

# Firm Brochure Summary of Material Changes

## Morningstar Associates, LLC

### Institutional Investment Consulting

22 West Washington Street  
Chicago, IL 60602  
312.696.6000

[www.corporate.morningstar.com](http://www.corporate.morningstar.com)

March 26, 2015

We are required to provide you annually with a summary of material changes to our qualifications or business practices that have occurred since our last annual update. The following is a summary of the material changes to the Form ADV Part 2A and Part 2B for Morningstar Associates, LLC ("Morningstar Associates") since our last annual update, dated March 26, 2014.

#### Updates to the ADV Part 2A:

As of December 31, 2014, our assets under management shown in the "Advisory Business" section (rounded to the nearest \$100,000) are as follows:

- Retirement Services to Individuals (Managed Accounts): \$6,553,500,000
- Discretionary Investment Management Services to Institutions: \$8,255,500,000
- Discretionary Plan Sponsor Advice: \$415,300,000

During 2014, our parent company Morningstar, Inc., acquired all outstanding ownership interests in HelloWallet, LLC, and also acquired full ownership of ByAllAccounts. In addition, senior management was restructured to include more global oversight of the investment advisory subsidiaries. Therefore, the sixth and seventh paragraphs of the "Other Financial Industry Activities and Affiliates" were deleted and replaced with the following two paragraphs:

In some instances, we may use the employees or resources of Morningstar or its affiliates to provide certain support services in conjunction with our advisory services. In addition, Morningstar or its affiliates may also use our employees and resources to provide certain support services in conjunction with the services offered by Morningstar or its affiliates. These affiliates may include Ibbotson Associates, Inc. ("Ibbotson"), a registered investment adviser, Morningstar Investment Services, Inc., a dually registered investment adviser and limited broker-dealer, HelloWallet, LLC, an employee financial wellness program, and ByAllAccounts, an account and data aggregation service. All these entities are wholly owned subsidiaries of Morningstar. If an additional fee for such products or services by Morningstar or its affiliates is required, it will be set forth in the client advisory agreement. In these situations, clients may pay a fee directly to Morningstar or each such affiliate for its products or services, or as part of a joint fee schedule which encompasses all services.

In addition to the U.S.-based affiliates described above, Morningstar is a direct or indirect owner of a number of other investment advisory entities located in other countries. In some cases, members of our senior management may have some management responsibilities to these other affiliated entities. We do not believe that these management responsibilities create any material conflicts of interests for our clients. A current list of all of our investment advisory affiliates can be found in our Form ADV Part 1, which can be obtained at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as described on Page 2 of this Brochure.

#### Updates to the ADV Part 2B

Shannon Zimmerman and Dario Castagna joined the Investment Team for Institutional Consulting. Their biographical information is as follows:

#### Shannon Zimmerman

Email: [shannon.zimmerman@morningstar.com](mailto:shannon.zimmerman@morningstar.com)

*Educational Background and Business Experience:* Shannon is a senior investment consultant. He joined Morningstar Associates, LLC in 2014, and also served as Director of Training, Fund Research from 2010-2014 and as a fund

analyst from 2002-20014 with Morningstar, Inc. Born in 1964, Shannon has a BA from Rollins College, a MA from the University of Georgia, and a PhD from the University of Georgia.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

#### Dario Castagna

Email: [dario.castagna@morningstar.com](mailto:dario.castagna@morningstar.com)

*Educational Background and Business Experience:* Dario is a senior investment consultant. He joined Morningstar, Inc. in 2001 as the head of quantitative analysis where he spearheaded the development of Morningstar, Inc.'s European database for mutual funds, hedge funds, and pension funds before joining Morningstar Associates, LLC in 2006 as a quantitative analyst. Born in 1977, Dario has a master's in economics and finance from Bocconi University in Italy and a MBA from University of Chicago Booth School of Business. Dario is also a CFA\* charterholder.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

Thomas Idzorek stepped down as president of Morningstar's Investment Management group in February 2015 to take on a role as head of investment methodology and economic research for Morningstar. Daniel Needham, global chief investment officer for Morningstar's Investment Management group, succeeds Mr. Idzorek as president.

Therefore, the first two sentences of the Supervision section were replaced and amended to read as follows:

Scott Wentsel, chief investment officer of the Americas for Morningstar's Investment Management group, provides guidance on the type of strategies we offer and the nature of the due diligence we conduct. He oversees, either directly or indirectly, the investment team, including setting the strategic direction and goals of the team. He is supervised by Daniel Needham, president and global chief investment officer of the Investment Management group.

We have made other edits to our Form ADV Part 2A and Part 2B where necessary to correct grammar or punctuation, to provide clarification or further information, for consistency in terminology or content, or to improve the readability of the brochure. We do not deem these edits to be material in nature. You may obtain a current copy of our brochure at any time as described below.

Our brochures provide information about our qualifications and business practices 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 our brochures has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Morningstar Associates is a registered investment adviser and wholly owned subsidiary of Morningstar, Inc. Registration does not imply a certain level of skill or training.

Additional information about Morningstar Associates is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select Investment Adviser Search in the main menu, then perform a Firm Search to locate the record for Morningstar Associates, LLC, CRD No. 108031. All current versions of our brochures are available in the Part 2 Brochures section of this record. You may also request a copy of our current brochure free of charge by contacting our Compliance Department at 312.696.6000, or by email to [compliance@morningstar.com](mailto:compliance@morningstar.com). In your request, please indicate the name of the company (Morningstar Associates) and the service brochure (Institutional Investment Consulting) you are requesting.

# Form ADV Part 2A: Firm Brochure

Morningstar Associates, LLC

## Institutional Investment Consulting Services

March 26, 2015

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# Form ADV Part 2A: Firm Brochure

## Morningstar Associates, LLC

### Institutional Investment Consulting Services

22 West Washington Street  
Chicago, IL 60602  
312.696.6000

[www.corporate.morningstar.com](http://www.corporate.morningstar.com)

March 26, 2015

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 ("SEC") or by any state securities authority.

Morningstar Associates, LLC is a registered investment adviser 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](http://www.adviserinfo.sec.gov). Select Investment Adviser Search in the main menu, then perform a Firm Search to locate the record for Morningstar Associates, LLC, CRD No. 108031. All current versions of our brochures are available in the Part 2 Brochures section of this record.

You may also request a copy of our current brochure free of charge by contacting our Compliance Department at 312.696.6000, or by email to [complianceemail@morningstar.com](mailto:complianceemail@morningstar.com). In your request, please indicate the name of the company (Morningstar Associates) and the service brochure(s) (Retirement Plan Services, Plan Sponsor Services, and/or Institutional Investment Consulting) you are requesting.

### Advisory Business

Morningstar Associates, LLC ("Morningstar Associates") is part of Morningstar's Investment Management group, which is the marketing name for the investment advisory businesses of Morningstar, Inc. ("Morningstar"), a publicly traded company (Nasdaq Ticker: MORN). Morningstar Associates is a wholly owned subsidiary of Morningstar. 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, individually holds more than 50% of Morningstar's outstanding shares of stock, and is therefore an indirect owner of more than 50% of Morningstar Associates.

Morningstar Associates has been registered with the SEC 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 institutional clients. You may obtain a copy of our brochure describing our advisory services to individuals for their retirement plans or retirement accounts, or our advisory services to plan sponsors and plan service providers by following the instructions above.

*Asset Allocation.* We provide our institutional clients and their financial representatives with a way of identifying their clients' investment goals and risk tolerance, and a mechanism to match those goals and risks with an appropriate asset allocation strategy. In addition, if agreed upon by us and our institutional client, we will identify specific investment options, based on an investment universe determined by the institutional client, to fulfill each asset class allocation target. Such investment options may include, but aren't limited to, open-end mutual funds (including money market funds and stable value funds), variable annuities, exchange-traded funds ("ETFs") and/or hedge funds. The fees for this service vary and are typically charged based on assets under management.

*Fund-of-Funds.* For institutional clients who sponsor fund-of-funds products, we provide recommendations for asset allocation targets and underlying holdings. The universe of underlying holdings is defined by the institutional client and may include mutual funds that are affiliated with that institutional client. The service could also include ongoing responsibilities such as monitoring the underlying holdings, and reviewing and updating asset allocation percentages and/or underlying holdings as necessary. In some circumstances, we serve as a sub-adviser to investment companies for funds-of-funds that are registered products. The fees for this service vary, but are typically based on assets under management.

*15(c) Reports for Mutual Fund Board of Directors.* We supply information to the board of directors of investment companies necessary to fulfill the board's duties stipulated in Section 15(c) of the Investment Company Act of 1940. This report provides expense, performance and risk comparisons to the fund's peers. The fees for this service vary and are based on the number of funds contained within the report.

*Investment Analytics and Comparative Analysis Reports.* We provide institutional clients with investment performance and style monitoring reports, which can be customized to the client's particular needs. For example, two types of reports commonly prepared are the *Investment Analytics Report* and the *Comparative Analysis Report*. The *Investment Analytics Report* is a multi-page, in-depth report on a single investment. This Report provides information on various aspects of the investment such as profile, style analysis, total return/risk summary, and an optional written analysis of the investment. The *Comparative Analysis Report* is a one-page snapshot view of multiple investments, such as those investments in a defined contribution plan lineup. Fees for the *Investment Analytics*, *Comparative Analysis Reports*, and other custom reports are determined on a project basis,

varying with such factors as the number of investments, report frequency, types of investments, and frequency of written analysis.

**Select Lists.** We work with institutional clients to analyze an investment universe determined by them and create a subset or “Select List” of investments that meet specific criteria, including the client’s proprietary requirements. This Select List is typically used by the institutional client’s financial representatives when working with their clients in putting together an appropriate investment strategy. We derive this Select List through a combination of quantitative screens and qualitative analysis, resulting in a menu of investments under various asset categories. Typically, we provide ongoing monitoring of those investments within the Select List. The intent of this ongoing monitoring is to ensure that the funds initially selected for the Select List continue to satisfy the criteria that led to their initial selection. Fees vary depending on the universe of funds reviewed, the variables involved in creating and monitoring the list, the delivery requested by the client, and the frequency with which the Select List is updated.

**Investment Manager Search.** In conducting investment manager searches, we use a quantitative and qualitative methodology to evaluate investment managers. These methodologies include various investment screens based on, among other things, historical performance records, manager tenure, minimum performance thresholds, performance and style consistency and expense ratios. We identify the investment managers who pass this screening process, and the institutional client ultimately selects the managers. Unless the client expressly contracts with us for manager monitoring services, our responsibility normally ends with presentation of our final list of recommended managers. Fees for this service are determined on a project basis and are generally based on the number of mandates to be filled.

**Trusts, Foundations, and Endowments.** We provide trusts, foundations, and endowments with investment advisory services. Services include such things as determining investment goals and spending needs, developing an asset allocation strategy based on those goals and needs, selecting specific securities appropriate for the strategy, monitoring investments, and preparing an investment policy statement. In addition, we provide ongoing advisory and monitoring activities including, but not limited to, making rebalancing and/or reallocation decisions. The fees for the above services vary, but are typically based on assets under management.

**Regulatory Assets Under Management.** As of December 31, 2014, our assets under management (rounded to the nearest \$100,000) were as follows:

Retirement Services to Individuals (Managed Accounts): \$6,553,500,000

Discretionary Investment Management Services to Institutions: \$8,255,500,000

Discretionary Plan Sponsor Services: \$415,300,000

### **Fees and Compensation**

We negotiate our fees on an individual basis with each institutional client. 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 a flat fee, an annual fixed amount, or a basis-point fee. Flat and fixed fees are typically paid in advance of services being provided, and basis-point fees are typically charged in arrears. The specific fees are set forth in the contractual agreement between us and the client, and the institutional client may terminate our services as outlined in the contractual agreement.

**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 transfer agent. 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 possibly a 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 institutional investment consulting services to financial institutions, investment companies, trusts, endowments and foundations described in this brochure, we also provide investment advisory services to individual retirement plan participants and plan sponsors/providers. If you would like a copy of our brochures describing these services, please follow the instructions on Page 2. We do not require a minimum account size, and we generally do not impose other conditions for using our institutional consulting 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. Members of the Committee may include officers, chief investment officers, managing directors, or managers of Morningstar Associates or its affiliates. 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.

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

**Analysis Methods.** Our analysis of investment options combines quantitative data analysis and screening methods with fundamental and qualitative evaluations of investment managers, asset allocation model portfolios and individual investments. The primary sources of information we use are the extensive databases and methodologies of Morningstar, and interviews with investment managers. Other sources include financial publications, annual reports, prospectuses, press releases, and filings with the SEC.

**Investment Strategy.** We work with our institutional clients to develop an investment strategy that meets the client’s needs. Typically, this strategy is based on our three-phase process to design the portfolios, select the underlying funds, and provide ongoing monitoring (and rebalancing where appropriate) of the investment. We define portfolios for different investment goals, risk profiles and time horizons, and build in diversification across asset classes, equity styles and investment managers. We then establish target percentage ranges to invest in each asset class and investment style. We conduct quantitative and qualitative analysis of managers to select funds appropriate for each portfolio to meet the asset allocation targets and to reduce stock overlap. If agreed to with the client, we will also provide ongoing monitoring and rebalancing of the portfolio on a periodic basis.

**Risk of Loss and Strategy Risk.** You should remember that all investments involve risk and will not always be profitable. We do not guarantee that our recommendations will result in profits or avoid negative returns. 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.

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 ensure a profit and do not guarantee against losses.

Portfolios invested in exchange-traded funds ("ETFs") in which the investment objective is to track that sector. ETFs are traded on national exchanges and therefore are subject to similar investment risks as common stocks. Additionally, exchange traded funds are subject to such things as:

- The market price of an ETF may be at, above or below its net asset value ("NAV"). The ETF's NAV will fluctuate as a result of changes in the market value of its underlying holdings whereas the market price will fluctuate in accordance with changes in the NAV plus the ETF's market supply and demand.
- An ETF's performance may not be exactly that of its underlying index. This may be due to imperfect matches between the ETF's underlying investments and those of the underlying index. In addition, differences also arise due to the fact that an ETF incurs fees and expenses while its underlying index does not.

*Tax Considerations.* Potential tax consequences may exist. We do not provide tax advice. We encourage you to consult with a tax professional about these and other tax consequences.

### 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 adviser. 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.

Our parent company, Morningstar, offers various products and services to the public. Some of its clients are service providers (e.g., portfolio managers, advisers, or distributors affiliated with a mutual fund or other investment option) (collectively "Service Providers"). We may have a contractual relationship to provide consulting or advisory services to these same Service Providers. In some cases, we may recommend the products of these Service Providers to our advisory clients. To mitigate any actual or potential conflicts of interest, we do not consider Morningstar's relationship with these Service Providers when making investment option recommendations. We are not paid to recommend one investment option over another, including products of Service Providers with which Morningstar has a relationship.

Morningstar provides information to the public about various investment products, including open-end mutual funds and exchange-traded funds (ETFs). In some cases, this information includes written analyses of these investment products. Although we may use certain products, services, or databases of Morningstar, we do not participate in or have any input in the written analyses that Morningstar provides its subscribers. Our investment recommendations are based on our separate and independent research and analysis of the available investment product.

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

In certain situations, we may recommend an ETF that tracks an index created and maintained by Morningstar, and the ETF sponsor has entered into a licensing agreement with Morningstar to use such index. To mitigate any conflicts of

interest arising from our selection of such ETFs, we may use solely quantitative criteria established by our advisory client to make such selection, or, in the alternative, Morningstar's compensation from the ETF sponsor will not be based on nor will it include assets that are a result of our recommendation to our advisory client to invest in those ETFs. In addition, Morningstar does not and will not have any input into our investment decisions, including what ETFs will be recommended for our recommended portfolios.

In some instances, we may use the employees or resources of Morningstar or its affiliates to provide certain support services in conjunction with our advisory services. In addition, Morningstar or its affiliates may also use our employees and resources to provide certain support services in conjunction with the services offered by Morningstar or its affiliates. These affiliates may include Ibbotson Associates, Inc. ("Ibbotson"), a registered investment adviser, Morningstar Investment Services, Inc., a dually registered investment adviser and limited broker-dealer, HelloWallet, LLC, an employee financial wellness program, and ByAllAccounts, an account and data aggregation service. All these entities are wholly owned subsidiaries of Morningstar. If an additional fee for such products or services by Morningstar or its affiliates is required, it will be set forth in the client advisory agreement. In these situations, clients may pay a fee directly to Morningstar or each such affiliate for its products or services, or as part of a joint fee schedule which encompasses all services.

In addition to the U.S.-based affiliates described above, Morningstar is a direct or indirect owner of a number of other investment advisory entities located in other countries. In some cases, members of our senior management may have some management responsibilities to these other affiliated entities. We do not believe that these management responsibilities create any material conflicts of interests for our clients. A current list of all of our investment advisory affiliates can be found in our Form ADV Part 1, which can be obtained at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as described on Page 2 of this Brochure.

We may make our clients aware of various products and services offered by Morningstar or its affiliates. We do not receive compensation from our affiliates in presenting these potential opportunities.

In certain circumstances, we may use the middle-office and back-office capabilities of Morningstar Investment Services. When we do, we compensate Morningstar Investment Services for use of those services. In addition, Morningstar Investment Services may provide sales support by educating investment adviser representatives about programs for which Morningstar Associates and Morningstar Investment Services act as investment strategists. For this sales support, the third-party investment adviser will pay a specific agreed upon fee to Morningstar Associates and Morningstar Investment Services.

The universe of investment options from which we make our investment selections is typically defined by the institutional client for whom we are providing services or by the plan provider client through which our retirement plan services are delivered. In some cases, this universe of investment options may include proprietary investment options of the institutional client or plan provider client. To mitigate the conflict of interest presented by this situation, we subject all investment options to the same quantitative and qualitative investment selection methodology, based on several factors, including performance, risk, and expenses, and the proprietary nature of the investment options does not influence our selection.

We may provide consulting or advisory services to institutional clients that offer investment products, such as mutual funds, variable annuities, or model portfolios. Because of our role in these investment products, recommending these products to other advisory clients may present a conflict of interest. To mitigate this potential conflict of interest, we exclude these investment products from 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 that strives to uphold the highest standards of moral and ethical conduct, including placing our clients' interest ahead of our own. All access persons are subject to this Code of Ethics. "Access persons" includes our officers and employees, and any officer or employee of our affiliates who makes or participates in investment recommendations to clients; or who has the ability to access a client's nonpublic information, including a client's security holdings or investment recommendations a client has received or will receive. Our Code of Ethics addresses such topics as our fiduciary duty, our professional responsibilities, protecting our clients' non-public personal information, our gifts and entertainment policies, and the personal trading practices of all access persons. A copy of our Code of Ethics is available to existing and prospective clients by sending written request to our Compliance Department at the address or email address shown on Page 2 of this brochure.

*Participation or Interest in Client Transactions.* Our access persons 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 and ETFs, our access persons' 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 access persons' personal trading activities will not interfere with our clients' interests, while allowing our access persons 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 access persons from trading on the basis of material non-public information. Access persons 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. Our Compliance Department monitors the activities in their personal accounts on an ongoing basis.

## **Brokerage Practices**

Where we exercise investment discretion, we will generate trade instructions for each portfolio that requires rebalancing and forward those instructions to the appropriate institution as designated by the client. As a result, we do not have the ability to make decisions regarding which broker is used to execute the transactions. We do not participate in any soft dollar practices.

## **Review of Accounts**

If included in our contract with our client, we may provide ongoing monitoring of underlying holdings in investment portfolios and rebalancing of investment portfolios. The frequency and nature of our reviews and rebalancing is governed by our contract with each client.

In addition, we may provide periodic reports to our institutional clients on the investment portfolios and the underlying holdings. The content and frequency of these reports are governed by our contract with each client.

## **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 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. (However, in cases where we have the ability to debit fees directly from client accounts, we may be deemed to have custody of client assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, even if we do not act as a custodian.) The institutional client is responsible for selecting the custodian for assets.

## **Investment Discretion**

In some cases, we may have complete investment discretion in managing investment portfolios or registered funds for our institutional clients. In other cases, we may make investment recommendations to an investment committee, board, or other person or persons within the institution, but the institution has the discretion to accept, reject, or modify our recommendations. The extent of our investment discretion is set forth in our contract with the institutional client.

## **Voting Client Securities**

We do not have the authority to and will not vote proxies. The institutional client is responsible for voting 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 Institutional Investment Consulting

22 West Washington Street  
Chicago, IL 60602  
312.696.6000

[www.corporate.morningstar.com](http://www.corporate.morningstar.com)

March 26, 2015

This brochure supplement provides information about the investment team for Morningstar Associates, LLC's Institutional Investment Consulting as a supplement to our firm brochure.

Please contact the Compliance Department at 312.696.6000 or [complianceemail@morningstar.com](mailto:complianceemail@morningstar.com) if you did not receive a copy of our Firm Brochure, if you have questions about the content of this supplement, or if you would like information about other members of our investment team. In your request, please indicate the name of the company (Morningstar Associates) and the type of service (Institutional Investment Consulting.)

Morningstar Associates is part of Morningstar's Investment Management group, which is the marketing name for the investment advisory businesses of Morningstar, Inc.

#### Peter Di Teresa

Email: [peter.diteresa@morningstar.com](mailto:peter.diteresa@morningstar.com)

*Educational Background and Business Experience:* Peter is Director of Manager Selection and a senior portfolio manager. He joined Morningstar, Inc. in 1995 as a mutual fund analyst, before joining Morningstar Associates in 2002. Born in 1963, Peter has an AB with honors from University of Chicago and an MA from Harvard University.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

#### Mike Stout, CFA

Email: [mike.stout@morningstar.com](mailto:mike.stout@morningstar.com)

*Educational Background and Business Experience:* Mike is a portfolio manager. He joined Morningstar, Inc. in 1993 as a research analyst, and in 1997 became a senior analyst and editor of equity fund research. Mike was a founding member of the Institutional Investment Consulting Group, launched in 1998, which later became Morningstar Associates, LLC in 1999. Born in 1962, Mike holds a BA from Ohio State University, an MBA from University of Texas. Mike is also a CFA\* charterholder.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

#### Shannon Zimmerman

Email: [shannon.zimmerman@morningstar.com](mailto:shannon.zimmerman@morningstar.com)

*Educational Background and Business Experience:* Shannon is a senior investment consultant. He joined Morningstar Associates, LLC in 2014, and also served as Director of Training, Fund Research from 2010-2014 and as a fund analyst from 2002-20014 with Morningstar, Inc. Born in 1964, Shannon has a BA from Rollins College, a MA from the University of Georgia, and a PhD from the University of Georgia.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

#### Dan McNeela, CFA

Email: [dan.mcneela@morningstar.com](mailto:dan.mcneela@morningstar.com)

*Educational Background and Business Experience:* Dan is a portfolio manager. He joined Morningstar, Inc. in 2000 as a mutual fund analyst, and also served as associate director of fund analysis and editor of Morningstar Mutual Funds, Morningstar, Inc.'s flagship print publication before joining Morningstar Associates, LLC in 2006. Born in 1965, Dan has a BS in finance from Indiana University and an MBA from the University of Illinois. Dan is also a CFA\* charterholder.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

#### Dario Castagna

Email: [dario.castagna@morningstar.com](mailto:dario.castagna@morningstar.com)

*Educational Background and Business Experience:* Dario is a senior investment consultant. He joined Morningstar, Inc. in 2001 as the head of quantitative analysis where he spearheaded the development of Morningstar, Inc.'s European database for mutual funds, hedge funds, and pension funds before joining Morningstar Associates, LLC in 2006 as a quantitative analyst. Born in 1977, Dario has a master's in economics and finance from Bocconi University in Italy and a MBA from University of Chicago Booth School of Business. Dario is also a CFA\* charterholder.

*Disciplinary Information:* None.

*Other Business Activities:* None.

*Additional Compensation:* None.

#### Investment Team Supervision

Scott Wentsel, chief investment officer of the Americas for Morningstar's Investment Management group, provides guidance on the type of strategies we offer and the nature of the due diligence we conduct. He oversees, either directly or indirectly, the investment team, including setting the strategic direction and goals of the team. He is supervised by Daniel Needham, president and global chief investment officer of the Investment Management group. The activities of the investment team are guided by the Global Investment Policy Committee. The Global Investment Policy Committee and its working sub-committees are responsible for oversight of the investment methodologies. 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 description of the Global Investment Policy Committee.

*\*The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute. To become a CFA charterholder, candidates must pass three six-hour exams, possess a bachelor's degree, and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct. The CFA is a qualification for finance and investment professionals, particularly in the fields of investment management and financial analysis of stocks, bonds and their derivative assets. The program focuses on portfolio management and financial analysis, and provides a general knowledge of other areas of finance.*