

## Morningstar Investment Management LLC Form ADV Part 3: Relationship Summary

### Item 1: Introduction

Morningstar Investment Management LLC is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences.

Free and simple tools are available to research firms and financial professionals at the SEC's investor education website, [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### Item 2: Relationships and Services

#### *What investment services and advice can you provide me?*

This Relationship Summary focuses on the investment advisory services we offer to retail investors and certain small business owners through the Morningstar Retirement brand (Managed Accounts, Advice, Guidance, and the Personal Target-Date Fund Service) and through the Morningstar Wealth Brand (Model Investment Strategies). These services are intended for citizens of or retirement plans organized under the laws of the United States or its territories and are offered through retirement service providers or other investment advisers. Morningstar Retirement offerings do not require a minimum account size to sign up but Morningstar Wealth offerings do, based on the chosen strategy.

With **Managed Accounts, Advice, and Guidance**, your personal and financial situation information is used to propose a retirement strategy that typically includes a retirement income goal, savings rate and retirement age advice, and a recommendation for how to allocate your retirement account ("Account") assets between stocks, bonds, or cash. If you choose **Managed Accounts** or **Advice**, we also recommend the investments for your Account. The available investment portfolios are created by us, another investment adviser chosen by your plan sponsor or provider, or our sub-adviser. When we create portfolios, our recommendations are limited to the investment options available through your plan or product. The **Personal Target-Date Fund Service** offers a basic retirement strategy based on four personal and financial data points and provides portfolio allocations using only the target-date funds available in a retirement plan or product. We will not recommend you invest in investment options where we act as an investment adviser or sub-adviser to the investment option, but our sub-adviser can recommend their associated investments and makes money from the assets invested in those investments.

If you enroll in **Managed Accounts** or the **Personal Target-Date Fund Service**, you give us responsibility for the ongoing management of your Account. We'll send instructions to your provider to implement or update our recommended retirement strategy in your Account as necessary. We review your Account quarterly and when we receive updated information about you or the investment options. We send you periodic reports reflecting your progress towards your retirement goals and investment information. If you choose **Advice** or **Guidance**,

you are ultimately responsible for making investment decisions in your Account, including whether to implement our recommendations. We do not monitor or review your investment decisions or provide you with updated recommendations or projections about your progress towards your retirement goals unless you return to our service to receive new recommendations and projections. More information about **Managed Accounts, Advice, Guidance**, and the **Personal Target-Date Fund Service** can be found in Items 4, 7, and 8 of our [Firm Brochure for Retirement Services for Individuals](https://bit.ly/MstarIM-RS) at <https://bit.ly/MstarIM-RS>.

For **Model Investment Strategies**, in certain circumstances we refer you to an unaffiliated investment adviser that makes our strategies available. Our financial advisor will help you choose an appropriate strategy, custodian, and other account options and will meet with you at least annually to review your financial situation and strategy. The investment adviser we refer you to has discretion over your account. More information about **Model Investment Strategies** can be found in Items 4, 7, and 8 of our [Firm Brochure for Morningstar Wealth Services](https://www.morningstar.com/company/disclosures) under "United States Disclosures" at [www.morningstar.com/company/disclosures](https://www.morningstar.com/company/disclosures).

Business owners can choose **Fiduciary Services** or **Custom Models** for their retirement plan. With **Fiduciary Services**, we provide recommendations on how to construct, monitor, and manage the investment options for your plan, which are chosen from the investment universe defined by your plan provider. We provide documentation of our process and give you periodic fund and plan performance reports. Under **Custom Models**, we use the investment options in your plan lineup to create model portfolios for use by your plan participants. More information about **Fiduciary Services** and **Custom Models** can be found in Items 4, 7, & 8 of our [Firm Brochure for Institutional Advisory Services](https://bit.ly/MstarIM-IA) at <https://bit.ly/MstarIM-IA>.

#### Conversation Starters

##### **(Read our Responses at [bit.ly/MstarIM-CSResponses](https://bit.ly/MstarIM-CSResponses))**

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications*

### Item 3: Fees, Costs, Conflicts, and Standards of Conduct

#### *What fees will I pay?*

Our fees are generally negotiated by your plan sponsor, provider, or investment adviser and depend on a range of variables. To view your fee schedule and method of payment, your plan sponsor, provider, or advisory agreement with us or the other investment adviser can provide this information.

With **Managed Accounts** and the **Personal-Target Date Fund Service**, your Account is charged an annual fee (typically 0.10 –

0.50% for **Managed Accounts** and 0.05% for the **Personal Target-Date Fund Service**) on the amount of assets in your Account that we manage. A portion of the annual fee is typically charged each month or quarter (depending on your provider's billing practices) and is debited from your Account by your provider. In some instances, our fee is part of the fees charged by the investments underlying your Account. We do not charge a fee for **Advice** or **Guidance**.

For **Model Investment Strategies**, the investment adviser we refer you to will pay us a portion of their advisory fee for the ongoing services we provide to you. This annual fee is typically 0 – 0.55% of the assets invested in our strategy.

We typically charge a minimum and an annual fee based on the dollar amount of assets in your plan for **Fiduciary Services** and **Custom Models**. The minimum fee generally ranges from \$100,000 - \$450,000, is paid by your provider, and may be reduced by the amount of the annual fee you pay. The annual fee is generally paid by your plan, ranges from 0.02 – 0.08% of the average or the ending assets in your plan for the period, and a portion is charged each month or quarter end. Your advisory agreement with us contains your specific fee and billing methods.

Please note, we have an incentive to encourage you to increase the assets in your Account or plan, since we receive more in fees if you have more assets. We also have an incentive to refer you to investment advisers that pay us a fee for referring you to them.

Our fee is separate from fees and expenses charged by your investments or third parties, such as your provider or other investment adviser. An investment's fees and expenses are described in its prospectus or equivalent document, and can include management, distribution, shareholder servicing, sub-transfer agency, initial/deferred sales fees, surrender charges, and fees for annuity features. Third parties can charge you custodian, brokerage, or other transaction costs for items like platform, custodial, or account maintenance fees. Your plan provider or discretionary investment adviser can provide you with information specific to your plan or account. Other than disclosed above, we do not receive compensation from securities we recommend in connection with our services described herein.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investment over time. Please make sure you understand what fees and costs you are paying.** More information about our fees can be found in Item 5 of our Firm Brochures, as linked above in Item 2.

#### Conversation Starters

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

***What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?***

***When we act as your investment adviser***, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means: When providing advisory services, we are typically compensated based on the amount of assets we manage or refer to another investment adviser. This gives us an incentive to recommend you take steps that increase the amount of assets we manage for you or to refer you to an investment adviser that compensates us for the referral, as it increases the compensation we receive.

We also make money by offering other products and advisory services, such as advising clients on which investments to make available through retirement plans, licensing software or questionnaires, and providing independent advice.

More information about our conflicts of interest and how we seek to avoid or mitigate them can be found in Item 10 of our Firm Brochures as linked above in Item 2.

#### ***How do your financial professionals make money?***

Our employees are paid a salary and are eligible for bonuses based on the overall profitability of us and our parent company and/or the employee's contribution to our business. Bonuses may take the form of cash or shares of Morningstar common stock (ticker: MORN).

#### Conversation Starters

*How might your conflicts of interest affect me, and how will you address them?*

#### **Item 4: Disciplinary History**

***Do you or your financial professionals have legal or disciplinary history?***

No. You can visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

#### Conversation Starters

*As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### **Item 5: Additional Information**

For the services noted herein, you can obtain more information about us by calling us at 312.696.6000 or visiting [morningstar.com/business/products](https://morningstar.com/business/products) and choosing "Morningstar Retirement" or "Morningstar Wealth". If you have any questions or would like to request a copy of our Firm Brochures, Brochure Supplements, or Relationship Summary free of charge, please contact us at 312.696.6000, send an email to [compliance@morningstar.com](mailto:compliance@morningstar.com), or go to [morningstar.com/company/disclosures](https://morningstar.com/company/disclosures).

#### Conversation Starters

*Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*