

Form ADV Part 2A: Firm Brochure

Morningstar Investment Services, Inc. (MIS)

Services for Third-Party Advisory Programs

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Services for Third-Party Advisory Programs

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March 26, 2015

The appropriate audience for delivery of this firm brochure depends on the services MIS provides to the third-party advisory program as outlined below.

MIS as Strategist

This firm brochure is meant for delivery to the third-party advisory firm only.

MIS as Investment Manager

This firm brochure is meant for delivery to the third-party advisory firm and clients of the advisory firm's program.

Summary of Material Changes

The following is a summary of the changes to Morningstar Investment Services' ADV Part 2A and 2B brochures since our last update dated March 26, 2014.

Updates to the ADV Part 2A

- As of December 31, 2014, MIS' assets under management for discretionary accounts totaled \$6,423,100,000 and for non-discretionary accounts, assets under advisement totaled \$2,058,800,000
- Other Financial Industry Activities and Affiliations was updated to reflect that MIS' parent company, Morningstar, Inc. and affiliates may share resources and that in some cases MIS' senior management may have management responsibilities to affiliated investment advisory entities located in other countries. It was also updated to reflect that in some situations exchange-traded funds, in addition to mutual funds, may own shares in Morningstar, Inc. MIS has no input into selection of the underlying securities and if the underlying holdings have shares in Morningstar, Inc. or not has no impact on the securities that MIS select.
- Code of Ethics was updated to include affiliated employees who are involved with MIS' operations, technology and marketing.
- Participation or Interest in Client Transactions was updated to reflect affiliated employees who are involved with MIS' operations, technology and marketing who have a certain level of access.
- Brokerage practices was updated to reflect that final trade instructions and/or recommendations made by MIS will be communicated in a reasonable time frame.
- Voting Client Securities was updated to more closely reflect MIS' policy and procedures.

Updates to the ADV Part 2B

- In February 2014, Scott Wentsel, was named Morningstar Investment Management's (MIM) Chief Investment Officer of the Americas overseeing MIS' investment team in place of Thomas Idzorek, President of MIM.
- In April 2014, Venus Phillips, Investment Manager left MIS to pursue other opportunities.

- In May 2014, Michelle Ward, Investment Manager, joined the MIS investment team as an Investment Manager focusing on equity, alternative and fixed income investment research, asset allocation and portfolio management.
- In March 2015, Jeff Ptak, Chief Investment Officer and President left MIS to pursue other opportunities within MIS' parent company, Morningstar, Inc.
- In April 2015, Dan McNeela, Senior Portfolio Manager, joined the MIS investment team. His responsibilities include equity, alternative, and fixed income investment research, asset allocation and portfolios management in addition to overseeing investment managers, Marta Norton and Michelle Ward.

We may 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.

You may request a complete copy of our current ADV Part 2 free of charge at any time by contacting our client service representatives at 877-626-3227 or mis@morningstar.com.

Our brochures provide information about the qualifications and business practices of Morningstar Investment Services, Inc. If you have any questions about the contents of our brochures, please contact our Compliance Department 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 Investment Services, Inc. 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 Investment Services, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Advisory Business

Morningstar Investment Services, Inc. ("MIS"), a Delaware corporation, was incorporated on December 20, 2000. MIS is a federally registered investment advisor and a wholly owned subsidiary of Morningstar, Inc., a publicly-traded company (Nasdaq Ticker: MORN). Because our parent company is publicly traded, we should inform you that Joseph Mansueto, CEO of Morningstar, Inc., individually holds more than 50% of Morningstar, Inc.'s outstanding shares of stock.

MIS has made notice filings in all states, the District of Columbia, Puerto Rico and the Virgin Islands. The primary purpose of MIS' investment adviser operations is to provide discretionary and non-discretionary investment advice on portfolios consisting of securities such as open-end mutual funds, exchange-traded funds or equity securities.

As of December 31, 2014, MIS' assets under management for discretionary accounts totaled \$6,423,100,000 and for non-discretionary accounts, assets under advisement totaled \$2,058,800,000.

Third-Party Advisory Programs

MIS offers services to advisory programs of third-party financial institutions. The core services offered to these institutions consist of asset allocation and portfolio construction to be used in conjunction with their proprietary advisory program. In most cases, this involves the construction of risk based asset-class and/or investment-specific strategies and on-going monitoring of such strategies. Depending on MIS' arrangement with the third-party financial institution, MIS may offer strategies constructed by their investment advisory affiliate ("Affiliate").

MIS may be an Investment Manager or Strategist to the proprietary advisory program platform (collectively, "Product Sponsor"). In which, MIS offers portfolio strategies and the identification and selection of the underlying securities based on a universe of investments as defined by the Product Sponsor ("Portfolios"). MIS may also provide Product Sponsors with rebalancing and reallocating recommendations at the time the asset class and/or the underlying securities should be revisited or adjusted.

MIS provides both discretionary and non-discretionary services related to the Portfolios. Under discretionary arrangements, MIS is responsible for selecting and monitoring the asset allocations and underlying holdings of the Portfolios; MIS may also submit trade instructions to the clearing firm selected by the Product Sponsor for those clients in the Portfolios ("Investment Manager"). Under non-discretionary arrangements, MIS provides Portfolios as models to the Product Sponsor, in which the third-party advisory firm has discretion over the clients' accounts and may deviate away from MIS' model recommendations ("Strategist"). In both scenarios, MIS may provide wholesaling and marketing support to the Product Sponsor.

Fees and Compensation

The current fees charged for these services range from 15–55 basis points (0.15% to 0.55%) and will depend on the complexity involved in providing the Portfolios and additional services (e.g. trading instructions, wholesaling, and marketing support) and is based on the client assets in the selected Portfolio. The proprietary advisory program is responsible for collecting such fees and paying to MIS its portion of fees. Payment schedules and terms are subject to negotiation.

If the Portfolio chosen is that constructed by MIS' Affiliate, MIS will remit to Affiliate a portion of the fee paid to MIS by the proprietary advisory program.

Please note that the MIS fees noted above do not include the underlying fees and expenses charged by the underlying holdings (e.g., mutual funds) including redemption fees and the fees and expenses charged by the proprietary advisory program or clearing firm (if applicable).

Termination of services and refunds of fees, if any, are governed by the contractual agreement between the parties, which is negotiated on a case-by-case basis.

Performance-Based Fees and Side-by-Side Management

MIS does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets in the account).

Types of Clients

MIS offers services as an Investment Manager or Strategist to advisory programs of third-party financial institutions. The Portfolios are made available to retail investors through their proprietary advisory program.

Methods of Analysis, Investment Strategies, and Risk of Loss

Portfolio Strategies

Please note that the strategies listed below may not be available under all Product Sponsors.

Mutual Fund Strategies

Asset Allocation Series—A range of Portfolios consisting of mutual funds strategically built to meet different investment time horizons and risk levels (e.g. Conservative to Aggressive Growth).

Retirement Income Series—A range of Portfolios consisting of mutual funds that are designed to address different distribution needs and risk tolerances during retirement.

Focused Allocation Series—A range of Portfolios consisting of mutual funds that are aligned with a particular investment objective or are concentrated in a certain asset class.

Active/Passive Strategies

Ibbotson Active/Passive Series – A range of asset allocation Portfolios consisting primarily of mutual funds and exchange-traded funds ("ETFs") designed to meet given risk levels.

ETF Strategies

Asset Allocation Series—A range of asset allocation Portfolios consisting of ETFs targeting specified risk/reward profiles.

Dynamic Series—A range of Portfolios with flexible allocations consisting of ETFs, designed to take advantage of market opportunities as they arise.

Ibbotson Momentum Series – A range of Portfolios built using ETFs with a broad set of asset classes created using research that captures the effects of investors' responses to market events.

Ibbotson Strategic Series – A range of asset allocation Portfolios consisting primarily of ETFs targeting specified risk/reward profiles.

Select Stock Basket Strategies

This line-up includes certain Portfolios aligned with a particular investment objective and other Portfolios following a series of quality-centric investing approaches based on Morningstar, Inc.'s equity research, all consisting primarily of common stocks listed on U.S. stock exchanges.

MIS constructs its Asset Allocation Series and Retirement Income Series to achieve diversification across many asset classes to produce the long-term risk and return characteristics that are intended to be appropriate based on the stated goals, risk tolerance and time horizon. We do this by combining quantitative analysis and screening methods with fundamental and qualitative evaluations of investment portfolios and individual investments. MIS evaluates various combinations of securities seeking characteristics that interact in an optimal way with the goal of developing diversified portfolios that offer a long-term stable performance solution within a controlled level of risk.

Portfolios within the Focused Allocation Series are constructed to invest in securities in a narrow capital market segment, such as value, growth, real estate, natural resources or foreign equity segments, or securities which, when combined, are designed to accomplish a specific narrow investment strategy.

Select Stock Basket Strategies are based on Morningstar, Inc.'s proprietary equity research. This equity research forms the basis of the equity securities underlying the portfolio.

Security Selection Process/ Due Diligence

MIS' investment team uses various Morningstar, Inc. databases and tools and also subscribes to a number of outside sources of information and portfolio management tools. The investment team also peruses various investment-related periodicals, newsletters, and web sites on a regular basis, and also relies on information provided by mutual fund companies and regularly conducts interviews and on-site visits with investment professionals at fund companies.

MIS leverages the proven research from its affiliate, Ibbotson Associates, a leader in asset allocation research, to set appropriate risk and reward expectations for each strategy. Investment methodologies, including the tactical and dynamic asset allocation programs are overseen by the Global Investment Policy Committee ("GIPC") and its working sub-committees. Members of GIPC may include officers, chief investment officers, managing directors, or managers of MIS or its affiliates. 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.

Mutual Funds

MIS' mutual fund evaluation process is guided by its proprietary fund rating system, which combines quantitative analysis with a qualitative assessment of a fund's management team and investment process. The rating represents MIS' overall level of conviction in a fund based on various factors that MIS believes are important in determining which funds have the best chance of delivering above average risk-adjusted performance in the future. These factors include the following:

Process – MIS strives to identify managers who employ a disciplined and prudent investment process that has proven to be successful in the past and have executed in a consistent fashion. MIS favors attributes such as insightful security analysis, a robust valuation discipline, and sound risk management and portfolio construction.

Parent – The culture and structure of an asset management firm can have a significant impact on its ability to attract and retain talent and its penchant for serving in the best interests of fund shareholders. MIS looks at the ownership structure of the firm, its organizational stability and financial strength. MIS also places considerable emphasis on stewardship by favoring funds where the team has shown the tendency to act in the best interests of fund shareholders and where the portfolio managers eat their own cooking and have their incentives aligned with fund shareholders.

People – MIS judges the depth and capabilities of members of the investment team and stability of the organization. MIS looks beyond the lead portfolio manager such as assessing the quality of the investment team's research analysts.

Performance – MIS strives to identify funds that have shown the ability to deliver solid risk-adjusted performance over time. MIS evaluates performance from several angles and over various time periods. MIS favors managers that have added value over an appropriate benchmark or peer group in a consistent manner.

Price – Research indicates that expenses are one of the most important factors in predicting mutual fund performance. While a lower expense ratio is always better, MIS puts expenses into the proper context and consider factors such as the size of the fund, trend in expenses, and investment strategy.

Once MIS identifies the funds it has a high level of conviction in, it then determines what Portfolio each fund is best suited for and the appropriate allocation. In doing this, MIS considers how various funds interact with each other in a given Portfolio by examining their investment strategies, risk profiles, and holdings overlap. The

goal is to construct Portfolios that are well-diversified across asset classes, investment styles, and strategies.

Exchange-Traded Funds (ETFs)

MIS' evaluation of ETFs typically involves four steps. First, MIS evaluates the index that a given ETF tracks, its diversification, and its relevance to the Portfolio's objective. Second, MIS evaluates the ETF's expense ratio and trading costs, typically favoring very low-cost ETFs (in attempt to mitigate the 'drag' such expenses can have on its investment returns). Third, MIS considers the track record of the ETF sponsor concerned as well as the reported performance of the ETF, typically opting for ETF sponsors that have an established track record in the business and a reputation for capably managing the strategies in their line-up. To that end, MIS will consider how long a sponsor has been operating, as well as salient factors like their success in tracking the benchmark. Fourth and finally, MIS considers the fundamental attractiveness of an ETF's underlying holdings.

MIS' tactical ETF investments can follow several approaches. For ETFs that invest primarily in U.S. stocks, MIS employs a proprietary valuation approach, whereby the fair value estimates that Morningstar, Inc.'s ETF analysts have placed on ETFs constituent stock holdings are rolled-up. By comparing that aggregate fair value estimate to an ETF's price (similar to the approach we employ when assessing individual stocks), MIS strives to gauge its fundamental attractiveness. MIS is typically most bullish on U.S. stock ETFs that are trading at marked discounts to fair value. (This is not to be confused with premiums or discounts to an ETF's net asset value; those premiums and discounts simply reflect the divergence of a stock's market price from the sum-of-the-parts prices of its underlying holdings.)

In addition to this proprietary valuation approach, MIS will typically compare the aggregate price multiples and growth rates of a stock ETF's holdings with those of other ETFs. MIS scores ETFs based on this research and then ranks them on that basis.

MIS' strategic recommendations in bond and foreign stock ETFs take a different tack, more closely resembling that described above for our mutual fund strategies. Generally speaking, in these cases, MIS strives to recommend judicious investments in areas that look mispriced based on our macroeconomic analysis or other fundamental factors.

Stocks

With respect to Select Stock Basket Strategies, MIS strives to identify stocks that it believes are most compelling on a risk-adjusted basis. These stocks are derived from approximately 1,400 stocks under coverage by its parent company, Morningstar, Inc.

MIS focuses on stocks that the Morningstar, Inc.'s stock analysts ("Analysts") have identified as trading at marked discounts to the Analysts' estimate of the firm's intrinsic worth. In estimating a firm's intrinsic worth per share, Analysts forecast the cash flows that they believe a business is likely to generate over a multi-year time horizon and discount those cash flows back to the present. The size and durability of those cash flows depends largely on the Analysts' assessment of a firm's competitive standing. The more dominant a firm, the more durably profitable it is likely to remain, and vice versa. Thus, the Analysts tend to place greater worth on more-entrenched firms that routinely throw-off cash flows and lesser worth on those in commoditized industries that fail to earn back their cost of capital.

MIS' suggested purchase decisions are influenced both by a stock's valuation as well as its risk. Generally speaking, the cheaper a stock's price relative to the Analyst's estimate of its fair value, the more interested MIS is likely to recommend it. However, MIS also considers a stock's risk before

making a recommendation. Specifically, MIS looks for a steeper discount to the Analyst's fair value estimate for riskier stocks and a smaller discount for less-risky names. In that way, MIS affords itself a margin for error in the event that our Analysts' estimate proves too optimistic.

MIS generally suggests selling a stock in three situations. First, when the stock is no longer attractively valued. This can occur, for instance, when a stock appreciates to a level that approximates the Analysts' fair value estimate. Second, when a company's fundamentals change; for instance, if new information emerges that may negatively impact the firm's fundamentals. Third, when other opportunities emerge such as when another stock whose fundamental merit surpasses that of an existing holding.

Investment Risk and Disclosure

It is important to note that investments in securities (e.g., mutual funds, exchange-traded funds, equity securities) involve risk and will not always be profitable. MIS does not guarantee that the results of its recommendations or the objectives of the Portfolio will be achieved. MIS does not guarantee that negative returns can or will be avoided in 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.

Portfolios whose strategies invest in a narrow capital market segment, such as natural resources or foreign equity segments or fixed income segments such as municipal bonds, are designed to accomplish a specific narrow investment strategy and will typically be more sensitive to the volatility of those market segments than an account investing in accordance with a broader asset allocation approach. In addition, investing in a narrow market segment and/or in accordance with a narrow investment strategy typically will mean that the Portfolio developed by MIS pursuant to such a strategy will hold fewer and potentially more concentrated investments than a Portfolio more broadly diversified.

Select Stock Basket Strategy Portfolios will consist primarily of common stocks listed on U.S. stock exchanges, which are a type of equity security that represents an ownership interest in a corporation. Please be aware that common stocks are typically subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions.

In addition, Select Stock Basket Strategy recommendations may include American Depositary Receipts ("ADRs") or foreign stocks listed on an U.S. exchange. An ADR is typically created by a U.S. bank and allows U.S. investors to have a position in the foreign company in the form of an ADR. Each ADR represents one or more shares of a foreign stock or a fraction of a share (often referred as the 'ratio'). The certificate, transfer, and settlement practices for ADRs are identical to those for U.S. securities. Generally, the price of the ADR corresponds to the price of the foreign stock in its home market, adjusted for the ratio of ADRs to foreign company shares. There are investment risks associated with ADRs and foreign stocks including, but not limited to, currency exchange-rate, inflationary, and liquidity risks as well as the risk of adverse political, economic and social developments taking place within the underlying issuer's home country. In addition, the underlying issuers of certain ADRs are under no obligation to distribute shareholder communications to ADR holders, or to pass through to them any voting rights with respect to the deposited securities.

ETF Strategy Portfolios will consist primarily of exchange-traded funds ("ETFs") whose 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.

Disciplinary Information

Neither Morningstar Investment Services nor its employees have been involved, or are currently involved in any litigation, arbitration, or SRO/regulatory violations.

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.

MIS' primary business is offering the Morningstar Managed Portfolios program ("MMP"). It is an investment advisory program available to individuals and institutions primarily through arrangements MIS has with various unaffiliated registered investment advisors. MMP includes various strategies consisting of primarily mutual funds, exchange-traded funds, and equity securities. Within MMP, MIS or an investment advisory affiliate provides discretionary investment advisory services such as: constructing portfolios by analyzing a universe of available investments (e.g., mutual funds, exchange-traded funds, equity securities) using quantitative and qualitative analyses including any investment restrictions; and continuously monitoring the portfolios within MMP, rebalancing and/or reallocating when deemed necessary. The maximum MMP fee typically ranges from 140-165 basis points (1.40% to 1.65%) and is based on assets in the MIS strategies.

As part of the Morningstar Managed Portfolios Program, MIS also offers Morningstar Managed Plan Solutions, a service intended for employers responsible for establishing a participant-directed defined contribution plan and employees of an employer who participate in such a plan. Features within Managed Plan Solutions may include providing model asset allocation portfolios, a risk tolerance questionnaire, an investment policy statement, and assistance with the plan's underlying security lineup. The plan, employer, or employee will pay to MIS an annual basis point fee depending on the services chosen and the complexity involved in providing those services. The fee typically ranges from 12-35 basis points (0.12% to 0.35%) and is based on the services provided and the plan's assets.

MIS also assists a financial institution, issuing registered securities, with the portfolio composition and relative weight recommendations of the registered security's underlying holdings. The current fee for this service is approximately 20 basis points (0.20%) based on assets of the registered security.

MIS is also registered as a broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA"). MIS' broker registration gives MIS the ability to receive fees directly or indirectly from those mutual funds whose 12b-1 plans are for distribution only. Therefore, some MIS employees maintain the FINRA security licenses required with MIS broker dealer registration and associated with their current job responsibilities.

MIS' parent company, Morningstar, Inc., and its affiliates may use MIS' employees and resources to provide certain support services in conjunction with the services offered by Morningstar, Inc. or its affiliates. In addition, MIS may use the employees or resources of Morningstar, Inc. or its affiliates to provide certain support services in conjunction with MIS' advisory services. These affiliates may include Ibbotson Associates, Inc., a registered investment adviser, Morningstar Associates, LLC, a registered investment adviser, HelloWallet, LLC, an employee financial wellness program, and

ByAllAccounts, an account and data aggregation service. All these entities are wholly owned subsidiaries of Morningstar, Inc.

MIS may present the various products and services offered by Morningstar, Inc. or its affiliates. In certain situations, MIS may receive compensation from bringing these potential opportunities to them.

In addition, MIS may work with one or more of its affiliates in providing products/services intended for the affiliate or the affiliate's clients. In these arrangements, MIS is typically compensated for its work either by MIS' affiliate or the affiliate's client.

In addition to the U.S.-based affiliates previously described, Morningstar, Inc. is a direct or indirect owner of a number of other investment advisory entities located in other countries. In some cases, members of MIS' 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 MIS' clients. A current list of all of MIS' investment advisory affiliates can be found in our Form ADV Part 1, which can be obtained at www.adviserinfo.sec.gov, as described on Page 2 of this Brochure.

MIS' parent, Morningstar, Inc. offers equity research services to institutional investors (e.g., portfolio managers). The goal of the service is to provide the institutional investor with insightful equity research services. Through a contractual arrangement with Morningstar, Inc., MIS intends to use this research service as a basis for making recommendations for certain Portfolios. The services provided to MIS are based on Morningstar Inc.'s documented methodology and/or standard process for researching, analyzing, and ranking common stocks. To mitigate conflicts this arrangement may present, MIS does not allow Morningstar, Inc. to have direct involvement in MIS recommendations, and MIS pays Morningstar, Inc. for this equity research service.

For those Portfolios consisting of open-end mutual funds or exchange-traded funds, there may be situations where one or more of these securities own shares in Morningstar, Inc. Such an investment in Morningstar, Inc. is solely the decision of the securities' portfolio manager. MIS has no input into a securities' investment decision nor does it require that the underlying holdings of its Portfolios own shares of Morningstar, Inc. Whether or not the security has a position in Morningstar, Inc. has no direct impact on MIS' recommendations.

In addition, Morningstar, Inc. provides its subscribers various services including information about open-end mutual funds, ETFs, and equity securities. While MIS does utilize Morningstar, Inc.'s databases for statistical information and may meet periodically to discuss changes to the methodology and development of such statistical information, it does not participate in or have any input in the written analyses Morningstar, Inc. provides to its subscribers. MIS and its employees are separate and distinct from Morningstar, Inc. and as such conducts their own research and analysis of the securities recommended in the Portfolios.

In certain situations, MIS may recommend an exchange-traded fund(s) whose investment objective is to track indexes created and maintained by Morningstar, Inc. In those cases, the sponsor of the exchange-traded fund ("ETF Sponsor") enters into a licensing agreement with Morningstar, Inc. To mitigate any conflicts of interest arising from MIS' usage of such ETFs, Morningstar, Inc.'s compensation from the ETF Sponsor will not be based on nor will it include assets that are a result of investments in those ETFs. In addition, Morningstar, Inc. does not and will not have any input into what ETFs will be recommended for its Portfolios.

MIS' affiliates are sub-advisors to registered fund-of-funds. To mitigate any conflicts of interest, MIS will not recommend in any of its Portfolios those registered fund-of-funds which are sub-advised by MIS' affiliates.

Periodically, MIS will host regional meetings for Financial Advisors with the main purpose of providing education. There may be situations in which MIS will ask a person representing a fund company, that one or more of their funds are included

or recommended in our portfolios, to speak on various topics unrelated to specific securities.

Code of Ethics

MIS is dedicated to providing effective and proper professional investment management services to its clients including protecting their sensitive information. MIS' reputation is a reflection of the quality of its employees and their dedication in supporting the ethical culture of the firm. Because this culture is of critical importance, MIS has adopted a Code of Ethics ("Code") that all MIS employees and any affiliate employee involved with MIS' operations, technology or marketing ("Employees") must adhere to. Every Employee is expected to demonstrate the highest standards of moral and ethical conduct including placing clients' interests ahead of their own and those of MIS. MIS' Code covers such topics as:

- fiduciary responsibility to our clients,
- prevention of clients' non-public personal information being disclosed,
- giving and receiving of gifts,
- mitigating and disclosing conflicts of interests,
- reporting and monitoring employees' personal security transactions, and
- insider trading prohibitions.

At a minimum, on an annual basis, MIS' Code is distributed to all Employees. In conjunction with this, the Compliance Department reminds the Employees of the key points of the Code as well as points out and discusses any new or modified provisions that have been put in place since the last time the Code was distributed to them. Upon their review of the Code and the aforementioned communication by the Compliance Department, Employees will be required to provide a written acknowledgement indicating that they have read, understood, and will adhere to the Code. At any time you may request MIS' Code of Ethics policy by:

- Calling 877-626-3227
- Sending an e-mail to mis@morningstar.com, Subject Line: Code of Ethics
- Writing: Morningstar Investment Services, Inc. at 22 West Washington Street, Chicago, IL 60602 ATTN: Chief Compliance Officer

Participation or Interest in Client Transactions

Employees may purchase or sell for their own accounts the same or different investments from those recommended in its Portfolios. However, Employees with a certain level of access ("Access Persons") cannot transact in securities listed on its parent company's restricted list. Also, all Access Persons are required to submit to the Compliance Department an initial and annual holdings report as well as quarterly transaction reports. These requirements are intended to mitigate any appearance of conflicts of interest for MIS. MIS seeks to ensure that potential or actual conflicts of interests are appropriately addressed, putting your interests ahead of its own.

MIS has adopted policies to prevent Employees from trading on the basis of material nonpublic information. Employees in possession of material, nonpublic information may not trade in securities to which the information relates or tip such information to others. In certain instances, the firm will employ information blocking devices, such as, watch lists and restricted lists as a means of preventing illegal insider trading.

Brokerage Practices

MIS' trade instructions and/or recommendations are communicated to the Product Sponsor or the clearing firm designated by the Product Sponsor in a reasonable time frame following when the final trade instructions and/or recommendations are made by MIS.

MIS does not receive compensation, research, or soft dollar benefits from the clearing firm selected by the Product Sponsor nor are MIS and the clearing firm affiliated.

Arrangements where MIS acts as an Investment Manager – MIS, at its discretion, may aggregate purchase or sale orders for your account with purchase and sale orders for the same security for other clients' accounts MIS has been granted discretionary authority over. This aggregation is intended to facilitate the trade execution process and is designed so that no one client or group of clients is favored over another. Clients will receive the security's average share price for that order in accordance with the clearing and custody firm's policy. When faced with a security with limited supply or demand, MIS intends to allocate among clients on a pro-rata basis. MIS may, depending on the circumstances, increase or decrease the amount of securities allotted to each client by applying de minimis standards (e.g., avoid odd-lot or small number of securities for a client), or some other equitable manner. Allocations generally are made prior to or at the time of execution. Subsequent allocations may be made in unusual circumstances such as, but not limited to, recognition of new account restrictions or availability of cash.

Review of Accounts

In most cases, the third-party financial institution is responsible for periodically reviewing client accounts including suitability.

Client Referrals and Other Compensation

Situations may arise in which others may introduce accounts to MIS or solicit clients for MIS. In those cases, MIS will enter into a written agreement with the solicitor that complies with the "Cash Solicitation Rule" (Rule 206(4)-3) under the Investment Advisers Act of 1940, as amended. The agreement will identify the specific percentage of the annual fee to be shared with the solicitor commensurate with the degree of effort and assistance provided. MIS' fee charged to clients will not be affected if they were introduced or referred by a solicitor.

Custody

MIS does not maintain custody for client funds or securities. Statements regarding client accounts are sent by the qualified custodian.

Investment Discretion

In the course of its business relationships with financial institutions; MIS may maintain investment discretion.

Voting Client Securities—Proxy Voting Policy and Procedures

Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended, places a number of requirements on those investment advisors who have proxy voting authority with respect to securities held in their clients' accounts. These requirements are:

- Adopt and implement written policies and procedures that are reasonably designed to ensure that MIS votes in the best interest of their clients which procedures must include how to address material conflicts that may arise between MIS' interests and those of their clients;
- Disclose to clients how they may obtain information about how proxies were voted with respect to their securities; and
- Describe to clients MIS' proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures.

If applicable, MIS will vote proxies on those securities underlying your Portfolio unless you elect otherwise, as indicated in your client agreement with the third-party advisor firm.

Proxy Voting Committee—In efforts to mitigate conflicts of interest, MIS has in place a Proxy Voting Committee ("Committee"). This Committee consists of both non-voting and voting members (collectively, "Committee Members"). Committee Members include the Compliance Officer (or appointed designee), Director of Operations (or its equivalent) and members of MIS' investment team. The Committee is responsible for tasks such as:

- Developing, implementing and updating policy and procedures intended to ensure voting of proxies is conducted in a manner that is in the best interests of its clients;
- Assessing whether proxy voting should be internally, externally by a third-party vendor, or a combination of the two;
- Overseeing the third-party vendor, when applicable;
- Making voting decisions and ensuring votes are cast on time, when applicable;
- Maintaining documents material to the voting decision; and
- Implementing appropriate proxy voting disclosures and maintaining records of all communications received from clients requesting information on how proxies were voted and MIS' responses.

Proxy Voting Process—A Committee Member receives proxy statement notifications from an independent third-party vendor when a proxy statement has been issued on a security that currently underlies a Program portfolio. This third party vendor may provide additional services such as providing us with the corporate governance voting recommendations, vote submission on our behalf, and access to e-ballot and meeting information.

In instances in which MIS does not rely on a third party vendor, the vote will be determined on a case-by-case basis. Upon receiving a proxy statement the investment team member with the primary oversight responsibility for the security will review the proxy statement and make a recommendation to the Committee.

The voting Committee Members will review the proxy issue and the recommendation and will cast their vote as to whether they agree or disagree with the recommendation. If the other voting Committee Members agree with the recommendation, the proxy will be voted in that manner. If there is not a super-majority, the Committee will hold a meeting to discuss the proxy and reach a resolution.

How you can Obtain Proxy Voting Information

At anytime you may request information on how MIS has voted proxies and/or request a copy of MIS' proxy voting policies and procedures. Requests can be submitted by:

- Calling 877-626-3227
- Sending an e-mail to mis@morningstar.com, Subject Line: Proxy Voting Information
- Writing: Morningstar Investment Services, Inc. at 22 West Washington Street, Chicago, IL 60602 ATTN: Chief Compliance Officer

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.