

## 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: Managed Accounts, Advice, Guidance, and the Personal Target-Date Fund Service. If you are a sole proprietor or other self-employed person who makes retirement plan decisions for your business ("Business Owner"), this Relationship Summary is also intended for you. These services are intended for citizens of or retirement plans organized under the laws of the United States or its territories, are offered through retirement service providers or other investment advisers, and do not require a minimum account size to sign up.

With **Managed Accounts, Advice, and Guidance**, we use the information we know about your personal and financial situation 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 a portfolio of investments for your Account. The available portfolios are created by us, another investment adviser chosen by your plan sponsor or provider, or our sub-adviser. When we create portfolios, we limit our recommendations to the investment options available through your plan or product. The **Personal Target-Date Fund Service** is similar in nature to **Managed Accounts** but 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 we see necessary. As part of our standard service we review your Account quarterly and when we receive updated information about you or the investment options available to you. 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 and we do not 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>.

Business Owners can choose our **Fiduciary Services** or **Custom Models** for their retirement plan. With **Fiduciary Services**, we make recommendations to the plan fiduciary or the ultimate decision-maker on how to construct, monitor, and manage the investment options for your plan, which are typically collective investment trust, mutual, money market, and/or stable value funds 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 mean?*

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

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

Our fees are generally negotiated by your plan sponsor or provider and depend on a range of variables. To view your specific fee schedule and method of payment, you can obtain it from your plan sponsor or provider or refer to your advisory agreement with us. In some cases, your plan sponsor or provider pays your fees.

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 average amount of assets in your Account that we manage. A portion of the annual fee is typically

charged each month or quarter end (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**.

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.

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 can provide you with information specific to your plan. 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 Brochure for Retirement Services for Individuals](https://bit.ly/MstarIM-RS) at <https://bit.ly/MstarIM-RS> and our [Firm Brochure for Institutional Advisory Services](https://bit.ly/MstarIM-IA) at <https://bit.ly/MstarIM-IA>.

#### 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. This gives us an incentive to recommend you take steps that increase the amount of assets we manage for you, 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.

#### Conversation Starters

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

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 Brochure for Retirement Services for Individuals](https://bit.ly/MstarIM-RS) at <https://bit.ly/MstarIM-RS> and [Firm Brochure for Institutional Advisory Services](https://bit.ly/MstarIM-IA) at <https://bit.ly/MstarIM-IA>.

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

Our employees are paid a salary and are eligible for bonuses, which are 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).

#### **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 emailing [MorningstarRetirement@morningstar.com](mailto:MorningstarRetirement@morningstar.com) or visiting [morningstar.com/business/products](https://morningstar.com/business/products) and choosing "Morningstar Retirement". If you have any questions or would like to request a copy of our Firm Brochure, Brochure Supplement, 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?*

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

### Summary of Material Changes

22 West Washington Street, Chicago, IL 60602  
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[www.corporate.morningstar.com](http://www.corporate.morningstar.com)

March 2024

We are required to provide you with a summary of material changes to our Form ADV Part 3: Relationship Summary whenever any information in the document becomes materially inaccurate. We may also provide an update when we add new information to the Relationship Summary. The Relationship Summary version dated March 2024 includes new information we added since our last update in March 2023.

The Relationship Summary provides a summary of our advisory services, fees, costs, conflicts of interest, and disciplinary history. Additional information about these topics can be found in our Form ADV Part 2A: Firm Brochure. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Morningstar Investment Management LLC is registered with the SEC as a registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

If you have any questions or would like to request a copy of our Relationship Summary, Firm Brochure, or Brochure Supplement free of charge, please contact us at 312.696.6000, send an email to [compliance@morningstar.com](mailto:compliance@morningstar.com), or go to [adviserinfo.sec.gov](http://adviserinfo.sec.gov) (search by Firm for "Morningstar Investment Management LLC" and click on the "Part 2 Brochures" and "Part 3 Relationship Summary" buttons.)

#### Material Updates to the Form ADV Part 3: Relationship Summary

In the *Relationships and Services, Fees, Costs, and Standards of Conduct, and Additional Information* sections, we added information about our new Personal Target-Date Fund Service and removed information about Model Portfolios consisting of funds from the Morningstar Funds Trust for use as investment options in retirement plans through certain service providers. While the Personal Target-Date Fund Service is similar in nature to the Managed Accounts service, 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. Our fee for the Personal Target-Date Fund Service is typically 5 basis points annually.

#### Other Updates

We made other edits 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.