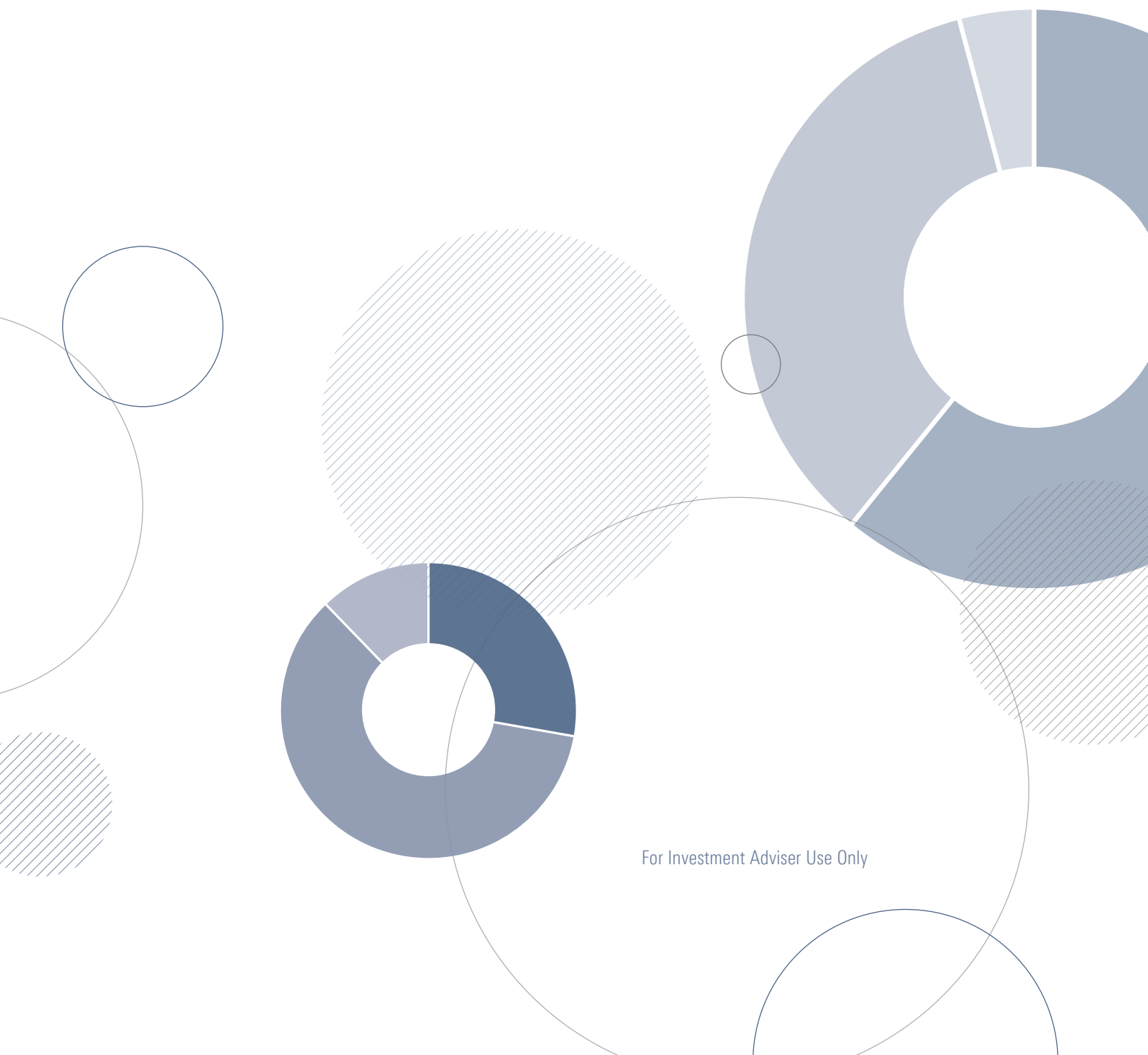


# Morningstar<sup>®</sup> Managed Portfolios<sup>™</sup> Passive Range

---

Core strategies designed to maximise the strengths  
of passive investments.



For Investment Adviser Use Only

## Passive, Risk-Aware Growth

These Morningstar® Managed Portfolios™ are designed to provide low-cost, risk-aware managed investments that take advantage of the cost and style benefits associated with passive investing.

### Exacting Asset Allocation

Because of their straightforward composition, passive investments do not face the possibility of investment style drift that vehicles under active management face. This makes Morningstar's passive portfolios the purest expression of our asset-allocation strategy. With no actively managed investments, our passive portfolios feature exact expressions of Morningstar's asset-allocation targets for each risk level.

The foundation of our asset-allocation strategy is our leading research on long-term valuation-driven asset allocation. Our portfolio managers consider all asset classes globally to build diversified portfolios consisting primarily of equities, fixed income and cash. This gives investors exposure to a broad range of asset classes.

### Independent Research

All passive investments are not the same, so Morningstar uses research from our global team of analysts to find best-fit investments for our passive portfolios.

Morningstar analysts use our proprietary methodology to generate independent, objective ratings and reports, which our portfolio managers use to find the building blocks for each of our passive portfolios. This helps each portfolio not only match the specifications of our asset-allocation models, but also feature the most suitable picks for every asset class. And our portfolio managers are always able to consult with Morningstar analysts if circumstances change or adjustments need to be made.

### Costs

While performance for any investment is uncertain, costs are not. Low turnover and low overhead mean that a passive investment's performance shouldn't be eaten away by a high expense ratio. Our portfolio managers don't just look at price, because low costs won't help a fund with high tracking error or poor implementation.

We research the investment universe to find the most effective, lowest-cost options that fit each portfolio's needs suitably and responsibly, while offering a convenient way to give all types of investors exposure to specific market segments.

## Key Facts



Our fees are kept at a minimum to maximise portfolio outcomes.



We have the financial strength to support our clients over the long term. We harness decades of research experience to build our portfolios by combining our asset-allocation expertise with our experience selecting skilled managers.



The service is available on a wide range of platforms.



We do not compete with advisers. We do not employ financial planners and we do not provide advice to retail investors.

## Passive Portfolios

Passive investments offer lower expenses than actively managed funds, but finding appropriate vehicles that match an investor's needs is a complex task. The Morningstar Managed Portfolios passive range applies our decades of investment experience through portfolios that make high-quality managed investments accessible to everyday investors by requiring no minimum investment amount.

The range consists of five risk-aligned multi-asset portfolios:

Cautious Passive Portfolio  
 Moderately Cautious Passive Portfolio  
 Moderate Passive Portfolio  
 Moderately Adventurous Passive Portfolio  
 Adventurous Passive Portfolio

● Equity ● Fixed Income ● Cash

PORTFOLIOS	GOAL	ASSET CLASS RANGE	EXAMPLE ALLOCATION
Cautious Passive	This portfolio aims to provide some capital growth while focusing on capital preservation over the short to medium term. There is a maximum equity weighting of 30%.	5-30% 45-90% 0-50%	
Moderately Cautious Passive	This portfolio aims to provide a balance between capital growth and capital preservation over the medium term. There is a maximum equity weighting of 50%.	30-50% 30-70% 0-40%	
Moderate Passive	This portfolio aims to provide capital growth and some capital preservation over the medium to long term. There is a maximum equity weighting of 70%.	50-70% 20-50% 0-30%	
Moderately Adventurous Passive	This portfolio aims to provide capital growth over the long term. There is a maximum equity weighting of 90%.	70-90% 10-30% 0-20%	
Adventurous Passive	This portfolio aims to provide capital growth over the long term. There is a maximum equity weighting of 100%.	85-100% 0-15% 0-15%	

The example allocation images above are for illustrative purposes only. They are based on 31st March 2018 allocations and are subject to change. Asset classes shown are Morningstar, Inc. category groups. Allocation of portfolios at the individual account level may vary.

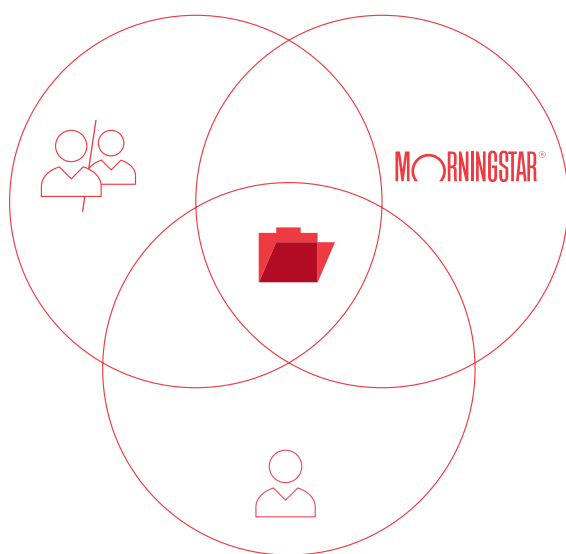


**Learn more about how our passive range can help your practice.**

Tel 020 3107 2930

Email [ukmanagedportfolios@morningstar.com](mailto:ukmanagedportfolios@morningstar.com)

Web [global.morningstar.com/UKManagedPortfolios](http://global.morningstar.com/UKManagedPortfolios)



**Working Together to Put Your Clients First**

With Morningstar® Managed Portfolios™, your clients get twice the service, expertise and ongoing attention to their portfolio. Working in collaboration with financial advisers, we provide a solution that taps into our strengths. You know your clients' needs and how to build plans to meet them. We combine our investment knowledge with portfolio management experience to provide investing solutions that put your clients first.

Together, we bring your clients the best of both worlds: a plan that's tailored to their goals with the advantages of professional portfolio management.

**Risk Warning**

It is important to note that investments in securities involve risk and will not always be profitable. Morningstar Investment Management Europe Limited does not guarantee that the results of its investment decisions or the objectives of the portfolio will be achieved. Morningstar Investment Management Europe Limited does not guarantee that negative returns can or will be avoided in any of its portfolios. An investment made in a security may differ substantially from its historical performance and as a result, portfolios may incur a loss. Past performance is no guarantee of future results. The value of investments may go down as well as up and investors may not get back the amount invested.

**Morningstar's Investment Management Group**

Morningstar's Investment Management group comprises Morningstar Inc.'s registered entities worldwide, including the United Kingdom. Morningstar Investment Management Europe Limited is authorised and regulated by the Financial Conduct Authority to provide services to professional clients and is the entity providing the discretionary management services. Registered address: 1 Oliver's Yard, 55-71 City Road, London, EC1Y1HQ. Morningstar's fund research and rating activities are not undertaken by Morningstar Investment Management Europe Limited and as such, are not regulated by the Financial Conduct Authority. Morningstar Managed Portfolios are intended for citizens or legal residents of the United Kingdom. These portfolios can only be made available through the use of investment advisers appropriately authorised and regulated by the Financial Conduct Authority.