Associates.

Morningstar Associates has been registered with the Securities and Exchange Commission since 1999. In addition, we have filed the appropriate notices to conduct business in all 50 states, the District of Columbia, and Puerto Rico. We offer a suite of investment advisory services to individuals, plan sponsors, and institutional clients. This brochure focuses on the products and services we provide to plan sponsors for their retirement plans. If you would like a copy of our brochure describing our services for individuals or institutional clients, please contact our Compliance Department at the phone number, address, or email address listed on this page.

Investment Lineup. We help plan sponsors of defined contribution plans construct a lineup of asset classes and investment options for their retirement plans by providing a menu of plan lineups made up of specific recommendations of asset classes and investments. In some cases, we may provide plan sponsors with tools, such as plan profile descriptions, as a way to identify the investment sophistication and risk tolerance of their plan participants, and to match the selected plan profile with a recommended lineup. However, such tools are provided only as an ancillary part of our services, and the plan sponsor is solely responsible for selecting the plan lineup. In addition, if agreed upon by us and the plan sponsor, we will identify specific investment options within the universe of investment options available through your plan provider to fulfill each recommended asset class. Such investment options typically include open-end mutual funds, money market funds, and stable value funds. The goal of the service is to provide the plan sponsor with a lineup that is appropriately diversified with a sufficiently broad range of risk/return characteristics for the plan's participants.

Additionally, we help plan sponsors of defined benefit plans construct a lineup of asset class and investment allocations. Plan profile descriptions may be provided as a way to identify the funding status and investment goals of the defined benefit plan, and to match the selected plan profile with a recommended defined benefit portfolio.

We provide ongoing monitoring of the asset allocations and specific investments in the investment lineups. Typically, if we recommend modifications to the lineups, we provide notice to the plan sponsors, and the plan sponsors have the discretion to implement our recommended changes. In some cases, plan sponsors may delegate investment management discretion to us.

Custom Model Portfolios. We may construct custom model portfolios for a plan using the investment options available in the plan's lineup. Plan sponsors may choose to offer their participants model menus that include portfolios that are time-based, risk-based, or a combination of time/risk-based portfolios. We may provide ongoing monitoring of these portfolios, making recommendations to change investment allocations, and/or to remove, add, or modify the portfolios' underlying investment options when necessary.

Investment Policy Statement. We may provide plan sponsors with an investment policy statement for the retirement plan that contains key elements such as the plan's objectives, the framework for achieving diversification, criteria for selecting and retaining investment vehicles and a system for monitoring the investment options.

Investment Monitoring Reports. We may provide plan sponsors with periodic monitoring reports, which can be customized to the plan sponsor's particular needs. These reports are typically in-depth reports of a single investment, and provide information on various aspects of the investment such as performance,

expense, risk measures, portfolio metrics, style and sector analysis, top holdings, and an optional written analysis of the investment.

Premier List. We work with our institutional plan provider clients to analyze an investment universe determined by them and create a subset of investments that meet specific criteria, including, in some cases, the plan provider's proprietary requirements. This subset is typically used by the plan provider's plan sponsor clients in putting together an investment strategy appropriate for their plans and plan participants. We derive this subset through a combination of quantitative screens and qualitative analysis, resulting in a list of investments under various asset categories. Typically, we provide ongoing monitoring of those investments within the subset. The intent of this process is to ensure that the funds initially selected for the subset continue to satisfy the criteria that led to their initial selection.

Client Assets Managed. A major institutional investment consulting client terminated a portion of its contract for our advisory services effective April 2012. This resulted in a material decrease in our assets under management. As of May 31, 2012, our assets under management were as follows:

Retirement Services to Individuals (Managed Accounts): \$2,790,200,000

Discretionary Investment Management Services to Institutions: \$7,841,200,000

Fees and Compensation

We negotiate our fees on an individual basis with plan providers and plan sponsors. The services we provide, the fees for such services, and the contract term are governed by the agreement between us and our client. Clients may not receive all of the services listed above. Our fees vary depending on the services selected and may include an annual fixed amount and a basis-point fee.

Typically, an annual fixed fee is paid from the plan provider and is paid in advance of services being provided, and a basis-point fee is deducted from plan assets and is paid in arrears. You should consult with your plan provider for your specific fee schedule and the method of paying those fees.

The plan sponsor may terminate our services upon proper notification as outlined in the program agreement between us and the plan sponsor. Upon such termination, any earned, unpaid fees by the plan sponsor will be due and payable.

Other Fees. Our fees are separate from fees and expenses charged by the investment options or fees that may be charged by a third party, such as the plan provider. The investment options' fees and expenses are described in the prospectus or equivalent. These fees will generally include a management fee, other investment expenses, and a possible distribution fee (e.g. 12b-1). In some cases, an investment option may also charge an initial or deferred sales charge. Neither Morningstar Associates nor any of our employees receive transaction-based compensation for the investment recommendations we make.

Performance-Based Fees and Side-by-Side Management

We do not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets in your account). Therefore, we do not manage any performance-based fee accounts side-by-side with non-performance based fee accounts.

Types of Clients

In addition to the plan sponsor advice services described in this Firm Brochure, we also provide investment advisory services to individual retirement plan participants and institutional clients such as banking institutions, investment companies, trusts, endowments, foundations, or other business entities. We do not require a minimum plan size, and we generally do not impose other conditions for using our plan sponsor advice services.

Methods of Analysis, Investment Strategies and Risk of Loss

Development of Investment Advice. Our Global Investment Policy Committee and its working sub-committees are responsible for oversight of the investment methodologies across all products and services. The sub-committees focus on specific investment areas such as capital market assumptions and methodologies used for asset allocation, manager selection, portfolio construction, and advice. The individuals on the Global Investment Policy Committee are:

- Thomas Idzorek – President and Chief Investment Officer
- John Thompson – Senior Vice President of Investment Implementations
- Jon Hale – Vice President
- Jeff Ptak – President and Chief Investment Officer, Morningstar Investment Services, Inc.
- Richard Romer-Lee – Managing Director, OBSR
- Daniel Needham – Managing Director and Chief Investment Officer, Ibbotson Associates Australia Ltd.

An investment team provides the investment advice used in the products and services referenced in this brochure. Information on the individuals who comprise this investment team is included in Part 2B attached hereto.

Analysis Methods. Our analysis of securities combines quantitative data analysis and screening methods with fundamental and qualitative evaluations of investment managers, portfolios and individual investments. The primary sources of information we use are the extensive databases and methodologies of our parent, Morningstar, Inc., and interviews with investment managers. Other sources include financial publications, annual reports, prospectuses, press releases, and filings with the Securities and Exchange Commission.

Investment Strategy. We use a three-phase process to help plan sponsors build, manage, and monitor an investment lineup that will help the plan sponsor fulfill its fiduciary obligations and offer participants a manageable menu of funds for their retirement plan. We recommend an appropriate plan lineup based on several factors, such as employee demographics, plan participation rates, and available investment options.

Risk of Loss. You should remember that all investments involve risk and will not always be profitable. We do not guarantee that our recommendations will result in participants achieving their retirement income goals. We cannot guarantee that negative returns can or will be avoided in any of our recommendations. An investment's future performance may differ substantially from its historical performance and as a result, may incur a loss. Past performance is no guarantee of future results.

Our investment strategy is intended to provide participants with an investment lineup that is diversified across various asset classes and appropriate based on the plan's characteristics. Asset allocation and diversification are investment strategies which spread assets across various investment types for long-term investing. However, as with all investment strategies, these strategies do not assure a profit and do not guarantee against losses in a declining market.

Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would influence your decision to hire or retain us as your investment advisor. We do not have any material legal or disciplinary events to report.

Other Financial Industry Activities and Affiliations

This section provides information on other business activities we may conduct in addition to the services described above. In addition, it describes any potential conflicts of interest we may have, and how we mitigate those potential conflicts.

We enter into contracts with plan providers to make our services available to their plan sponsor clients, who ultimately make these services available to plan participants. The universe of investments available in a plan is determined by the plan provider. In some cases, a plan provider may offer its proprietary funds as investment options retirement plans. To mitigate the conflict of interest presented by this situation, we subject all investment options to the same quantitative fund scoring methodology, based on several factors, including performance, risk, and expenses. We select investments based on their fund score, and the proprietary nature of the funds does not influence our selection.

For institutional clients, we may provide educational and/or research modules. These modules are educational in nature and are not considered investment advice. Upon request, we may present various products and services offered by our parent company, Morningstar, Inc. or our affiliates, Morningstar Investment Services and Ibbotson Associates.

In some instances, we may collaborate with our affiliates and/or leverage the employees or resources of our affiliates to provide certain support services in conjunction with our advisory services. If an additional fee for such services by affiliates is required, it will be set forth in the client advisory agreement. In these situations, clients may pay a fee directly to our affiliate for its services, or as part of a joint fee schedule which encompasses all services.

Our officers may have responsibilities to our parent company, Morningstar, Inc. or other affiliated entities. Although their responsibilities to these other entities may occupy a portion of their time, our officers devote a substantial amount of time to developing and maintaining our advisory services.

In some situations, we may recommend an investment option that holds a position in publicly-traded shares of our parent company, Morningstar, Inc. Such an investment in Morningstar, Inc. is solely the decision of the investment option's portfolio manager. We have no input into a portfolio manager's investment decision nor do we require that the investment options we recommend own shares of Morningstar, Inc. An investment option's position in Morningstar, Inc. has no impact on our fund selection process.

Our parent company, Morningstar, Inc., is a global investment research firm that offers an extensive line of print, software, and Internet-based products and services to individuals, financial advisors, institutions and the media. Some of Morningstar, Inc.'s institutional clients are service providers (e.g., portfolio managers, advisors, or distributors) affiliated with a mutual fund or other investment option. These service providers may be the same institutions for which we have an investment consulting arrangement or who are affiliated with the investment options that are available under an employer-sponsored retirement plan. As a result, the relationship between us and our parent could represent a potential conflict of interest. To mitigate any actual or potential conflict of interest, we are structured to operate with total independence from our parent and we do not take Morningstar, Inc.'s client relationships into account when making investment option recommendations. Payments for our services are not structured so that we are paid to recommend one fund over another, including those with which Morningstar, Inc. has a relationship. In addition, we do not know about, participate in, or influence any discussion or negotiations between Morningstar, Inc. and its clients.

Morningstar, Inc. provides information to the public about open-end mutual funds and exchange-traded funds. In some cases, this information includes written analysis of a mutual fund. While we utilize certain other products and services of Morningstar, Inc., we do not participate in or have any input in the written analysis Morningstar, Inc. provides its subscribers. Our operations and our employees are separate and distinct from Morningstar, Inc., and we conduct our own research and analysis of the investment options.

We provide advisory services to some registered funds-of-funds. In this role, we have the authority to determine the funds-of-funds' asset allocation, underlying holdings, and when to rebalance/reallocate. Recommending investments in these funds-of-funds would present a potential conflict of interest. To mitigate this potential conflict of interest, we do not include these funds-of-funds in the universe of investment options from which we make our recommendations.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics. We have adopted a Code of Ethics for all our employees to uphold the highest standards of moral and ethical conduct, including placing our clients' interest ahead of our own. Our Code of Ethics addresses such topics as our fiduciary duty to our clients, our professional responsibilities, protecting our clients' non-public personal information, our gifts and entertainment policies, and the trading practices of our employees. A copy of our Code of Ethics is available to existing and prospective clients upon written request addressed to our Compliance Department at the address or email address shown on Page 2.

Participation or Interest in Client Transactions. Our employees may maintain personal investment accounts, and may purchase or sell investments in those accounts that are the same as or different from the investments we recommend to clients. Because we primarily recommend mutual funds, our employees' personal investing activities should not conflict with our advisory activities or the timing of our recommendations. In addition, our Code of Ethics is designed to

ensure that employees' personal trading activities will not interfere with our clients' interests, while allowing our employees to invest in their own accounts.

We do not engage in principal transactions (transactions where we, acting in our own account or in an affiliated account, buy a security from or sell a security to a client's account). In addition, we do not engage in agency cross transactions (transactions where we or our affiliate executes a transaction while acting as a broker for both our client and the other party in the transaction).

Personal Trading. Our Code of Ethics also includes policies designed to prevent employees from trading on the basis of material non-public information.

Employees in possession of material non-public information may not trade in securities which are the subject of such information, and may not tip such information to others. In certain instances, we employ information blocking devices such as restricted lists to prevent illegal insider trading. All employees who could potentially access non-public information are required quarterly to report their personal securities transactions to the Compliance Department.

Brokerage Practices

Where we exercise investment discretion, we will generate trade instructions for each individual account that requires rebalancing and forward those instructions to the appropriate institution as designated by the plan provider. As a result, we do not have the ability to make decisions regarding which broker is used to execute the transactions.

Review of Accounts

Our plan sponsor advice service for defined contribution plans does not include the periodic review or ongoing monitoring of participant accounts. We may, however, provide ongoing monitoring of specific investments in a plan's lineup and make periodic reports to the plan sponsor, and/or provide recommendations to the plan sponsor for changes in the plan's investment lineup.

Client Referrals and Other Compensation

In certain situations, we may make cash payments to unaffiliated third parties for recommending the use of our advisory services to their clients. Such cash payments are paid pursuant to a written agreement between us and the third-party solicitor. The third-party solicitor will provide each prospective client with a copy of this Firm Brochure and a disclosure document that sets forth the terms of the arrangement (including the nature of the relationship and the fees to be paid). Clients referred by third-party solicitors may in some cases pay a higher fee than clients who contract with us directly. Solicited clients should refer to the disclosure document for information on the effect of the fees paid to third-party solicitors.

Custody

We do not serve as a custodian of client assets. The plan sponsor is responsible for selecting the custodian for plan assets. The selection of custodians may be limited by your plan provider.

Plan participants should receive statements from the qualified custodian that holds the plan assets at least quarterly. Participants should carefully review such statements. If you note any discrepancies on your account statements, you should promptly contact your plan administrator.

Investment Discretion

When we provide plan sponsor advice, typically the plan sponsor retains the investment discretion and control of plan assets. We provide plan sponsors with information designed to help them make investment choices regarding their retirement plans, but the plan sponsors are responsible for managing the investments in their plans. However, in some cases, plan sponsors may delegate investment management discretion to us.

Voting Client Securities

You are responsible for receiving and voting proxies for all investments held in your account. We do not have the authority to and will not vote proxies.

Financial Information

We are required to provide you with certain financial information or disclosures about our financial condition. We do not have any financial commitment that impairs our ability to meet our contractual and fiduciary commitments to clients, and we have not been the subject of any bankruptcy proceeding.

Form ADV Part 2B: Brochure Supplement

Morningstar Associates, LLC

Investment Team for Plan Sponsor Services

22 West Washington Street
Chicago, IL 60602
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May 31, 2012

This brochure supplement provides information about Morningstar Associates, LLC's investment team for Plan Sponsor Services. This supplement provides information on the six members of the investment team with the most significant responsibility for day-to-day investment advice for Plan Sponsor Services and is not a complete list of all the members of the investment advisory team. You should have received a copy of our Firm Brochure. Please contact the Compliance Department at 312.696.6000 or compliance@morningstar.com if you did not receive our brochure, if you have questions about the content of this supplement, or if you would like information about other members of our investment team.

Cindy Galiano

Email: cindy.galiano@morningstar.com

Phone: 312.696.6794

Educational Background and Business Experience: Cindy co-leads the Plan Sponsor Services investment consultant team. She joined Ibbotson Associates, Inc. in 2006 and has served as senior consultant, portfolio manager, and director. Born in 1975, Cindy has an A.B. from the University of Chicago and an MBA from the Kellogg School of Management – Northwestern University.

Disciplinary Information: None.

Other Business Activities: None.

Additional Compensation: None.

Jeremy Stempien

Email: jeremy.stempien@morningstar.com

Phone: 312.696.6817

Educational Background and Business Experience: Jeremy co-leads the Plan Sponsor Services investment consultant team. He joined Ibbotson Associates, Inc. in 2005 and has served as senior analyst, portfolio construction team manager, senior consultant, and director. Born in 1976, Jeremy has a BS from St. Louis University and an MBA from the University of Notre Dame.

Disciplinary Information: None.

Other Business Activities: None.

Additional Compensation: None.

Terence Geenty

Email: terence.geenty@morningstar.com

Phone: 312.696.6066

Educational Background and Business Experience: Terence is a senior investment consultant with Ibbotson Associates, Inc. He joined Morningstar, Inc. in 2004 as a mutual fund analyst and in 2006 joined the International Business division of Morningstar as a financial analyst. In 2008, he joined Ibbotson Associates. Born in 1973, Terence has a BA from the University of Oregon, a Masters in Information Systems from Hawaii Pacific University, and an MBA in Finance and Accounting from the University of Chicago.

Disciplinary Information: None.

Other Business Activities: None.

Additional Compensation: None.

Daniel V. Farkas

Email: daniel.farkas@morningstar.com

Phone: 312.384.4803

Educational Background and Business Experience: Daniel joined Morningstar, Inc. in 2005 as a hedge fund analyst, and since 2008, he has been an investment consultant with Morningstar Associates. Prior to joining Morningstar, Daniel was an economic consultant, focusing on expert-witness matters pertaining to commercial litigation. Before that, he originated and managed a portfolio of commercial real estate construction loans for a national bank. Born in 1972, Daniel received his BA in economics from University of Illinois and his MBA, with high honors, from the University of Chicago Booth School of Business.

Disciplinary Information: None.

Other Business Activities: None.

Additional Compensation: None.

Gareth Lyons

Email: gareth.lyons@morningstar.com

Phone: 312.696.6409

Educational Background and Business Experience: Gareth is an investment consultant with Morningstar Associates. He joined Morningstar, Inc. in 2003 as a fund analyst, specializing in international and domestic equity funds. He later worked as a research analyst with Morningstar's Hedge Fund Group before joining Morningstar Associates in 2007. Born in 1970, Gareth holds a BA in English and Economics with honors from University College, Dublin, Ireland.

Disciplinary Information: None.

Other Business Activities: None.

Additional Compensation: None.

Brian Killian

Email: brian.killian@morningstar.com

Phone: 312.696.6210

Educational Background and Business Experience: Brian is an investment consultant with Morningstar Associates. He joined Morningstar, Inc. in 1998 as an analyst and in 2000 joined the Institutional Investment Consulting team at Morningstar Associates. Born in 1976, Brian has a BA from the University of Notre Dame, and an MBA in Finance and Strategy, Execution and Valuation from DePaul University.

Disciplinary Information: None.

Other Business Activities: None.

Additional Compensation: None.

Investment Team Supervision

The investment team is under the supervision of the Global Investment Policy Committee. The Global Investment Policy Committee and its working sub-committees are responsible for oversight of the investment methodologies including the tactical and dynamic asset allocation programs. The sub-committees focus on specific investment areas such as capital market assumptions, asset allocation, manager selection, portfolio construction, advice methodologies, fundamental dynamic asset allocation and quantitative tactical asset allocation. Please refer to the "Methods of Analysis, Investment Strategies and Risk of Loss" section of our Firm Brochure for a list of the individuals on the Global Investment Policy Committee.