

**Media Contact:**

Stephanie Lerdall, +1-312-696-6037 or [stephanie.lerdall@morningstar.com](mailto:stephanie.lerdall@morningstar.com)

**Morningstar CEO Kunal Kapoor Cites Mission-Driven Principles to Fuel Great Financial Advice at 2019 Morningstar Investment Conference**

*Five participant tracks spur conversations about investment strategies and advisor practice management in order to empower investor success*

**CHICAGO, May 10, 2019**—Speaking to more than 2,000 attendees at the annual [Morningstar Investment Conference](#) in Chicago, **Kunal Kapoor**, chief executive officer of leading investment research provider [Morningstar, Inc.](#) (Nasdaq: MORN), discussed the growing importance of great advice from financial professionals in ensuring today’s investors can meet their financial goals and prepare for a financially secure retirement.

“Our research tells us that the single greatest way investors can improve their financial picture is through personalized financial advice. Great advice makes everyone shine, and we are in your—and the investor’s—corner in that endeavor,” Kapoor said in his keynote address, available [here](#). “When you do business with us, you do business with our values. Our commitment to investor success manifests as specific and tangible principles that are universal: our opinions are independent; our actions are transparent; and we invest for the long term.”

With speeches, panels, and breakout sessions customized for participants across five tracks, the conference surfaced the brightest ideas in investing—spanning topics such as value, innovation, sustainable investing and retirement—and also surfaced new Morningstar research and product offerings. Highlights from the conference capture the importance of delivering personalized advice to investors and finding the right strategies to meet their financial goals.

**More General Session Highlights**

- **Sonal Desai**, chief investment officer at Franklin Templeton Fixed Income Group said investor fears of a recession have pushed fixed income markets to diverge from fundamentals too soon. Looking at historical recessions, I look for four major triggers,” Desai said in her keynote Wednesday, citing: overly aggressive monetary tightening; overextensions of investments; oil price shocks; and bursting of the financial bubble. “I don't see any of those right now.” Read a Morningstar.com recap of the session [here](#).
- Closing the first day, **Morgan Housel**, partner at The Collaborative Fund, suggested advisors tune into the psychology of how people think about risk to guide clients to better-informed financial decisions. “Good investing is not about what you know. It’s about how you behave. Behavior is hard to teach—even to really smart people,” he

said. “When people think about risk they don’t just do it in an analytical way. They do it in a cultural way... What you’ve experienced in life, including the culture that you live in, the generation that you were born into, and values that were instilled by your parents and your teachers. All these things are not only out of your control, but they vary wildly from person to person.”

- **Cliff Asness**, founder, managing principal and chief investment officer at AQR Capital Management, explained some of the very features that make multi-factor quant strategies attractive over a long horizon can also make them less intuitive over shorter stretches. “Many quantitative equity strategies haven’t performed well lately,” Asness said to kickoff the second day. “Investment strategies are easier to stick with for the long term when you brace yourself for the short term, trust your intuition, stick with strategies that have very high Sharpe ratios, and aren’t too maverick.” Read a Morningstar.com recap of the keynote [here](#).
- PIMCO Chief Executive Officer **Emmanuel “Manny” Roman** discussed the bond behemoth’s role in today’s fixed-income market, including how its adapting to the rise of advice and emerging technologies. “At the end of the day, we believe markets are mostly efficient. It is hard to make money, so every single resource we have is used to try to add value, to cut the left tail,” Roman said in conversation with Morningstar’s Eric Jacobson. “You need to decide what business you want to be in. You can be an index provider and try to be the cheapest. We are trying to be an alpha machine.” Read a Morningstar.com recap of their conversation [here](#).
- Earlier this morning, **Daniel Needham**, president and chief investment officer at Morningstar Investment Management, took lessons from honeybees to uncover ways groups can make better collective decisions than even the smartest individual. “To do well as a group, you need smart people who behave differently,” Needham said. Markets work well when there are diverse participants, but they don’t work well when there’s a breakdown of diversity and fewer investor types, he noted. “Agents of negative feedback are critical for markets... contrarians can benefit by standing apart from the crowd.”
- In an insights-packed panel on healthcare innovation, Morningstar’s **Christine Benz**, director of personal finance, and healthcare equity researchers **Damien Conover** and **Karen Andersen** discussed breakthroughs in pharmaceutical therapies against a backdrop of client planning and spending uncertainties. Encouraging advisors to serve as an objective source, Benz said, “If your clients have the high-deductible plan on their benefits menu, help them look at that based on their own healthcare spending and any subsidies that may be provided by the employer... If you have clients who have maxed out every other tax-sheltered vehicle available to them, counsel them about the virtue of using the health-savings account for additional funds and potentially delaying spending from the account all the way until retirement.”

### **New Morningstar Research**

- **Low-Cost Demand Shapes Target-Date Fund Landscape:** Published May 9, the 2019 Target-Date Funds Landscape report by Jeff Holt, director of multi-asset and

alternative strategies at Morningstar, shows that price still rules the target-date fund market. Assets in target-date mutual funds shrank in 2018, but the overall market grew, as providers gathered assets into low-cost alternatives like collective investment trusts (CITs). The full report is available for download [here](#).

- **2018 Fund Fee Declines Saved Investors Billions:** The Annual U.S. Fund Fee Study by Ben Johnson, director of global exchanged-traded fund (ETF) research at Morningstar, shows investors paid less to own funds in 2018 than ever before, and approximately half as much as they did in 2000. A 6% year-over-year decline in fees saved investors an estimated \$5.5 billion last year. Published April 29, the annual report is available for download [here](#).
- **Sustainable Investing Interests Extend Beyond Women and Millennials:** Published this Earth Day, a whitepaper by Morningstar behavioral researchers Ray Sin and Samantha Lamas as well as Ryan O. Murphy of Morningstar Investment Management dispels stereotypes about sustainable investors and identifies a potentially untapped sustainable investing market that crosses genders and generations. The report found 72% of the U.S. population expressed at least a moderate interest in sustainable investing. This same methodology was leveraged in a **virtual reality (VR) experience** for conference attendees that considers a client's preference for sustainable investing and assess how investment decisions could affect climate change. The full report, "The True Faces of Sustainable Investing: Busting the Myths Around ESG Investors," is available for download [here](#).

### **New Morningstar Product Launches and Enhancements**

- **Model Marketplace Launches:** Featured in the conference's Innovation Lab and Morningstar Theater, [Morningstar Office<sup>SM</sup> Cloud](#) newly launched the Model Marketplace, a fully integrated distribution platform that allows advisors to quickly and cost efficiently research third-party investment models, personalize strategies to fit their clients' needs, and initiate trade instructions in one connected workflow. The platform, included in Morningstar Office<sup>SM</sup> Cloud at no additional cost, serves as a direct connection between advisors and more than a dozen asset managers participating at launch, with the added benefit of Morningstar's analytics and qualitative ratings. Learn more [here](#).
- **Morningstar and Mercer Alliance Advances:** Following last year's formation of a strategic alliance between Morningstar and Mercer, wealth managers using Morningstar Direct for Wealth Management can now add access to Mercer data and research, and asset managers using Morningstar Direct for Asset Management can now add access to Mercer data. With additional data mapping to come, the centralized data streams broaden investor exposure to institutional strategy-level data, with extensive data points on 33,000+ investment strategies. Mercer's Stacy Scapino and Daniel Bristow joined Morningstar's Scott Burns in a conference panel to discuss the blurring boundaries between institutional and individual investors as intermediaries face pressure to deliver high-quality products at lower, more-transparent prices. Learn more about the alliance [here](#).

- **Morningstar Investment Management Introduces ESG Asset Allocation Portfolios:** Available to advisors in the U.S. through Morningstar® Managed Portfolios<sup>SM</sup>, new ESG Asset Allocation Portfolios leverage Morningstar’s environmental, social and governance (ESG) data, research and insights. The series of five diversified portfolios combine a valuation-driven, asset-allocation approach with ESG-focused third-party mutual funds and ETFs to create core portfolios for investors who value a more sustainable future. Learn more [here](#).
- **Goal Bridge Debuts for Investment Planning:** Kapoor’s keynote and the conference’s Innovation Lab debuted Goal Bridge, a new goals-based investment planning and proposal tool—integrated with Morningstar® Advisor Workstation<sup>SM</sup> or available as part of Morningstar Enterprise Components—allows advisors to connect clients’ personal goals to their specific investment plans in a single workflow, reducing manual reconciliation burdens and human error. Building on [evidence-based benefits of behavioral coaching](#), Goal Bridge enables better investment decisions by helping clients visualize abstract concepts and building self-efficacy.

### **Awards and Recognitions**

At the conference and live on CNBC’s Power Lunch yesterday, Morningstar announced its 2019 **Morningstar Awards for Investing Excellence**, recognizing portfolio managers, asset management firms, and up-and-coming managers who demonstrate excellent investment skill, the courage to differ from the consensus to benefit investors, and an alignment of interests with the strategies’ investors.

Winners were honored in three categories: **Dan Fuss of Loomis Sayles Bond** (LSBDX) for Outstanding Portfolio Manager; **The Vanguard Group** for Exemplary Stewardship, accepted by Chairman and CEO Tim Buckley; and **James Marchetti of PRIMECAP Odyssey Aggressive Growth** (POAGX) for Rising Talent. Interviews featuring winners are available on Morningstar.com [here](#).

### **About Morningstar, Inc.**

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