

MORNINGSTAR[®]

Morningstar Investment Management

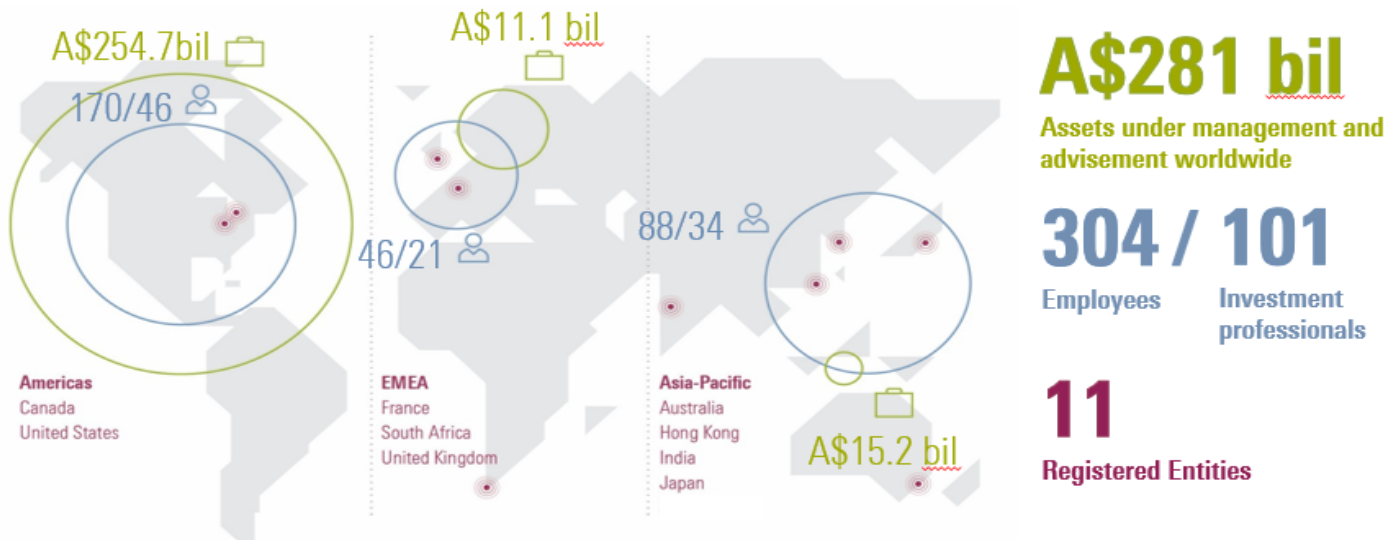
Agenda

- ▶ Who is Morningstar Investment Management?
- ▶ Why use with Morningstar Investment Management?
 - Award winning investment research and patents
 - 7 investment principles to guide rational investment decision making
 - Your definition of risk and return
- ▶ A disciplined investment process

Who is Morningstar Investment Management?

A leading global provider of independent investment research

Morningstar brings together a rich heritage of local investment management expertise and experience to craft solutions that cater to each market.



Data as of 30 September 2018. Includes assets under management and advisement for Morningstar Investment Management LLC, Morningstar Investment Services LLC, Morningstar Investment Management Europe Ltd., Morningstar Investment Management Australia Ltd., Ibbotson Associates Japan KK, and Morningstar Investment Management South Africa (PTY) LTD all of which are subsidiaries of Morningstar, Inc. Advisory services listed are provided by one or more of these entities, which are authorized in the appropriate jurisdiction to provide such services.

Who is Morningstar Investment Management?

Supported by leading data and research capabilities

Morningstar's investment expertise is supported by an expansive, in-house network of global data and investment analysis that spans asset classes and regions to help drive timely new ideas.



Date as at 31 December 2015

Who is Morningstar Investment Management?

Award winning investment research and patents

Bringing sophisticated academic ideas to life that address key challenges for investors.

► Graham and Dodd Award Winning Research and U.S. Patents Timeline:



Graham and Dodd Awards granted for financial writing based on research by Morningstar, Inc. or its subsidiaries at the time the research was conducted. Patent issued to Ibbotson Associates, Inc. for Asset Allocation with Annuities in 2006. Patent issued to Ibbotson Associates, Inc. for Human Capital in 2007. Ibbotson Associates, Inc. was founded in 1977. Ibbotson Associates is part of the Morningstar Group and the Australian operations was renamed as Morningstar Investment Management Australia in April 2016.

Why partner with Morningstar Investment Management?

Morningstar Investment Management core capabilities

Morningstar draws on core capabilities in asset allocation, manager and security selection, and portfolio construction to help deliver better investing outcomes.



Why partner with Morningstar Investment Management?

A firm that is guided by 7 investment principles

Morningstar's investment philosophy is driven by **investment principles** that are promoted throughout their organization. The principles are intended to guide **investment behaviour** and **rational decision-making**.



We put
investors first.



We're
independent-minded.



We invest for the
long term.



We're valuation-
driven investors.



We take a
fundamental approach.



We strive to
minimise costs.



We build portfolios
holistically.

Why partner with Morningstar Investment Management?

A firm that shares your definition of risk and return

A strong focus on providing a rate of return above inflation (CPI) and ensuring investors are not invested in assets which risk permanent capital loss.

- ▶ Working with your financial adviser will enable you to assess your current situation and **identify your financial goals and objectives**, as well as establish the **level of risk you're comfortable taking** to achieve these goals.



A disciplined investment process

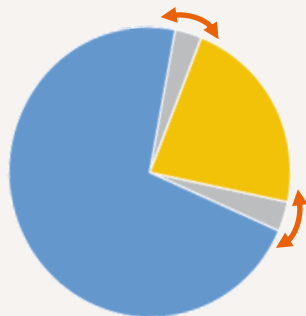
Determining where the best opportunities are

Valuation Driven Asset Allocation

Strategic Asset Allocation

Little flexibility to move when market conditions change

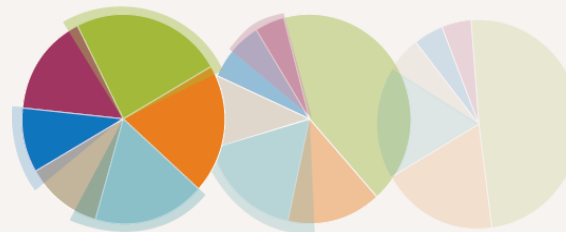
■ Growth Assets ■ Defensive Assets



By **removing constraints**, you can focus on investing where the best opportunities can be found

Valuation Driven Asset Allocation

Total flexibility to move when market conditions change

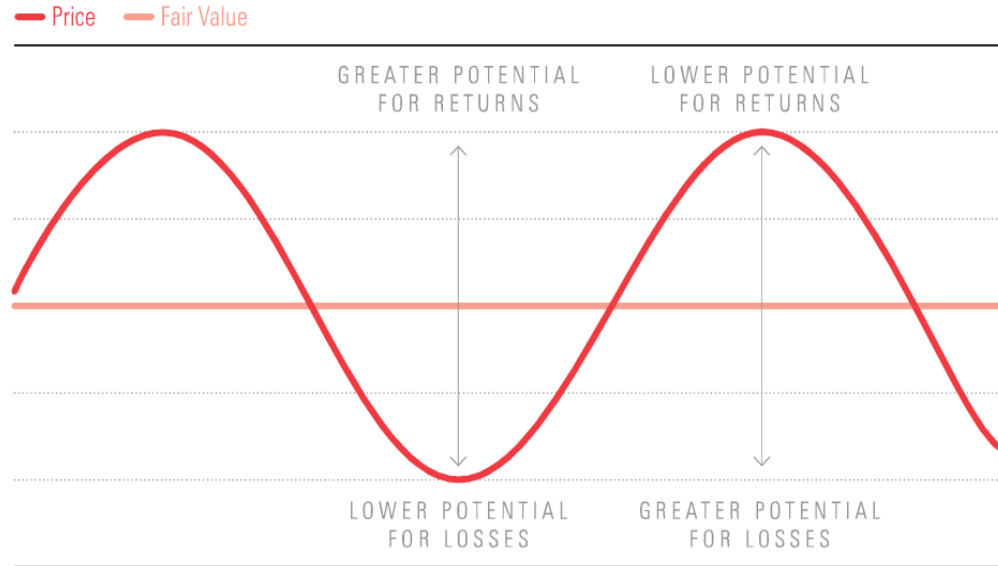


A disciplined investment process

Valuation driven asset allocation

The potential for return is greater and potential for loss is lower when asset price is less than value

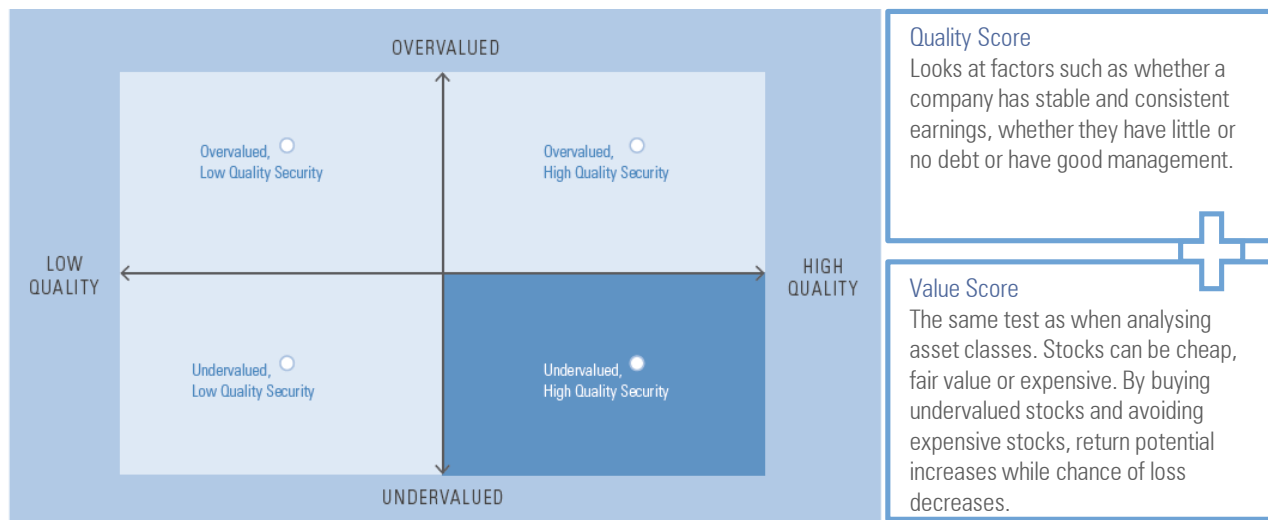
► If you buy an asset that's expensive or overvalued, we see that as high risk, shown in the chart:



A disciplined investment process

Quality + Value

Once we know which asset classes present the best opportunities, we select the investments presenting the best opportunities within an asset class.



Morningstar's approach is biased towards high quality undervalued assets. These assets have high Quality and Value Scores.

A disciplined investment process

Words of wisdom

“What is “investing” if it is not the act of seeking value at least sufficient to justify the amount paid? Consciously paying more for a stock than its calculated value - in the hope that it can soon be sold for a still-higher price - should be labelled speculation (which is neither illegal, immoral nor - in our view - financially fattening).”

► ***Warren Buffett***

Value Investing is NOT Market Timing

It is our view that stock market timing cannot be done with general success, unless the time to buy is related to an attractive price level, as measured by analytical standards. Similarly, the investor must take his cue to sell primarily not from so-called technical market signals but from an advance in the price level beyond a point justified by objective standards of value.”

► ***Benjamin Graham & David Dodd***

“Bottom-up investors hold cash when they are unable to find attractive investment opportunities and put cash to work when such opportunities appear. A bottom-up investor chooses to be fully invested only when a diversified portfolio of attractive investments is available.”

► ***Seth Klarman***

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