Annual Shareholder Meeting 2017

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Opening Comments – Joe Mansueto

Joe Mansueto: Good morning, everybody. I think we're going to go ahead and get started.

Good morning. I'm Joe Mansueto and it's my pleasure to welcome you all to the 2017 Annual Shareholders Meeting and it's my pleasure to call this meeting to order. I'm really delighted to see all of you here today. This marks our 12th year, hard to believe, our 12th year as a public company and we always look forward to seeing our shareholders and analysts in person and taking your questions. This year we're also providing a live webcast of the meeting. So, if you're tuning in on the livestream, welcome and good morning to you as well.

Agenda

So, our meeting today has three parts. First, is the official business of the meeting, which I don't anticipate will take too long. And then we're going to have management presentations. We'll then take a short 10-minute break and come back and have the Q&A part of the meeting, which is probably the best part of meeting, and we very much want to hear from you and take your questions. As you know, we have a fairly unusual IR policy. So, this is your one chance to ask questions in person. So, please think of your questions as we go through the presentation this morning and we'll do our best to answer them.

So, let's get started with the official business of the meeting. And also, if you're watching on the livestream, not here in person, you can send your questions to Morningstar.socialqa.com and we'll do our best to answer questions from those of you who are not here in the auditorium.

Official Business of the Meeting

So, let's begin with the official business of the meeting. You should have received a copy of the agenda and the rules of procedure. If you do not have copies, please raise your hand and we'll bring copies to you.

There are four items of business on today's agenda, the election of directors, an advisory vote on executive compensation, an advisory vote on the frequency of votes on executive compensation and the ratification of KPMG as our independent auditors for the year.

Now, before we get started, I'd like to introduce our directors. As I call your name, I'd like each of you to stand and face the audience. First is Robin Diamonte; Cheryl Francis; Steve Kaplan; Kunal Kapoor; Gail Landis; Jack Noonan; Hugh Zentmyer; and Paul Sturm wasn't able to attend today's meeting, and a special note of thanks to Paul. Paul is not standing for reelection. But Paul has been a Director since we first formed our Board – did I forget Bill Lyons? I'm sorry. Bill Lyons – how could I forget Bill? Sorry about that. Reading too fast here.
But Paul has been a Director since we formed the Board in 1999. Paul had formally been a senior executive at several major publishing and media firms and he brought a lot of a publishing and general business skills to our Board. He also led our Nominating and Governance Committee and was really responsible for the recruitment of many of our current directors. So, thank you Paul for all of your many years of service. And you may be seated.

I'd also like to thank Don Phillips, I see Don in the audience in the midsection there, for his many years of service on our Board. Don stepped down from the Board at year-end to make room for Kunal Kapoor, our new CEO, as Kunal came on to the Board. But Don, as many of you know, was the first fund analyst I hired back in 1986. He led the development of our mutual fund analyst team, led many of our research innovations over the years and has just made so many invaluable contributions to Morningstar both as an employee, but also as a Director. So, we want to thank Don and I think on behalf of all shareholders, thank you Don for all your years of service.

Our Board has also been a great resource for us out throughout the year. So, thank you all on our Board for all of your contributions. We certainly appreciate that.

I'd also like to introduce our Director nominee, Caroline Tsay. Caroline, do you want to stand and face the audience? Caroline is former senior executive at Yahoo! and Hewlett Packard Enterprises and now runs her own technology firm. We're really excited to have Caroline joining our Board and we're sure she's going to be a terrific director. Thank you, Caroline.

So, now, I'd like to turn and introduce our Executive Officers; Kunal Kapoor, Chief Executive Officer and also Interim Chief Financial Officer; Bevin Desmond, Head of Global Markets and Human Resources; Haywood Kelly, our Head of Global Research; Pat Maloney, our General Counsel; Daniel Needham, President of Investment Management; Tricia Rothschild, our Chief Product Officer; and finally, Danny Dunn, who's our Chief Revenue Officer, could not be with us today. Presumably he's out selling. So, thank you all to our Executive Officers. Thank you. You may be seated.

So, I'd like to take this opportunity to introduce Kurt Gabouer with KPMG, our auditors for 2017. Kurt, would you or any of your colleagues like to make a statement at this time?

Kurt Gabouer: Joe, no statements from me, but we can take if there are any questions from the audience.

Joe Mansueto: Are there any questions for Kurt? Sorry Kurt. Okay. Thank you. So, now, I would like to get started with the official business.

To act as Inspector of the Election, I appoint Peter Sablich, a representative of Broadridge Financial Services. And then Heidi Miller, our Corporate Secretary, and Peter will help us with counting the proxies and the ballots.

Heidi, would you report on the mailing of the notice of this meeting and the number of shares represented at the meeting?
Heidi Miller: Thank you, Joe. We are holding this meeting pursuant to a notice mailed on March 31 to each shareholder of record as of March 13. A copy of the list of shareholders of record has been available in our office for the last 10 days. I'd like to report that we have established a quorum for the conduct of business at the meeting.

Joe Mansueto: Thank you, Heidi. I think you pushed a button on the PC here. So, hopefully, we'll get that going.

The first line of business today is the Election of Directors. We will elect 10 directors at today's meeting. The directors elected today will hold office until the 2018 Annual Shareholders' Meeting or until their successors, if any, are elected or appointed.

The nominees for director are Robin Diamonte, Cheryl Francis, Steve Kaplan, Kunal Kapoor, Gail Landis, Bill Lyons, Jack Noonan, Caroline Tsay, Hugh Zentmyer and myself, Joe Mansueto.

Now, the second item of business is the approval of our executive compensation. The Board recommends a vote for this proposal.

Then the third item of business is the vote on the frequency of votes on executive compensation. The Board recommends a vote for a frequency of every three years on executive compensation.

Then the fourth item is the ratification of the appointment of KPMG as our independent auditors for 2017.

The Board recommends a vote for each of these proposals.

Because there are no other proposals to come before the meeting, I declare that the polls are now open. If you've submitted a proxy, you do not need to vote now unless you wish to change your vote. To vote your shares in person, please raise your hand and we will provide a ballot to you. I don't see any hands?

If anyone has a question or a statement related to the proposals, please raise your hand and wait to be recognized. As I mentioned, there will be a Q&A session later in the meeting. So, at this time, we'll only take questions that are related to those four proposals. Any questions related to those four proposals. Okay.

I now declare that the polls are closed. Heidi, will you please report on the voting of results?

Heidi Miller: More than a majority of shares represented in person or by proxy and entitled to vote at the meeting has voted for each of the director nominees listed in our proxy statement to approve our executive compensation, to ratify the appointment of KPMG and voted for a frequency of every three years for the future votes on executive compensation. We'll file an 8-K with more detailed voting results within four days of this meeting.
Joe Mansueto: Okay. Thank you, Heidi.

Okay. Now, we're going to move to the second part of the meeting, the management presentations. Kunal Kapoor will start talking about recent company highlights, our mission, our strategy and our five key investment areas. After that, we're going to invite Tricia Rothschild up to the stage, our Chief Product Officer, to talk about product strategy, a lot of good things going on there. Then Kunal is going to come back on stage as an Interim CFO and walk through the financial results.

As I mentioned, afterward we'll take a quick break and then we'll come back and open up the floor to questions. Again, as a reminder we've set up a quick link that lets you send in questions real-time. So, again, if you have questions, morninstar.socialqa.com, to type in your questions.

So, now, it's my please to introduce Kunal Kapoor. As you know, Kunal has taken over from me as CEO at the end of the year and he's been doing just an outstanding job. We have a terrific relationship and the transition has been very smooth and really drama free. Kunal is a 20-year veteran of the Company. Actually, he celebrates his 20th anniversary next week and he's worked in most parts of the Company. He loves investing. He has excellent business judgement and a really through knowledge of product development, software development as well as the Investment Management business.

We named Kunal President of the firm in the fall of 2015 and then as I mentioned, CEO, at the end of the year. So, please join me in welcoming Kunal Kapoor.
Morningstar Update – Kunal Kapoor

Kunal Kapoor: All right. Good morning, everybody, and thank you for joining us here in Chicago on this lovely day. It's always like this in Chicago. We've got a really great agenda planned for you and I'm excited to share with you some of our plans as well as to look back on some of the things that we have achieved in the recent past. I'm also excited that Tricia will have an opportunity to present some of her plans to you.

Safe Harbor Statement

Before I get started, I'd just ask you to take a minute to read the Safe Harbor statement and then I will jump into the meat of the presentation.

Mission and Strategy

Well, all discussions at Morningstar start with our mission and why it's important. And so, today, as I introduce our strategy and update you on some of the things that we're doing, I'm going to talk about four things in particular as they pertain to our mission, the industry landscape and our strategy and I hope that you will find that these are well connected and consistent with what you've been hearing from us, but also appropriate and evolving to take on some of the changes that we're all aware of in dealing with.

I think you'll find that Morningstar is well-positioned for success and that we are working hard to earn the trust of investors and deliver on many of the things that they have been asking for.

Mission

It all begins with our mission. As you know, our mission is to create great products that help investors reach their financial goals. And what's particularly striking to me about our mission in these times is how relevant it is through broader marketplace today. I like to say that we did best interest long before the term best interest even came to be. It is at the core of Morningstar trying to do the right thing for the investor and it informs everything that we've done in the past and that we plan to do in the future.

Industry Landscape

Secondly, we have a really big market opportunity ahead of us. While the aggregate growth in spending on market data and analysis slowed down in 2016, the overall market size is still very, very large. And when you consider the size of Morningstar today relative to the opportunity that we face ahead of us, we think we have a lot to do when it comes to executing, growing and
taking more share, and winning more business in the future. There is certainly a lot of opportunity ahead of us.

Third, is that we are in an environment of change. We all know that. And that change is first and foremost being driven by the popularity in the increasing use of low-cost investments. A lot of people will often talk about this as the active versus passive debate. But at Morningstar, we think about it really more through the lens of low cost and high costs.

We think high-cost players, particularly those who have been high-cost index huggers are going to be challenged. But we think there remains a place for active management at reasonable fees. And as Gail Landis, one of our Board of Directors was pointing out yesterday what's happening in the retail and advisor space happened in the institutional space, almost 30 years ago, it started to happen and so we're just seeing that happen elsewhere.

The second thing that's really impacting the industry is that accounts are becoming fee based in the advisory world. This is a big, big change. Here in the U.S., that's been brought on largely because of a lot of the discussions around fiduciary rule and whether or not that is going to take hold. Outside the U.S. you have MiFID II taking place as well as other regulations in places like Australia, India, and Canada.

The reality is, a fee-based environment for advisors is here to stay and we don't see that going away regardless of whether some of the regulations take hold or not. As a side note, I will point out that for all the hemming and hawing around it, not only is this generally good for the investor, but you also see that many firms, who are making the switch to this model, their profitability is actually pretty good. And so, I think in many ways it can be a win, win.

And the third thing is the increasing preponderance of online advice, which is a bigger theme around technology and the impact of technology across the financial services industry. The term “fintech” has come to be very popular. But the reality is, it's just a combination of finance and technology, two of the core things that Morningstar has been good at. In fact, I will say that when I hear terms like robo-advisor and big data, I often smile because I think we've been doing those things for a long time perhaps just not calling them quite just that.

**Strategy**

This informs our strategy. As you know, our strategy is very simple and straightforward to understand. We have core IP and we take that core IP and fundamentally use it to bring to the marketplace, solutions for those that want to build products themselves or those that are choosing to outsource investment management to us. And through this strategy, we serve five key groups; Advisors, Asset Managers, the Workplace Space, Individual Investors and more recently Private and Institutional Investors.

Now, what I'll say to you is, we have really great penetration in a number of the segments already. And as you'll see through the discussion today, in many instances, our goal is now to
really focus on wallet share and trying to grow our penetration with advisors for instance or with asset managers or those in the retirements space.

The private and institutional investor space is relatively new to Morningstar because of our acquisition of PitchBook. Having said that, we have long had assets that have been of interest to this group such as our research, our equity data and we actually see the possibility now of taking some of PitchBook's assets and combining it with assets that we have not perhaps fully been able to monetize up to this point at Morningstar.

**Strategy: Two Big Market Needs**

As I mentioned earlier, we take these capabilities and put them in two areas where we think the market opportunity is significant. I already mentioned to you what you see on the left, which is Burton-Taylor's estimate of the size of the market. But if you look on the other side, the investment management market is by no means a small opportunity for us as well and we're doing a lot of interesting things that I will talk about a little later in this presentation.

**Five Key Investment Areas**

These four things manifest themselves in five key investment areas. We've made a real effort at Morningstar in the past five years to increasingly focus on areas that we think provide us with the best long-term opportunities. And the five investment areas that I'm going to talk about, as a reminder, are ones where we think that over the next decade we have an opportunity with each of them to add at least $100 million in additional revenue vis-à-vis where they are today.

So, if you have a business and several of these businesses are at or around the $100 million range today, we would expect that in the next decade that they would at least have doubled by the end of that period.

I'm going to go into depth in each of these areas. But just quickly to reacquaint everyone with what they are, the first is our Workplace Solutions or Retirement area. We see this as a massive opportunity, particularly here in the U.S. as more and more folks start to enter retirement. We're not only thinking about the accumulation challenge, but increasingly starting to think about how we can be relevant as folks start to draw down their assets, which candidly, no one has really had a terrific solution to thus far.

The second is Morningstar Direct. We've longed talked about taking all of our assets and putting them in Morningstar Direct, and that continues to be the goal. However, with the acquisition of PitchBook, we now have a second platform which we think is particularly appealing to private and institutional investors and as I mentioned earlier, we're doing a lot of internal work trying to think about not only what PitchBook assets could do but what we could do with some of the other assets that we have that, for instance, speak to the buy-side and whether it make sense to start bringing some of those together.
The third is Morningstar Managed Portfolios. This is our offering that we make available to financial advisors who are beginning to outsource investment management. This is a trend that is only gathering steam. When we entered this business more than a decade ago, a lot of people were even questioning if advisors would ever want to outsource investment management. Well, no one is questioning that today and we're glad to be positioned in a very strong place. And as you'll see, one of the exciting things about the story here is that it's not only a U.S story anymore. We see this opportunity beginning to take place in most markets where there is an open advisory market.

The fourth is our Credit Ratings business, which is headquartered out of New York. As you know we got into this business after the financial crisis sensing an opportunity and we continue to think it's a meaningful opportunity and are investing in it. I'll get into some details here in a minute as well.

The fifth is Morningstar Data. Last year, if you were here, we called this Morningstar Indexes. We've really rolled our indexes offering into our data offering because fundamentally we think the data offering in itself has a huge opportunity and we wanted to be sure that when we're talking to you that we highlight the fact that we think about it as such. We love the data business. We've told you that many times before. We build it. It's got a great moat. It's hard to replicate and we sell it many times. It was one of the key reasons why the PitchBook acquisition was a such interest to us given that we felt like they had the top database in their space.

**Workplace Solutions/Retirement**

Diving in here a little bit, the Workplace Group continues to grow really nicely at Morningstar. Our offering saw growth last year of more than 16% and we have more than $100 billion that we're managing today. There are three key areas that we focus on in this space, but I will tell you that internally it's all about managed retirement accounts. We certainly make custom models and plans sponsor advice available to those who are interested in it, but our key focus and the opportunity that we see is around managed retirement accounts and that's where we're investing, that's the platform that we are upgrading and that's where we spend most of our time when we think about the growth opportunity available to us.

You'll see the adoption rate of our managed accounts as it pertains to those who have access to it. We put this graph up last year and told you that one of our goals was to focus on increasing the adoption rate. We've had some success there. I think there's still more work to be done. We can get it up even higher. And this is an important point, because one way we can really get growth in this area is through increasing adoption. It's not just a question of going out and getting more plans on, but we have in-built growth in this business if we, in fact, can serve more investors. And I can tell you that the data we see and the research we've done so far really shows that those who are using managed retirement accounts are getting a better outcome. So, this is perfectly aligned for us with our mission because not only are we helping investors but we're doing it in a way as well that ultimately benefits Morningstar's bottom line.
Now, given that there is so much being talked about as it pertains to active and passive. I wanted to highlight here that UBS is the sponsor of a CIT that essentially uses our Morningstar Lifetime Allocation Indexes to power them. We've had some success with this offering and we are trying to increase our penetration in the retirement space through this. We think of this as more of our passive offering, if you will, in the retirement space. I believe this has a great future ahead of it. One of the challenges we faced is that as yet the offering does not have a three-year record. But setting that aside, the underlying indexes certainly have that record and more and the reception that we've been getting is pretty positive and I expect that this offering will continue to do well going forward.

Since our last meeting, we've also launched something that we call Morningstar Plan Advantage. Interestingly, at the last meeting, we hadn't even conceived of this idea. What happened is, we started thinking about the opportunity to help financial advisors who had an interest in perhaps outsourcing some of the fiduciary risk associated with being involved in the 401(k) space, yet those advisors still wanted to be in that space. So, we launched this offering in anticipation of the fact that the fiduciary rule would create a compelling event for that to happen. So, we got it out late last year in record time. It's a terrific offering.

Obviously, the fiduciary rule has yet come to be and so the urgency around it has perhaps not been as great with our clients as we expected. But we're having a lot of conversations in this space and we really do think that more and more advisors are going to be involved in the 401(k) space and be thinking about how they can effectively scale in that space and we have a great offering to help them with that now vis-à-vis where we were last year.

**Morningstar Direct/PitchBook**

Number two is Morningstar Direct. As you know, we continue to invest in this platform and we've been moving our capabilities to the cloud. One of the things that I'm excited about that we launched in the past year is our risk model which takes into account multiple factors including some unique to Morningstar such as our moat rating and our fair values and tries to project how individual stocks or portfolios could do in extreme market events.

We are slowly now rolling this out globally. This will be a global capability later on this month and we're excited about this offering. Many of you who are in the investment space know that there are a lot of firms that offered just standalone risk offerings and we're packaging this into Direct to increase the value of Direct and we see it as an opportunity to take share as well in this space as well. It's a terrific offering and if you have access to Direct, I'd encourage you to give it a whirl.

Growth in Direct continues to be significant. We always love the fact that Direct is a truly global product. We put it on one platform, one interface and we sell it globally because we've got all our data, all our research in one package and we continue to see demand for it.
PitchBook Acquisition

I also want to spend a moment talking here about PitchBook which we acquired late last year. We see a continued demand for more data in the private equity space. There's a few things happening. One, you're seeing more and more companies choosing to remain private and raise capital in that fashion. See the example of Uber here, which if you really think about the type of valuation it's been able to achieve, one would never have imagined even five years ago that a private company could raise money at that type of valuation.

Secondly, we're seeing more and more asset managers starting to nibble in this space and beginning to own stakes in private companies. So, we feel inevitably that there's going to be a move where not only do you have private and institutional investors investing in this space, but we think asset managers are going to be involved, we think high-end RIAs are increasingly going to be looking at it. And so, for us, we think it's a natural evolution of thinking about what the next generation of active might even look like.

PitchBook has a great story. As you know, we were early investors. John Gabbert is the founder and continues to run PitchBook out of its Seattle offices. They've had tremendous growth and we are continuing to largely run them as a standalone business, so that they're focused and continue to execute on the great opportunities that they have ahead of them.

Morningstar Managed Portfolios

Number three on the list is Morningstar Managed Portfolios. At the shareholder meeting last year, we told you we were investing on trying to give this offering a new look and we've made really terrific progress on that front. In fact, if you look at the Net Promoter Score of the advisors who are using this offering, is starting to see a really nice uptick. I think it's partly because the investment results have been good and I think it's partly because the overall experience that we're providing advisors with has also been traffic.

This offering continues to grow meaningfully for us. As of the end of our first quarter, if you'll recall our earnings release, we have more than $30 billion in assets now in this area and we continue to see really good demand there. We're really focus now as this business gets larger on not just new inflows but on net flows. We want to make sure that we're watching both sides and really servicing the clients that we have and Daniel and his team are really focused on continuing to have a good success in that regard. You'll see that we started to take this business global as well. So, while the non-U.S. portions are still small in aggregate terms, they're starting to grow pretty fast and we see some really, really nice momentum in this business. It's definitely something that we will continue to be focused on and invest in given the changes that we see in the advisor marketplace.

I wanted to mention here that in case you're unaware, we have filed with the SEC to launch our own series of mutual funds that would power Morningstar Managed Portfolios. Because we are in a quiet period, I'm not at liberty to get into a whole lot of detail around the funds. But there's two things that I just want to point out. One is that the primary driving motivation for doing this
was to lower the costs to the end investor in our offering. And this is the most impactful way that we could do that. We're not the only ones who are doing this in the space for sure. You have others like Brinker who are also taking the plunge. But we thought this is important and after a lot of discussion – many years of discussion internally, we decided to make the move.

The second thing is, these funds are only going to be available as part of these portfolios. So, only a financial advisor, who is using Morningstar Managed Portfolios will be able to use these funds as part of the portfolios that we make available to them. We're hoping that these funds will launch later on this year. But as is the case, we'll wait until we get guidance from the regulators in terms of how we can proceed.

**Morningstar Credit Ratings**

Number four is Credit Ratings. We've identified this in the past as a large opportunity. Joe has talked about that and actually just out there in the hallway several of you have said that you are either investors in Moody's or S&P and so you're familiar with this part of the business and understand the economics of it. Our focus really is to try to increasingly diversify our offering here. We've largely been focused on the CMBS space in the structured area. That's how we've gotten in to that space and that's also why our exposure to this space has led to relatively volatile earnings.

We want to increasingly diversify. We've gotten approval to also start rating corporate issuers and we're looking at other opportunities as well. So, while it's certainly not been a smooth slope in terms of our earnings in this area; when we look out 10 years, we see the opportunity is so significant, we're already looking at it as something that we are going to stay with and invest with thoughtfully because of the opportunity ahead of us.

This is probably a classic way that we do like to think about things, which is that when we do enter something and the case is strong, the business has a big opportunity, we do want to focus on the long-term opportunity versus what may or may not happen in the short run. This gives you a sense of exactly how CBMS issuance fell off last year. It was in the grand scheme of things relatively significant.

**Morningstar Data**

Finally, we've got Morningstar Data, which encompasses our Indexes offering. We've, obviously, got a strong offering in the Managed Products area. We think it's the best one out there and we've continued to make investments in other areas. Last year, we acquired a firm that had a strong offering in the retirement plan area, which we think is a big opportunity as more and more folks start to look at that space. We're investing very heavily in fixed income, which I'll get to. And obviously, you have the acquisition of PitchBook powering our private equity and venture cap database.
But I wanted to start by highlighting that we have continued to invest in our core equity offering. So, our coverage on the equity data side as well as on the real-time side is very, very meaningful, and we see this as an opportunity for these offerings to grow independently as well as to potentially power offerings such as PitchBook, which is now adding more of our equity data to its offering. We have a very complete offering here and we think we can help clients save money. This is a time when there's a lot of discussion around that topic and this is an area that we think we can save people a lot of money, particularly in the real-time space, where we've already had some early success.

We're also investing very heavily in the fixed-income space. As you may be aware, we acquired a firm called InvestSoft Technology that largely focuses on doing fixed-income calculations that was part of State Street, and we've now got the offering. Fundamentally, what that's allowed us to do is historically in the fixed income space, we've relied on client-reported fixed-income data. So, the issue is, on many instances, if the client does not report, we've not had the level of granularity that we would like.

Now, with the data we've purchased as well as InvestSoft engine, we are rolling out this month within Direct all new analytics on fixed income that will essentially fill the gaps that have existed on this side of the house for us. This is meaningful. Not only does it really help investors in increasingly own a greater amount of fixed income in their portfolios, but it really allows us to take tools such as our X-Ray, which has been very strong on the equity side and also use it on the fixed-income side. We also think this is a meaningful opportunity in the data space for us where up to this point we've largely been focused on analytics and data on the equity side.

**Strategy**

So, to sum it up, we've got a great and simple strategy that's focused on the investor. But ultimately, it's about taking our unique assets in research and our unique IP and essentially feeding them out either through our platforms for decision support or through our outsourced investment management offering.

We think we've got a great value proposition and while the market has certainly shifted and there are different things going on, when you look at the collection of assets that Morningstar has today as well as our unique way in which we serve them to the market, we think we're really well positioned for future success.

I'd now like to introduce my colleague, Tricia Rothschild, who is our chief product officer. Tricia has been at Morningstar for more than 20 years. She has worn many hats as well. She was part of the analyst group at one time. She helped start up our buy-side research business, has worn many hats but most recently has probably been most responsible for our advisor-facing strategy.

What I'll say about Tricia in particular is that she has this ability to take relatively complex concepts and boil them down in a way that not only can we react to them at Morningstar, but that also make them relevant to our clients. And I think you'll find through some of the things that she is going to share with you that we have a lot that's coming to market this year and many of those
things are intended to essentially help our clients with some of the problems or the issues that they're trying to resolve today, and that also creates great opportunities for Morningstar.

So, without further ado, I'd like to welcome Tricia.
Product Highlights – Tricia Rothschild

Tricia Rothschild: Thank you, Kunal. Hello everybody. I'm super happy to be addressing you today and talking about the product development efforts, many of which you will see echo Kunal's comments quite closely. But I'd like to do it through three lenses.

Three Major Themes for 2017

First and foremost, I'd like to talk to you about what our clients are experiencing and how our product development efforts are informed by the problems that we can solve for our clients.

Secondly, I'll take a slightly more inward-looking view and talk about what we are doing from a product strategy point of view and then briefly touch on our technology strategy, which is obviously critical to fuel the business that we are generating.

So, as Kunal mentioned, the regulatory trends, our emphasis and our clients' need for better multi-asset analytics and goals-based investing are three themes that we see quite clearly globally in the market.

Regulatory Solutions

The regulatory backdrop, which dovetails very well with the secular industry trends that Kunal outlined have driven some really interesting opportunities for us to do some research-driven product development over the past year. These efforts are driving our solutions for broker-dealers, advisors, and asset managers in both the U.S. and Europe.

Determine, Demonstrate, & Document

Firms are being asked now more than ever to determine, demonstrate and document that the solutions that they provide are in the client's best interest.

The top three product development initiatives that we've launched over the past year really focus on what is required by a firm kind of at a home-office level from their portfolio managers, from their due diligence teams and reflects how of a firm, a broker-dealer needs to make sure that everything that they make available through their advisors is appropriate and fit for the clients that they are serving.

So, it dovetails really well with our independent investment research capabilities and manager selection services. We've created a due diligence scorecard that codifies the work that our analysts do so that other firms can take advantage of our thinking through their solutions and we marry that up with Morningstar Direct and the Advanced Portfolio Analytics that can support
those decisions in the context of a home-office need. So, our independence coupled with our decades' experience in this regard have been very well received by the market and we are definitely meeting a need in that way.

The bottom three are really more on the advisor-facing side, where we have also for years been supporting advisors as they interface with their clients through clear reporting and proposal work flows. We have taken that research and that work to a new level by integrating with other parts of the work flow, which drives efficiency at the clients that we serve and putting together some research-oriented best interest documentation that I'll get to in a second.

For advisors and firms that are really not interested in doing any of that work, we have launched a new series of low-balance manage portfolio options so that folks if they are choosing to outsource all of that responsibility can turn to our Managed Portfolio service for that need. And we've wrapped all that around an advisor training module that we've partnered with the American Retirement Association to deliver.

**Best Interest Scorecard**

So, back to the ability for an advisor to really convey that they are delivering advice that is in the client's best interest. We have taken the work that was done by our lead retirement researcher a few years ago, David Blanchett, on the concept of the value of financial advice and have brought that to life in a new Best Interest Scorecard, which essentially shows that in addition to the fees and the quality of the investment, we also need to look at whether it is fit to the client's goals and also quantify the value of the service the financial advisor renders in that relationship.

It is true that it is not always the cheapest portfolio that will help the client get to where they need to go, and through the methodology that David and the research team have developed, we're able to quantify these factors and then allow an advisor to show the benefit of staying within the plan with no change, the benefit of staying within a retirement plan and optimizing the portfolio around it and the benefit of actually leaving the plan, getting the advisor's full service advice and moving forward from there.

**Multi-Asset Analytics**

In terms of our multi-asset solutions, Kunal touched on several of these, and I'll just give you a slightly different view and maybe a little bit more detail on what we're working on here.

In the fixed income space, we have seen that the need for more consistent and transparent disclosures will solve problems that are previously kind of masked or behind the scene. It's really impossible to do a full review of your fixed-income exposure without understanding, for example, the impact of derivatives on the portfolio.
We have been working on an advanced portfolio analytics template, so that we can get better information from the asset managers run them through our templates and provide better visibility as in the example here.

And one more point on the multi-asset solutions revolves around PitchBook and the importance that we see of combining the public data with the private data to provide not only better tools to our clients, but also to allow our researchers to have better insights. So, we are going to be incorporating these data sets in some of our equity research, for example, so that when we come forward with things like our Market Observer or our Market Outlook, we have the advantage of looking across the public and the private data sets in the delivery of that research.

**Goals-Based Investing**

And finally, I'd like to just touch on the importance of goals-based investing. This is probably the part that resonates the most personally to me as somebody who is thinking about, what does the client at the end of the road really need, how does Morningstar help investors reach their goals. And increasingly, this is the conversation that is happening across the industry. It is no longer about the investment product. It is about the person and ensuring that the communication that is happening is happening in a way that resonates with the individual at the end of the line.

So, we have a couple of investments that we have been working on over the past few years and I'm happy to announce that we will be launching these very shortly. This is our new client portfolio, which is coming out in a few months. The importance of this is that we leverage our ByAllAccounts data aggregation service to show both the assets and the liabilities from the point of view of the client and allows the advisor to have better visibility and communicate to the client in a way that facilitates holistic wealth planning.

We're also leveraging some of the work that we've been doing for years in the retirement space around retirement-based planning, which is obviously one of the many goals, right, that we all have as we think about our finances. And we are bringing some of that to bear through an advisor-facing retirement planning module. We will be rolling out additional modules over the remainder of this year and into next year to account for other types of goals-based planning.

**Goals-Based Investing: Behavioral Finance**

And lastly, another really interesting and important investment that we've made and are starting to roll out is behavioral finance tools that can come to life in a very practical and pragmatic way through our software. I would say that increasingly as the science of investing has evolved through the growth of low cost and index-oriented solutions, it is the art of behavioral change and implementation that really has a lot of open fields and a lot of interesting work to be done. And as such, we know that the most perfectly crafted investment strategy will not help you if the individual—the human nature is kind of your own worst enemy.
So, we believe, for example, as this illustrates, that investor profiling is one area, where Morningstar in particular can help to reinvent the conversation and provide a new framework around which advisors can—and asset managers for that matter—can change the conversation into something that is really impactful to the end investor.

Our behavioral research team has recently produced a white paper introducing a framework of goals-based risk and it is embedded here in the overall investor profile as part of the investor psychology module, which includes things about risk reactivity and how somebody might respond to risk and risk preference, as well as things around your financial personality that will enable an advisor to give better guidance and ensure that the plan is followed.

**Morningstar Sustainability Rating for Funds**

The last piece in this goal-based category, which is a way for us and the industry, frankly, to respond to investors' needs is our Sustainability Rating for Funds, which we recently launched.

This has been growing in significance globally with 20% of global AUM invested in sustainable mandates and having a sustainability asset component, and also, in our products, where we have seen just in the past two months, for example, 26% of our Direct users have been screening on our new sustainability metrics.

So, our investment in this area is relevant to many investors' needs and is an area, where we have an opportunity to create a language through which investors can understand not just in addition to the – not just whether it is sustainable fund or not, but in addition to other factors, how does it stack up because of the global nature of our coverage.

**Morningstar Direct**

So, shifting gears just a bit toward how we think about our internal product strategy, I'll focus primarily on Morningstar Direct, which is our flagship product development effort and explain to you how we think about Morningstar Direct as both a platform and also a product. So, in the context of the platform, this is really a chassis that allows us to serve an increasingly varied number of users globally. As we seek to rationalize our product portfolio, we are introducing various configurations into Direct to simplify the experience for the diverse user types.

We are constantly introducing new features. Kunal talked about the risk model, and we are bringing our other research-driven innovations to life, first and foremost, through Morningstar Direct and ultimately, we'll be rolling out configurations across each of these four personas, manager researcher, wealth manager, independent advisor, and asset manager.

The first of these configurations we'll be launching this fall. And I thought I would show a quick synopsis of some of the work that we've been doing and maybe I'll explain it a little bit as we go here. This is our suite of wealth management tools for firms, who are serving more sophisticated investors. The goal with this set of tools is to unite our global data and institutional research, our
analytics, and importantly, some of the productivity tools that we have offered in other products into the Morningstar Direct platform.

The portfolio management and connectivity tools will help advisors as well as the due diligence and home office teams that support them to be more effective and efficient.

We are building on tools such as our Portfolio X-Ray, which has been a cornerstone of many of our offerings and adding on other Morningstar research and data capabilities such as data analytics, attribution at the household and client level, which previously was not available in Morningstar Direct, and scenario analysis through our risk model.

We are allowing firms to see immediately, which client portfolios are impacted by changes to a recommendation that was made at the home office or through the due diligence team. And we can also tell you which advisors are acting on that information. So, there's a feedback loop. We are reducing the time basically it takes for a due diligence team or a private wealth advisor to assess the impact of any given market event by approximately 75%.

**Data Catalyst**

Underlying our work here is our ability to process hundreds of thousands of portfolios and data points with the security protocol that meets the standards of the top trust banks in the country. This work used to take weeks, if not months, at which point the data would be stale and not of any value. And we can feed that back in at a home office level to provide a few of these views, as these slides show. This is a work that we are in pilot with currently with a few wealth managers in the U.S. and we'll be rolling out over the course of the next year or so.

**Less is More**

So, lastly, I'll touch briefly on the technology strategy that is allowing all of this work to happen. As I mentioned, none of this type of view in terms of the advisor's book of business or how any particular branch is staying in line or where the opportunities are for remediation would be possible without an incredible amount of data processing power and the commitment to data quality and integrity. Our technology strategy is outlined here through our Mies van der Rohe inspired less is more strategy.

And this framework underpins all of our product development across the initiatives I highlighted as well as others including our Morningstar as a Service initiative, which will allow firms to get access to our APIs to integrate into their own websites and other containers.

We are moving away from our own on-premise data centers to cloud-based infrastructure via Amazon Web Services and I would say we're probably in the third or fourth inning of this transformation, but our work is already yielding benefits in terms of enhanced uptime, tremendous improvement in processing speed and ultimately increased security, disaster recovery capabilities, and lower-cost scalable growth.
Conclusion

So, it does sound a little bit trite to say, but it's apparent every day that the pace of change in our industry has never been faster. And underlying these changes I would say that Morningstar's core research and data assets, our independence, and commitment to transparency are more relevant than ever and it is significant to see that even in the pace of such change the constants that we have are underpinning our strategy.

With that, I will turn the stage back to Kunal, this time in his role as interim CFO, to review our financial highlights.
Financial Highlights

Kunal Kapoor: Thank you, Tricia and hopefully, you all enjoyed the presentation. We've certainly got a lot coming out this year and we're excited about a number of the things that we're going to be bringing to market this year.

One of the things I'm excited about too is, of course, naming our next CFO. So, I thought I would just start by updating all of you on the search for our next CFO. We've been, obviously, interviewing both internal and external candidates. We're working with an external recruiter to help us through the process. What I can share is that we've made really good progress already in terms of identifying a small pool of finalists who we're looking at to essentially choose the next CFO from. So, I would say that if you ask me to use a horrible sports analogy, which inning are you in, we're probably getting closer to the seventh inning or something like that. So, we're close to being at the end of the process in terms of getting to where we're able to name the next CFO.

Financial Results

So, with all that said, I'm certainly digging in and enjoying the interim responsibilities and I thought I would take some time to talk a little bit here about some of our financials. And I'll do it in two ways. I'll talk about our results. And then, I'll separately talk about our capital allocation.

2016 Key Metrics

In terms of results, you all have seen now what our 2016 results yielded. We grew revenue to just about $800 million last year, and our operating income came in at about $180 million with free cash flow of about $151 million. Through this presentation, I'll go through some details that will fill in some of the buckets as to why these scenarios played out in the way that they did.

Contributors to Revenue Growth

Our primary contributor to revenue growth last year was organic growth, and we like that. That is the way that we ultimately want to deliver growth at Morningstar. And certainly, we had a little bit of growth through acquisitions. If you'll recall, we had just one month last year including the PitchBook results, December. And so, the impact from PitchBook was pretty muted for most of last year. And then, of course, we lost a little bit as it pertains to foreign currency translations. The dollar has continued to be strong. And so, while our non-U.S. business has continued to do well and grow at a steady pace, the impact on the overall results is somewhat muted when you take into consideration the strength of the dollar.
Major Product Drivers – 2016

If we look at our major product categories. I would point to a few things as they pertain to 2016. The first is, after I spoke about Managed Portfolios and how strong Managed Portfolios has been, I imagine some of you are wondering why our overall Investment Management offering is essentially growing at a much slower rate. So, I'd just take a minute to remind you what our Investment Management offering is comprised of.

We have what is largely our legacy product lines that are more customized investment management business which we are largely not focused on when it comes to winning new business. So, we continue to service the business that we have and focus on that from that perspective. We want to do right by all the clients we have certainly, but we're not actively going out and trying to win new business in that part of our overall Investment Management offering.

Instead, in the past couple of years, we have solely focused on driving growth in the Managed Portfolios area, which of course is growing very well, but relative to the legacy custom business is still catching up, if you will. We think that transition is likely to happen later on this year, early into next year and so, you will see meaningful growth start to emerge from the Investment Management business in that regard.

One thing of note here is that we have continued to invest all of the new dollars in the investment management business on the Morningstar Managed Portfolios side. So, at least, in terms of having the discipline and making sure that any new dollars invested into this business, they're going to the right part of the business and we're certainly focused on ensuring that that continues to be the case.

I also touched on credit ratings earlier, but I wanted to take a moment to touch on Morningstar.com where the ads business has had some weakness. So, primarily, this is because there has been a shift from buying ads from particular sites to buying ads that are more programmatic in nature.

And so, for those of you who are not familiar with programmatic buying, assume, for instance, that this morning you were on REI's website, and you decided to buy some gear. That gear is going to follow you around the Internet for the next two weeks. And so, that is the notion of programmatic buying that you might start on REI's website, but later on regardless of what you're consuming on a website or on mobile, you will magically see that ad appear.

And so, historically, many of our advertisers would come to Morningstar.com and stay on there, but they've also now due to programmatic buying shifted to trying to find our audience on other sites as well. We think that that trend is here to stay for sure and we certainly started to make some shifts to the way we think about our ads business. And we feel fairly comfortable that the approach is certainly going to be one that will help stabilize some of the downdraft that we've seen in that part of the business.
Major Product Drivers – Q1 2017

Looking at 2017 and what's happened so far in 2017, there are a number of things going on here, but I wanted to draw your attention to a few things. The first is that Advisor Workstation is a little bit weak in the grand scheme of things here, but I would just point out that a lot of what we've been talking about related to our best interest work and some of the sales successes that we cited in our first quarter results are essentially being driven by that part of the business. And so, we actually expect that that will look better later through this year. Largely, that's sort of reflecting some of the uncertainty that we saw in terms of timing of the fiduciary rule and decisions relating to that.

I would also point out that while the Indexes business is relatively small in the grand scheme of things, it's very important to us when we look at it from an organic basis. And we really do feel like our Indexes business has hit the tipping point where we think it's going to start being even more meaningful. Some of the growth that you're seeing this year is largely on the back of continued success for offerings such as the VanEck Wide Moat Index offering, the ETF. That offering just completed its 5-year record at the end of April, and if you'll take a look, we've really done well for shareholders in that offering and we're really prideful of it, because it's a great showcase of our research. It's also just interesting to note that our core license-based business continues to plug along and deliver steady growth year in and year out.

Quarterly Operating Income

This is our quarterly operating income and of course, you'll notice that in the first quarter of this year, our margins fell somewhat meaningfully. This is partly because of the integration of PitchBook's results into our overall results. And so, when we take out both the intangible amortization associated with PitchBook, as well as the management bonus plan associated with PitchBook, you'll see that our margins look a little bit stronger than with PitchBook consolidated in there. We do feel that through this year our margins should rebound to more traditional levels that you're seeing on here.

Balance Sheet

Our balance sheet is strong. We've continued to have a meaningful cash stake and in the past year, we did take on some long-term debt associated with our acquisition of PitchBook. We think we have a good rainy day plan when we think of our balance sheet and we want to continue managing it in a conservative and thoughtful manner, but also one where we're deploying our capital appropriately. And certainly, when opportunities present themselves, as they did last year with PitchBook, we're not going to hesitate to take advantage of them if we feel like they're going to ultimately deliver a high return to us.

ROIC: Return on Invested Capital
And that's really reflected here when you look at our return on invested capital. We're all investors here at Morningstar and so, this is always of interest to us. We think of our cost of capital being between 9% to 11% and so, we think we've been able to do much better when we look at the return on invested capital that we've been able to achieve in the past couple of years.

**Capital Allocation**

Now, on to capital allocation, and as you're well aware, there are multiple ways we could put our capital to use. We could go with organic expansion, acquisitions, share repurchases or dividends.

First and foremost, we focus on organic expansion. That is a theme here. How can we take the assets that we have and get even more out of them than we have up to this point. When it comes to share repurchases and dividends, what I would point out is that we have a preference for repurchases only because it then allows you, the investor, to make the decision as to when you want to incur the taxable event associated with that return of capital. All that being said, we have a healthy payout ratio and we've certainly taken our dividend up over time as well.

**Dividends and Share Repurchases**

You see that illustrated here, where our share repurchases over the past few years have outstripped our dividends. You'll notice that in Q1 of this year that was not the case and that was largely because we took $15 million and paid down the long-term debt that we had taken associated with PitchBook. So, certainly, that is something that we are also thinking about as we think about how we go ahead and deploy our capital.

**Shares Outstanding**

Over time we've certainly continued to buy back stock. And so, in this period between 2012 and 2017, we've reduced our share count by about 10%, which is fairly meaningful, essentially giving all you shareholders more value in that sense, you own more of Morningstar as a result, thank you for being our partners.

**Morningstar Performance**

And then finally, a shot here of our performance. Over 10 years, revenue has grown just over 10% and over five years about 8%. Certainly, when you look at the total return, we aspire to a higher total return and we're focused here at Morningstar on ensuring that the total return continues to be of the expectation that we would all want over time. We're definitely long-term investors, but we want strong long-term outcomes as well.
Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

Now, as I wrap up here, I did quote a couple of non-GAAP measures. And so, I'm going to show a couple of slides that are essentially the reconciliation of those non-GAAP measures with the nearest comparable GAAP measure. So, take a minute just to look at these, if you will.

So, with that, I will invite Joe back to the stage. And once again, thank you all for being here.
Closing Thoughts – Joe Mansueto

Joe Mansueto: Thank you, Kunal. Just a few closing thoughts. Morningstar is just a unique company with some terrific capabilities, some very valuable assets, that we think is really nicely positioned for future growth. I hope you can hear or see from the presentations from Kunal and Tricia why we're really so excited about our future.

First of all, we're a very focused mission-driven company. If you look at our competitors, a lot of them sell data, sell software. I don't think anyone has this sense of mission that Morningstar does. We really all are about creating better outcomes for investors. It really guides our thinking, drives everything that we do. Morningstar is a company that I think really nicely integrates both a strong sense of company values with value creation for our shareholders.

We also have a very strong brand and reputation that we've built over 33 years and this we believe is our biggest asset. There's an unusual degree of trust in the Morningstar name. When we come out with a new rating, a new data point, there's again this unusual degree of trust that we've established over many, many years with our clients around the world.

At the foundation of the firm are these very broad extensive, proprietary databases. Hundreds of thousands of fundamental time series that go back decades, as well as, all the proprietary data, the analytics that sit atop it, so you think of our Star Ratings, our Style Box, Sustainability Ratings. These give us a great advantage, very hard for any competitor to replicate those.

And then we have unique reach. Again, I don't know of any firm that has the reach that Morningstar does among individuals, advisors and institutions. And there's somewhat of a network effect where strength in one segment makes us stronger in another segment. So, if we're strong with individuals that they know us, that makes us more valuable to advisors, why, because our own clients know us. Then if we have a great presence among individuals and advisors, we're more valuable to institutions, why, because their end clients are using our metrics to make their investment decisions. So, we have got this very broad reach globally that I think is unparalleled.

And then although the investment industry, as Kunal had a slide up there, is growing 3% according to Burton-Taylor, we think we've focused the firm on areas that are growing much more strongly than that. And areas that are not only sizable, $100 million plus, but areas where we can win. So, we've done a lot of great strategic work over the last three to five years to really focus the firm on these opportunities. We're not trying to be all things to all people, but really focused on just five areas that we think have tremendous growth potential for Morningstar.

And then finally, we do all this with a very strong balance sheet and profitability. It is a marathon business. We want to make sure we're going to be around for a long time. So, we try and run the company conservatively from a financial perspective. We've got again a very strong balance sheet and then nicely profitable. We have a nice operating margin and I think we earn our profits in the right way. We're very capital-light firm. We're not a capital-intensive firm. It takes very
little net capital to run Morningstar, it's pretty amazing. And so, these capital-light businesses in my view are some of the best businesses to have. And so, I think we're earning profitability, but there's a lot of free cash flow associated with that profitability.

So, many terrific characteristics. Again, these are some of the reasons that I think we're really excited about our future, about the team here and what this will all mean for shareholders down the road.

So, with that, that concludes the management presentations portion of the meeting. So, now we're going to take a quick break. There's some refreshments outside. Then we're going to come back and answer your questions. So, thank you all very much.
Q&A

Joe Mansueto: Okay. So, welcome back. Now, we're going to begin the question-and-answer portion of the meeting. As I said we, really look forward to your questions all year. This is your one opportunity to ask questions. And if you're watching remotely, go to Morningstar.socialqa.com and you can submit your questions online.

We're joined here with – Daniel Needham is on stage. Daniel is the head of our investment management business globally. Daniel joined the firm in 2009. We acquired a small firm down in Australia, Intech, and Daniel was the CIO of that firm. We liked Daniel so much, we made him CIO of Asia-Pac. He did great in that role. We sent him over to London. He was CIO of our European Operations, ran that business. He did so well there, we made him global CIO and then we brought him back to Chicago to run our investment management business and he's our global CIO as well.

So, just in terms of logistics, there's four of us up here are and given Kunal is CEO and running the company, Kunal will take first crack at the questions and I can chime in from a Board perspective, shareholder perspective, Tricia from a product perspective and Daniel from an investment management perspective. Of course, you can direct your questions to any one of us or Kunal you can redirect them if you so desire.

Kunal Kapoor: Sounds good.

Joe Mansueto: So, with that, we'd very much like your question So, if you want to raise your hand, we have microphones here that we'll send to you. So, please wait for the microphone if you have a question. Okay, one in the back. Also, if you could identify yourself whether you're a shareholder or you're affiliated with a firm that would be helpful.

Ned Bothfeld: Hi, my name is (Ned Bothfeld). I'm a shareholder and also a financial advisor. My question is what is, Morningstar's presence in Washington DC in terms of lobbying and having input on legislation that might affect its business model?

Kunal Kapoor: Sure. So, the question is, what is our presence in Washington and what do we do from a lobbying perspective I guess.

So, I'm pleased to report that we do very little. We have one person who is based in DC for us and he's the head of our regulatory area. He really kind of focuses on policy. And the approach that we've taken is that we've tried to focus on a few issues that we think are good for the investor and advocate for that versus really trying to advocate for something as it pertains to our business. So, we've taken a fairly conservative approach relative to that. Ultimately, we think what we want to do is really advocate for the investor and take that angle.

So, as an example I'll give you, something that is on our minds these days. We've seen increasingly that there is, I think, a move underway for those in the retirement space to
increasingly hold on to the retirement plan data that they have versus kind of allow aggregation services like ByAllAccounts to feed it out to financial advisors who can then use it to provide financial advice in a holistic fashion. Fundamental to that type of debate is the notion of who owns the customer data and Morningstar's view is that the data is ultimately owned by the customer. We've gotten recently a little concerned that largely due to anti-competitive reasons that data is not being made available in the way that we think is appropriate. And so, that's an example of an issue that we plan to advocate for.

Joe Mansueto: A question down here in the front.

Randy Mehl: Hi, Randy Mehl, Stewardship Capital, a potential shareholder. You mentioned you filed to launch your own funds which, well documented and covered by Barron's and so forth. Have you received feedback from clients or partners on that objective and what's been the feedback or push back?

Kunal Kapoor: Yeah, I'll answer the start of that question and Daniel if you would like to chime in as well. I think the important thing not to lose sight of here is that within our Managed Portfolios business today we already maintain relationships with firms who we are outsourcing part of the investment management, too. So, fundamentally, what's happening with our funds is that we are changing the structures through which we might engage with some of these firms as well as other firms who perhaps we were not able to engage with because they might not have been available in the 40 Act structure. So, I would say that the feedback has been positive, folks certainly want to participate and be part of it. Daniel maybe you have some more granular conversations that you could highlight as well.

Daniel Needham: Sure. There's obviously limits to what we can say given that it's a quiet period with the SEC and we operate under 1940's depression era regulations. But I think the feedback that we've had in general from the field has been very positive and I think that financial advisors that we've spoken to have responded relatively well to it, including broker-dealers and other institutions that we work with. So, it's been just generally positive.

We've had some questions which hopefully we'll be able to answer in more detail assuming that we get approval from the SEC later in the year.

Randy Mehl: Thank you. And just a follow-up or a separate question. Kunal you listed acquisitions as a second priority for capital deployment. What are the hot areas or necessary areas you feel you need to acquire potentially?

Kunal Kapoor: So, the question is, where might we focus on to make acquisitions.

I think we feel really strongly that we have the capabilities that we need to execute our strategy. And so, it's certainly the case that if you look at a lot of the activity that's taking place in the marketplace today, it tends to be what I consider to be point solutions that are available. But fundamentally, for us, if we're going to ever look at buying something, it has to be something that we feel like we can't build that would add tremendous value.
And so, just using the example of PitchBook, we thought that that was an instance where there was a database that would take us years to replicate as well as client relationships and knowledge that we just couldn't build overnight and there was a strong team with a culture that was very similar to ours. And so, that's why that made a fit. But if you are asking from the perspective of do we have active list of areas that we're looking at, we don't. And fundamentally, what we're focused on is really driving organic growth. We have plenty of opportunities.

**Eugene Krishnan:** Eugene Krishnan from Lazard. We are a shareholder. And I'll put in context, we're hoping we're a long-term shareholder. I guess we have a question about compensation structure. And I'll start by saying we think that potentially senior management is underpaid and I would ask you how you guys benchmark versus other companies to see what absolute compensation potential should be? But on the other side, we wonder about if the incentives are being appropriately aligned, and I ask that in the context of the PitchBook acquisition in particular, we think of return on invested capital being an important metric that you guys have succeeded on the past and you highlight in your presentation, and we understand how there could be a long-term potential of that acquisition. But it could go the other way as well, right? And you have diluted returns in the near terms and the way the framework looks in the comp structures we see it is, it's largest based around revenue and EBITDA and doesn't take that fully into consideration although you've got the personal success factors.

So, maybe if you could talk about how you think about compensation on an absolute basis, appropriate, incentives to incentivize good return on invested capital and talk about investing behind PitchBook and I'll toss credit ratings in there. Sorry to make it a three-part question, but those were two things that could be capital-sucking big challenges to go after when you are trying to chase guys like S&P and Moody's. So, I'll stop there.

**Kunal Kapoor:** Joe, maybe you could take the lead on first part of the question and then I can weigh in as well.

**Joe Mansueto:** I'm wondering if I should ask Kunal, Tricia, and Daniel, whether in fact they are underpaid. But I might not do that. We spend a lot of time, of course, thinking about compensation. It's a very important topic. Our Compensation Committee meets regularly and kind of looks at the composition of our senior team and we want them motivated, we want them excited. I think if you notice a bias to our compensation, it's on the equity side. We want people to think like owners. We want them to share in the long-term success of the business. We want them to think long-term.

So, you will notice with Kunal's package that when he came on as CEO, a big chunk of that is a big grant, $2.5 million, I believe it's $2.5 million equity grant that we made at the end of year that vests over five years to get him thinking long-term. So, we didn't really change his base much. His base is relatively modest, pretty nice annual bonus, but it's more heavily weighted to RSUs, performance shares and this longer-term equity grant. So, we certainly like to heavy up on the equity side.

And then like most companies, we're doing benchmarking. We take our benchmarking pretty seriously. We have our peer group that we think are competitive with Morningstar and we look
and we try and pay people appropriately vis-à-vis those benchmarks. We of course take into account peoples' tenure in the role. So, Kunal is just coming into the role might not be compared to somebody who has been in the seat for 10 years. And so, compensation, you know, the key thing is getting the incentives aligned and it's – I often have this conversation internally where it's not just a data point, but there is always a distribution around any point. You can look at a point and there may be a wide range of salaries for any given role. And so, we take into account a lot of factors about where somebody might fit on that spectrum.

But I will say, I don't think we have lost people in terms of compensation that we wanted Person X and we couldn't get them to join the firm because we weren't paying enough. I don't think we're losing people in terms of, if you look at turnover rate. So, I don't see it on the acquisition or kind of people fleeing the firm, just another data point. But again, it's something we take a look at and again we want to make sure we pay people correctly, fairly and we're attracting the best talent that we can.

So, I would say that at a high level – I don't know if you want to comment on PitchBook at all specifically.

Kunal Kapoor: Yeah. So, I think your question around PitchBook and Credit Ratings was really what is sort of the long-term plan, is that – can I just synthesize it like that or is there something more specific, Eugene?

Eugene Krishnan: Yeah. And particularly, as you think about return on invested capital, PitchBook, you've spent a lot of money on (indiscernible), is there anything like Credit Rating (indiscernible)?

Kunal Kapoor: Yes. So, I'll start with PitchBook and then I'll touch on Credit Ratings. In the case of PitchBook, they are in a high-growth mode right now and to the extent that we are piling more capital into that business, it's largely for a few activities. One is to continue to fund the expansion of their data and research capability, which is particularly gaining steam now outside the U. S. So, this year if you look at PitchBook's European offering, they've just started to introduce some research in Europe and so what they're fundamentally doing is taking the playbook that the developed here in the U. S. and deploying it in Europe as well.

The second thing that is really important about the PitchBook story that that's worth spending a moment on is that we believe they have a very strong marketing and sales engine. One key area that we're putting more resources behind this year is to continue to fuel that engine because it's pretty clear to us that a dollar invested today results in far more than that dollar over time. So, the lifetime value of that client is very, very meaningful relative to what it takes to capture that client. And this is a space right now where there is a massive grab for market share going on and we feel like we have a unique opportunity with the data set to really kind of go in there and make a statement and take share, including from some larger firms.

So, as an example, PitchBook is increasingly competing against CapIQ and that is not only an opportunity to take larger seats away from CapIQ, but potentially also for us to take our capabilities that we were highlighting earlier such as our equity data offering and start putting
into PitchBook so that it's more of an apples-to-apples comparison when it comes to that. So, we feel pretty good on the PitchBook side in terms of earning a very strong return on the investment that we're making.

On Credit Ratings, it's certainly been the case that it's been a little less of a straight line in the last few years than we would like, but we've been thoughtful about increasingly trying to get our heads around what the earnings power of that business could be over time and really ultimately the issue here is that you need to kind of get to a certain scale through which, once you are there, you can start executing it. And so, we feel like we've kind of gotten to that point and certainly, as it pertains to the structured market, we're definitely there. So, any additional business that could come in as a result of the market tying a little bit, it falls to the bottom-line, right?

If you look at our results, we talk a lot about the fact that we see a lot of good leverage in our business and that's just the reality of it. One of the reasons our organic growth slowed down last year is because some of this very profitable revenue from the Credit Ratings side did not materialize because of the downturn in issuance. So, we definitely watch it, Eugene. We're definitely being thoughtful about it, but we also want to be careful in the Credit Ratings space not to get too distracted by some of the short-term volatility when we evaluate the long-term end game that we're hoping to achieve.

Eugene Krishnan: Just to fill in the gaps on the question, specifically on incentive comp and thinking about making sure it's tied to return on invested capital, how you guys think about that? When I talk about higher compensation, it's basically performance for pay, right, in terms of these guys deliver that high-single-digit growth and 20% plus margins that you guys were doing for a while that they should get paid for it.

Joe Mansueto: Yeah. The way our incentive plans are structured, it's not tied directly to return on invested capital. But I think you noted maybe (bringing) our materials, it's tied to revenue growth and growth in EBITDA. And so, those are the two, kind of, metrics we've honed in on.

Morningstar is a fairly capital-light business. So, I think if we're driving profitability, revenue and then – we get a lot of margin growth from enhanced – more revenue from our existing business. So, if we can grow revenue aggressively, I think that means good things for margin, EBITDA growth and that will translate, I think, into ROIC. So, we haven't specifically targeted ROIC, but I think again given the capital-light nature of Morningstar, I think you saw on the chart, our returns on invested capital are pretty good, but again we've not pegged it directly to that.

In terms of delivering on a target or exceeding a target what that means, the way our plans are structured, for every 1% outperformance vis-à-vis a target, there is a 5% additional increase to the bonus pool. So, it's pretty leveraged on the upside and that's on the downside too. It's 4% for every 1% miss on the downside, but it's a 5% addition for every 1% we exceed a target. So, that's how we handle that. So, it's a pretty steep curve. If we outperform by 10%, that's a pretty meaningful addition to the bonus pool.

Eugene Krishnan: Last comment on business and sorry, I'll let it go.
Joe Mansueto: Sure. No, it's fine.

Eugene Krishnan: But I guess, I would agree with you historically what you're saying is true that it's such an asset-light business that if you grow revenues, you're going to get the return on invested capital and you can see in your historical numbers. But again, the PitchBook acquisition I would say is the outlier in terms of the size for, what I'd call, empty calories. So, I guess, as a shareholder, our concern is, okay, if you do one of these and sort of see how it goes, that's one thing, but as we think about spending behind – or doing more acquisitions like that, and again, I'd come back to credit ratings, I understand where you are with the structured products, but the real market there for you in terms of some things that are more steady, you're going to have to go against S&P and Moody's and that could require very significant investment, and we're just worried that the way the incentive comp is structured...

Joe Mansueto: I see, we wouldn't make that investment.

Eugene Krishnan: Yeah.

Joe Mansueto: Yeah. Well, we can build that into our budget. So, if we build in heavy investment, to use your example into credit ratings, that will be built into our plan for the year. And so, I think, the plan can accommodate investment. And investment is, again, where do we want to set that margin typically. The margin, say, it's 20% if we invest more aggressively in credit, we could take that margin down to 15%, but that would be built into the plan that management would be incentive to meet or exceed. And so, I hear you on – do we – are we – are they too short-term focused where we would make a long-term investment? But then we also have the equity piece. We want also management to be thinking longer term, so we try and counter just the one-year bonus with both performance shares, which have a three-year look and then RSUs which are like shareholders are sitting in our shoes.

As I think between those pieces, the one-year bonus and then the performance shares, which is a three-year look, and then the RSUs, which is as a shareholder, hopefully, we get management thinking longer term and willing to make those investments.

Will Slocum: Hi, Will Slocum, Golden Gate, a shareholder. Just specific to that question, is this an investment year? I mean, intentionally, you hired kind of 600 people with 300 coming from PitchBook and 300 organic. So, as shareholders should we just think of this as an investment year, margins start to ramp again over the next couple of years? Or some of the comments where margins come back to that historical level over the course of this year, but knowing how revenue builds, it takes a long time, it's a layer cake, so should we think of this as kind of a reset year that we then build from or was there something funny in the last couple of quarters?

Kunal Kapoor: Yeah, I would suggest that perhaps the first quarter is not necessarily emblematic of the overall way that we're thinking of investing. Certainly, if you looked at what happened in the first quarter as well, we did have the situation where our actual headcount relative to the end of the year went down. And so, I think that that's an early sign to you if maybe how we've evolved it.
Having said that, the areas that I highlighted, we are thoughtfully investing in those for sure and there's a couple of areas that we probably will continue to put money to work in. Specifically – obviously, PitchBook is going to be an area that we're going to continue hiring and then we're building up our equity data capability on the data side and I highlighted that a little bit and so, that's an area that we're investing in. And then beyond that we're being very thoughtful and selective. I think the areas that we are generally most excited to invest in these days are related to really technology and finding good technologists and we'll usually hire them in when we find them and then we've done that in the past year where we've come across some people with some unique skillsets. But I mean, we don't think of any year as this is an investment year or something like that. I think we think about every year we want to invest in the business and as Joe said, it comes down to the pace at which you want to do it and where you want to sort of have your margin.

**Will Slocum:** Sure. It's more – because margin is under your control really. I mean, you've got a huge opportunity in front, so how much do you want to invest to accelerate…

**Kunal Kapoor:** That's right.

**Will Slocum:** But should we just be comfortable at a different level or is the idea that you get back to these historic levels of margin over multi-year period with the plan, I mean, you could operate it wherever you want.

**Kunal Kapoor:** Yeah, we certainly aspire to get back to the level of margin that you've seen historically from us.

**Joe Mansueto:** That's right. I mean, we don't really think in terms of this is an investment year, this is not an investment year. That's not part of our way of thinking. And as you know, we don't really give specific forecasts about kind of what the future is in terms of margins or revenue. But we try and be pragmatic about opportunities we see in the marketplace and we try and think long term. And so, to the extent that we see good opportunities, I think we do want to make those investments. At the same time, we try and balance out with some decent level of profitability today and as Kunal mentioned, probably the first quarter is not indicative of what we think the rest of the year feels like to us, while still investing in the opportunities, you know credit ratings or the things that Kunal mentioned, these top five, I think pretty aggressively.

**Kunal Kapoor:** Yeah. The flip side of it is, Cheryl always reminds me that every year the business should be more efficient. And so, when we budget, we certainly take efficiency targets and use them across the business as well. And so, it's not just a question of investing in that fashion, but we expect that people will redeploy the resources that they have in a meaningful fashion. And if you look at where we've invested in the last couple of years and how we've redeployed resources internally, there's a heavy correlation to those five things that I highlighted for you earlier.

**Joe Mansueto:** Other questions? Go ahead. And then we'll get to you.
**Unidentified Speaker:** A separate topic. Just if you could talk about the slowdown we've seen in a lot of the data side of the business, particularly advisor. You talked about the market overall slowing down. Maybe if you could just extrapolate that on a bit more, what do you think is causing that? Is this okay? There's fee pressure on a lot of asset management businesses and RIA businesses that's making it harder to sell-through? Is there something product-specific that's going on? Should we expect reacceleration in the core legacy products? Or is there a different strategy there?

**Kunal Kapoor:** Tricia, would you like to take a crack at it first?

**Tricia Rothschild:** Sure. We see, I would say, some shifts in how we can deliver value into the market, particularly in – well, both in the asset management and in the advisor and wealth space. So, I do think that as some of the growth in certain areas, for example, advisors developing carefully constructed individual portfolios for each client made up of a hand-selected list of mutual funds, that is not an activity that advisors are engaging in increasingly. In fact, they are engaging in it far less than they used to, but the opportunity for us there shifts to both Managed Portfolios and the Direct for wealth management tools that I mentioned, where we can help either advisors who are outsourcing altogether to come to Morningstar and we would see growth – in fact, we have seen.

That's one of our fastest growing areas in the recent past is our Managed Portfolios offering. And for firms that are continuing to employ advisors, but have their own in-house due diligence and portfolio teams, they will be increasingly served through Morningstar Direct and the capabilities that I'd demonstrated for you there in terms of building efficiencies and opportunities to create value from the home office out to the advisor field and then feedback loops back into the home office to allow for that cycle and the portfolio management kind of capability that we've historically been known for in that space will happen more through that platform and that mechanism.

**Joe Mansueto:** But there certainly is, as you point out, I think pretty intense fee pressure in the industry. And so, I think it's more important than ever to have proprietary data. If you have more commodity-like data, it's going to be pretty difficult for you. But to the extent that we've got the best-quality data, we had things like Sustainability Ratings in addition to our Star Ratings, the Analyst Ratings, Style Box, all of those things, I think, gives us some protection, insulates us a bit from that fee pressure. But there's no question that asset managers – and you are an asset manager, you're looking hard at your costs. And I think that they're looking at a level that really wasn't true 10 years ago at every spend that they make.

And at the same time, we're trying to be disruptive in that. We've got an initiative called Open Indexes. We are trying to be disruptive in the index space. I was talking to a few of you at the break about that, that you've said your benchmarking costs have doubled or tripled, especially now that Russell was acquired by the LSE, your costs are going up. And so, we're trying to kind of be disruptive, get in there, and help clients solve this problem. So, I think, there's ways we can benefit, but we also have to protect our key assets and make sure that we get value for them.
Kunal Kapoor: Yeah, that's right. I think it's sort of a three-pronged approach to really continuing to extract growth and value from our data assets. The first, which Joe just kind of referenced is really that you want to continue to add more unique IP to it, whether that's a Sustainability Ratings or other such factors. The second thing is, we are increasingly focused on portfolio level statistics, as well as things like our risk model, which take our data and fundamentally show them in a different way.

The other corollary here is aggregated data for individuals and home offices, where we can start now taking data and basically start providing insights on the data, so that it's not just about here's the data, but it's here's the data and you could do X, Y, and Z with it.

And then the third thing that I would just sort of add on there is where it's appropriate, we add new data sets. And you sort of saw us talk about fixed income, private equity. And so, that's the thought; you can really kind of build your moat, I think, through these different things.

The opportunity in data to me is exciting and meaningful. And there's lots of shifts going on in data, but we've got a great team there and great capabilities and I'm really optimistic on it. And by the way, on the data side, one of the other interesting things that's going on is, on the collection side, the ability to automate is more and more meaningful. And so, I think we have an opportunity to collect even more data relative to what we could historically because of the ability to automate further.

Arthur Baptist: Arthur Baptist, a shareholder with Golden Gate Capital. My question was just around pricing and the ability to price has been kind of one of the things that has driven growth historically for you. And when you think about this fee environment for some of your clients and end customers, are there still areas across the software portfolio that you can still kind of get that price? I mean, one of the things when you look at the Office and the Workstation product and you are kind of shifting to a higher-priced Direct product, I guess, how is that going with your client base? Are you getting pricing pressure on some of those legacy products? And then workplace solutions has been growing quite nicely, especially when you look at assets, but the revenue growth hasn't quite kept up with the asset growth, getting kind of some modest fee compression there. Are you seeing that across the portfolio and maybe just higher level what parts of the portfolio can you really kind of capture that price that you've done historically versus areas you are getting more pressure?

Kunal Kapoor: Absolutely. Tricia, why don't you start and then I can fill in some…

Tricia Rothschild: Sure. So, you are definitely right to point out the shifts in – pricing which really hinges on the value that the user is getting back from what we are delivering and maybe kind of consistent with what I was saying a second ago that some of the value that we've delivered historically through portfolio construction tools for the average advisor has a different value proposition to those folks today – less of a value proposition than it did yesterday.

But on the flip side, the value of the data is more powerful than ever. The assets that they are managing are still there. And so, to the extent that we can leverage the data and the research IP through perhaps a new delivery channel or maybe with a different target buyer, so more kind of
at the home office level where they are aggregating all of those assets and delivering at scale themselves out to their advisor field, that's an area where we still have tremendous pricing power.

The other thing I would say in terms of our offerings both on the asset management side and the advisor side is we are a source of efficiency for those firms. So, to the extent that using something like Morningstar Direct as an asset manager to manager workflow across your asset management team, your marketing team, and other users at the firm and you can use our tools to reduce your headcount, that actually increases our ability to charge for that because we are – of course, a source of savings for firms at a time when they are looking for that.

The other data asset that Kunal referenced when he talked about that where this is very much the case is on the real-time and equity data side of things. So, we can come in with an offering that adds value at a lower cost than they are paying but expands our share quite a bit in that space.

**Kunal Kapoor:** Yeah, I mean, what I would add to it is, I think the challenge is really for firms that don't add value to what they are pricing at today, it becomes very hard to defend against the pressures of client. But if you are adding value and putting more into what you've already made available, the discussion tends to be a lot easier. You take something like risk model, the fact that we are building it in to Direct and making it available in the fashion that we are, suddenly the conversation with the client shifts to, okay, who are you using on the risk side and do you need that anymore or not. And so, it becomes an opportunity for them to maybe have one less provider, but certainly from our perspective, we've potentially even increased the user base because of our ability to add something like that in.

The other thing I would just add that's somewhat interesting and worth kind of keeping an eye on is that a few years ago many business models were sort of shifting in our space to AUM business models solely and I would submit that there has been bit of a pullback from that. Most notably, you are starting to see that as fees have come down, many asset managers are going out there and trying to acquire software assets because they are increasingly thinking about the fact that they may get their value through the software piece vis-à-vis the asset management piece itself. And so, I think, we are actually really well-positioned in that regard when you look at our capabilities because we have the opportunity to flex between business models and certainly, with different clients we've been able to do that. I'd love to see us and we hope to bring together more of our assets in that regard in the coming years.

**Arthur Baptist:** Maybe just to follow up on that one quickly just in the, kind of, $200 billion or so of assets, do you have the rough breakdown of kind of the proportion of that that you are actually day-to-day managing, making the investment decisions using kind of the Morningstar special sauce to drive decisions versus more kind of an advice services business that you're getting kind of paid that fee on?

**Kunal Kapoor:** You want to take the lead on it?

**Daniel Needham:** Sure. Yeah, so the $200 billion is roughly equally split between retirement and investment management. And of the retirement assets over $40 billion are in retirement
managed accounts where we are really sort of setting the strategy. That's holistic management. So, it doesn't only involve the selection of the investments and bringing together of the portfolio but also looking at the total wealth, how old the person is. And so, it's got embedded financial advice in it and so that represents about 40% of the portion that's in retirement.

And then the investment management sleeve, we have around $33 billion of the roughly $100 billion that's in discretionary assets, our managed portfolios where we've got responsibility for the asset allocation, investment selection, portfolio construction. The amount of discretion we have across the $100 billion in investment management differs based off the mandates, but we do have a large portion of that that would called sub-advisory where we have – we're a sub-advisor, we have discretion on making those investment decisions. So, round about a third of the investment management assets are kind of what you would consider to be discretionary.

Joe Mansueto: Okay. Other questions? Down in the front here.

Unidentified Speaker: Just have a couple of follow-ups to things you said. First, you've mentioned migration to the cloud being an initiative, automating data collection, efficiency targets. Are there specific targets that we as investors should kind of have in mind for productivity? Or maybe stated differently, what are the metrics you look at in terms of productivity?

Kunal Kapoor: So, I'll share with you at a high level some of the things that we look at. We certainly don't have a forecast that we make available in terms of what you should model. But what I will say is that the heaviest level of efficiency that we look for is within our Data business. And particularly, that's where we do a lot of our data collection area and the goal there is to automate as much of that as possible as quickly as possible. So, this year when you look at how we've spread efficiencies throughout our business, that area certainly has the largest pool of efficiencies associated with it.

The second way we've thought about it is to think about where we're investing and where we may be pulling back a little bit. And we are in general putting heavier efficiency targets on areas that are slower growing and more legacy products than we are in higher-growth areas. And so, if you look at how resources are being allocated and how they're being moved around, it's very much in that fashion. And kind of lines up very much to what you saw on the product list in terms of the areas we're investing in and those that we identified as being sort of more legacy areas. So, the gradation is a little bit different across the board, but in total it's fairly meaningful across our Company as well.

Unidentified Speaker: You also talked about organic growth from Morningstar Data and Morningstar Direct. So, excluding PitchBook then is there a reasonable target that we should have in mind for kind of longer-term organic growth from the license business?

Kunal Kapoor: Yeah. So, again, we don't share forecasts, so I'm not necessarily going to put a number out there. What I will say is that certainly it's the case that we feel like some of the investments that we're making today, both in Direct and in Data, should continue to provide fairly strong organic growth in those areas.
Unidentified Speaker: Okay. So, I'll ask a third that I know you're not going to want to get into this one. But just around PitchBook, you look at the margin profile, growth profile are both very different from…

Kunal Kapoor: Yes.

Unidentified Speaker: …what you have today. As you think longer term, should the margin profile sort of line up with the other license businesses over time, maybe greater, less, how are you thinking about that?

Kunal Kapoor: Yeah. I mean, the business is fundamentally very similar to other businesses that we have and that's one of the reasons it's attractive. It's a Data business that's largely monetized through a SaaS platform, right? And that's the way that we've kind of thought about that and so, it's similar to our businesses in that regard.

Today, if you look at PitchBook, and we've disclosed this in one of our monthly Q&As, for this year it's largely, once you'd kind of take out the intangible amortization and the bonus plan associated with the acquisition, the business is more or less going to be close to breakeven this year. And so, the path to profitability is fairly clear and obvious in terms of how we can get there. The choice, as we've kind of discussed earlier as well, is the rate at which you want to invest in the business and when you want to throttle that back.

And as long as we see a clear path to earning more on that dollar that we're investing in the business today and getting a high return on that, we're going to keep doing that, particularly because right now most of those dollars are going to selling and meeting demand that exists out there. So, the path of how we're kind of earning our return on that dollar is very, very clear. And so, we've continued to kind of focus on that.

But certainly, I would encourage you with PitchBook to kind of step back and look at the different pieces because the core business is really not that different than our core business. And certainly, we have control over time in terms of how we would pull the levers. And right now, we're pulling the growth lever, which seems appropriate given how things are going and where it's positioned.

Joe Mansueto: Other questions? This is the one time of the year that you get to do this. So, as you know, if you have questions throughout the year, you can submit to our IR site. We answer all the questions that we get once a month, post the answers, file an 8-K. So, if other questions occur to you when you get back to the office, feel free to send it to us and we'll answer them later. But also, I should check, are any questions come in over the online? Any? No. Last chance for those online.

Okay. Well, if there are no more questions, and I don't see any more hands, we are adjourned. I want to thank you all for attending. We very much appreciate your support of the company.