

# Morningstar® Managed Portfolios<sup>SM</sup> Mutual Fund Strategies

## Program Sponsor

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Morningstar Managed Mutual Fund Portfolios offer all the benefits of a sophisticated investment solution—disciplined asset allocation, objective research, access to a wide array of mutual funds, and proactive portfolio management—at what we believe is a reasonable price.

## Sophisticated Portfolio Construction

To give investors a range of options, we offer a broad suite of Asset Allocation portfolios. Each of these portfolios hews to a distinct strategic asset allocation, which dictates a mix of stocks, bonds, and other asset classes. These variations allow us to target specified risk/reward profiles.

We think that our approach to asset allocation stands apart in a few ways. For one, we’re able to draw upon the work of our affiliate, Ibbotson Associates, a leading authority on asset allocation research. Ibbotson’s analysis forms the basis for the strategic asset allocation that we use in each Asset Allocation portfolio.

We also take a disciplined approach. Ibbotson’s forecasts are rooted in thorough analysis of long-term historical performance and relationships between asset classes. This better ensures that our asset allocations will confer

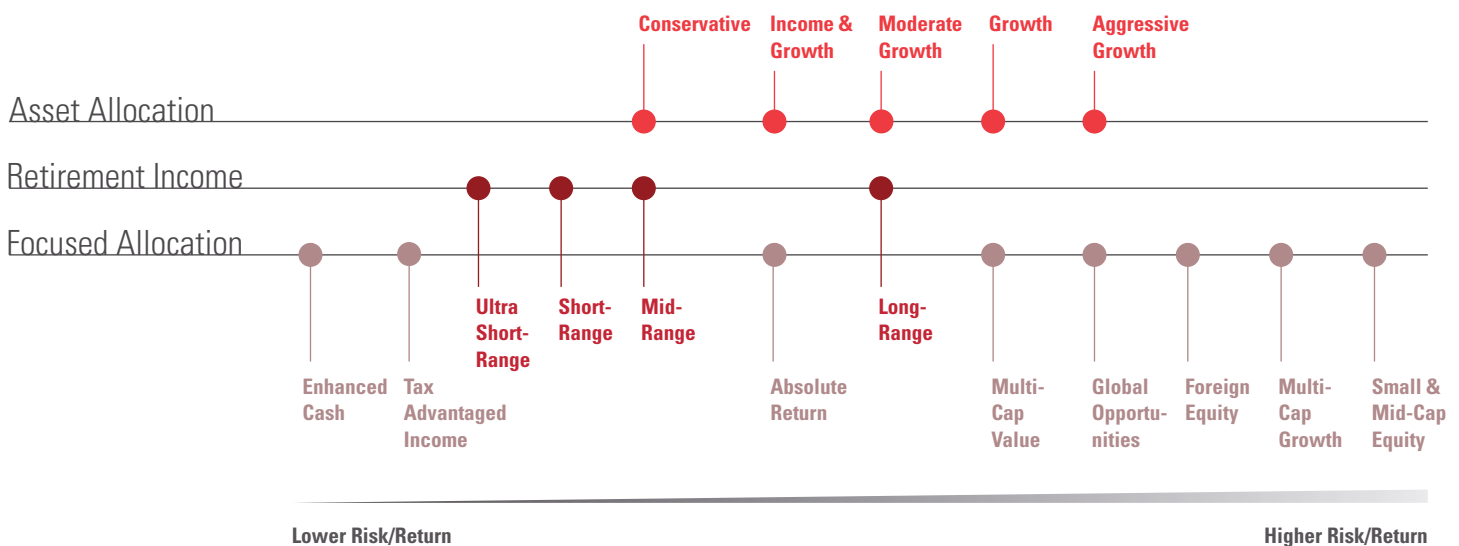
the risk/reward profile that investors expect, thereby obviating the need for us to make dramatic shifts between asset classes. This stability facilitates financial planning while also ensuring that investors avoid the excessive risk and transaction costs normally associated with frequent trading.

## Superior Manager Research

When selecting fund managers, our investment team’s due diligence process is distinctive for its breadth, rigor, and objectivity. Our investment managers employ various quantitative and qualitative screens to sift through thousands of mutual funds, emphasizing factors like historical performance, investment style, and expenses.

Our investment management team then conducts extensive due diligence, including phone interviews, on-site fund manager visits, detailed portfolio analysis, and performance attribution. Documenting their research through a proprietary evaluation system, they award the highest scores to fund managers who employ a prudent, repeatable investment process that has yielded strong results over time. Our team favors funds that levy below average

## Our Portfolios at a Glance



The information displayed is for illustrative purposes only. It should not be used to assess the exact risk/return relationship between portfolios. No guarantees can be given about future performance. Not all portfolios may be available for your use. Please check with your financial advisor.

## **Morningstar Managed Portfolios Mutual Fund Strategies**

expense ratios and are run by managers whose interests, we believe, are properly aligned with those of shareholders.

This process is objective and free of conflicts. We choose all mutual funds based on their fundamental investment merits.

### **Specialized Portfolios to Suit Client Needs**

We're able to leverage our broad, deep mutual fund research to offer a diverse array of strategies to suit each investor's needs.

For instance, our Retirement Income portfolios may be appropriate for investors seeking a stable income stream and hoping to preserve the value of their portfolio's underlying assets. Through a mix of equity, fixed-income, and alternative strategies, our Retirement Income portfolios aim to deliver the desired yield without depleting the value of an investor's account.

Also, our Absolute Return portfolio allows investors to access mutual funds that employ "hedge-fund"-like strategies. Meant to deliver returns that aren't tied to a specific asset class or market index, the Absolute Return portfolio can be a useful diversification and risk-management tool.

### **A Powerful Solution for Advisors and Investors**

What's the result of combining sophisticated portfolio construction, discerning manager research, and a wide variety of investment strategies to suit even the most specialized needs?

A powerful investment solution that allows financial advisors more time to grow their practices and helps investors meet their investment objectives