

Morningstar 2016 Shareholders' Meeting

MORNINGSTAR®

30

40

60



Business of Annual Meeting

Management Presentations

Break

Questions and Answers

To send in a question for the Q&A session, please visit:

<http://morningstar.socialqa.com>

Today's presentations contain forward-looking statements. All statements made that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Please refer to our most recent earnings release and our most recent Form 10-Q or 10-K for more information on the factors that could cause actual results to differ.

Today's presentations also contain non-GAAP financial measures. Please refer to the slides at the end of the presentations for a reconciliation to the applicable GAAP measures.

Morningstar Update

Joe Mansueto

Chairman and Chief Executive Officer

Mission & Strategy

2015 Highlights

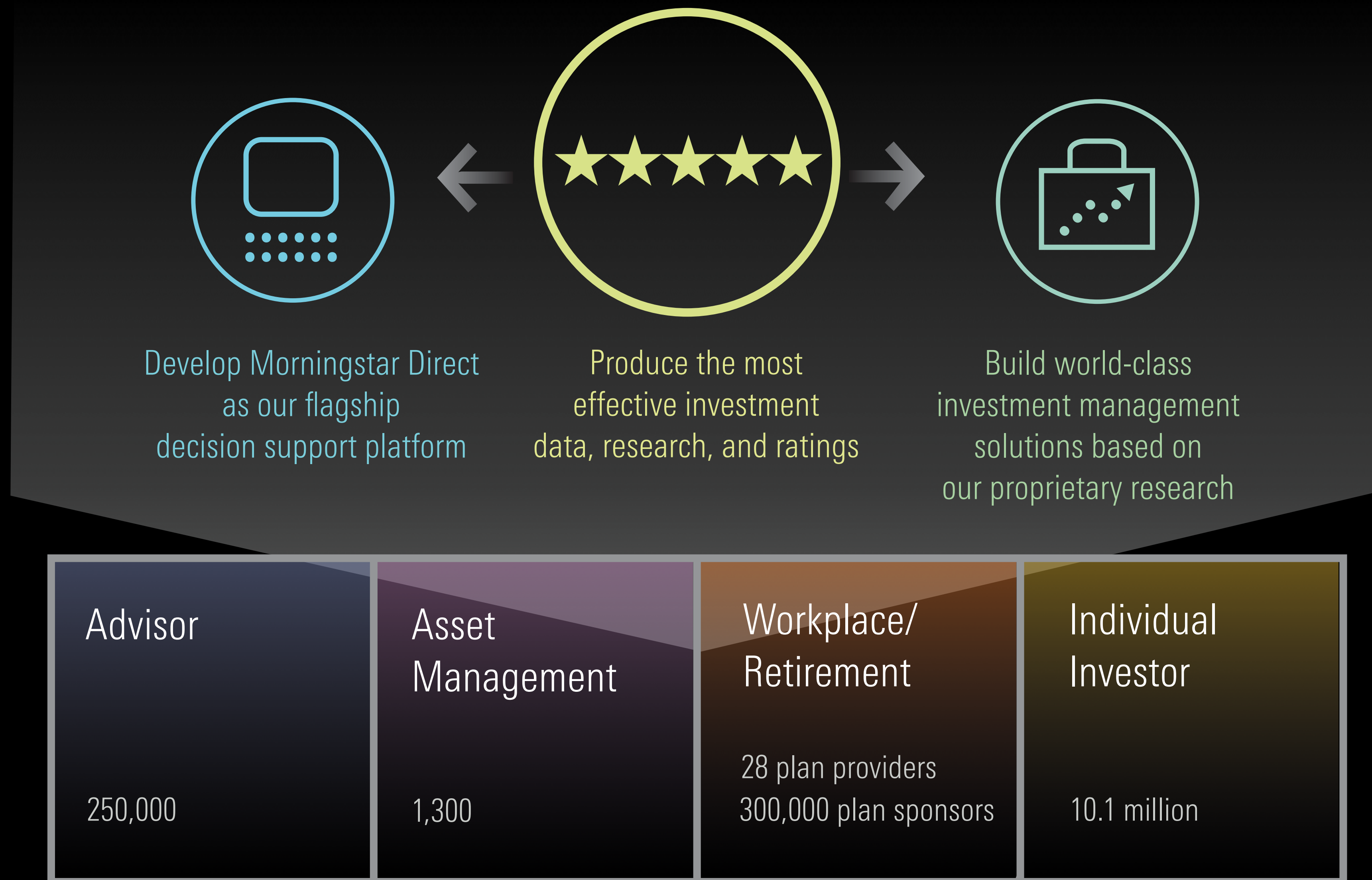
Investing in the Core

Mission & Strategy

Mission

Our mission is to create great products that help investors reach their financial goals.

Strategy



Strategy: Two Big Market Needs

Morningstar Capabilities
Proprietary Research + Frameworks
Trusted Brand



Decision Support

+

Outsourced
Investment Management

Strategy: Two Big Market Needs

Decision Support

+

Outsourced
Investment Management

\$27 bil

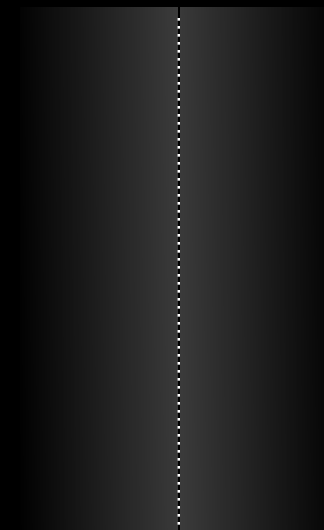
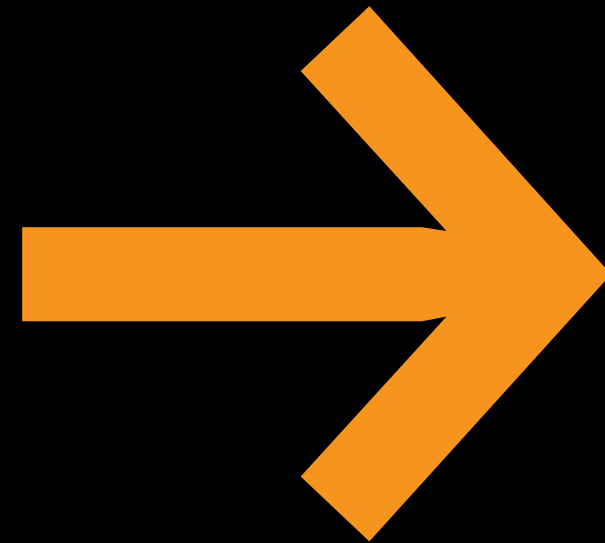
\$4.1 tril AUM (approx.)

Morningstar Data
Morningstar Advisor Workstation
Morningstar Direct
Morningstar.com
Enterprise Components
Morningstar Research
Morningstar Credit Ratings
Morningstar Office
Morningstar Indexes

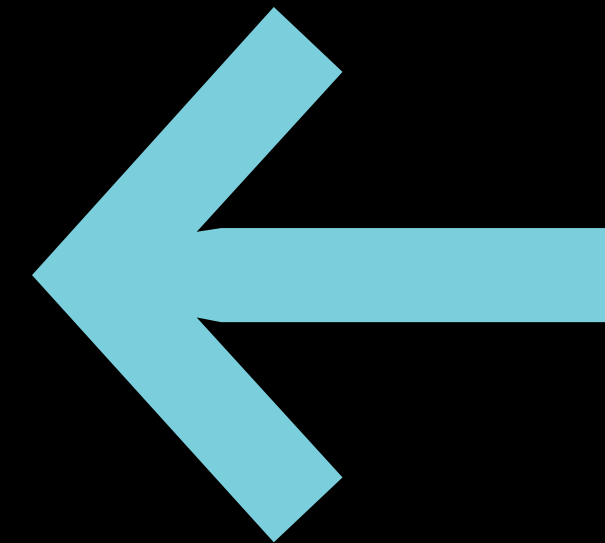
Workplace Solutions / Retirement
Morningstar Investment Management
(includes Morningstar Managed Portfolios
and institutional asset management)
Morningstar Indexes

Strategy: Two Big Market Needs

Decision Support



Outsourced
Investment Management



Accomplishments: Revenue Growth in Five Key Investment Areas

1

Workplace Solutions/
Retirement

2

Morningstar Direct
(including Total Advisor Workflow)

3

Morningstar Managed Portfolios

4

Morningstar Credit Ratings

5

Morningstar Indexes

Accomplishments: Revenue Growth in Five Key Investment Areas

\$29.1 mil* (+13%)

* Combined revenue growth for Workplace Solutions/Retirement, Morningstar Direct, Morningstar Managed Portfolios, Morningstar Credit Ratings, and Morningstar Indexes in 2015

Accomplishments: Next-Generation Software Platforms

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Today

Our Picks

Your Portfolio

with the agility of &

Expand

SNAPSHOT

DJIA

\$17,173.35

322.49

1.84%

S&P 500

\$2,011.90

-29.99

-1.47%

NASDAQ

\$4,933.30

-69.25

-1.38%

Crude Oil

\$5,034.61

72.65

1.42%

US 10-Year

\$5,034.61

72.65

1.42%

NORTH AMERICA

DJIA

\$17,173.35

322.49

1.84%

MORNINGSTAR MEDALISTS

Why Wide-Moat Stocks Can Carry High Uncertainty

Impregnable competitive advantages don't necessarily guarantee predictable cash flows.

Related

How to Use Morningstar Ratings to Find Quality Stocks

Special Report: Why Moats Matter

ERROR-PROOF PORTFOLIO

A To-Do List for Volatile Markets

Tackle these four constructive tasks to protect your portfolio and financial plan.

Related

Maybe You Should Sell Some Stocks

Morningstar's Guide to 2016's Most Undervalued Stocks

BOB JOHNSON

Unmistakable Signs of a Recession

More important than the headline unemployment rate, much higher unemployment is a warning sign of a recession, and even upward movement in the rate doesn't guarantee a recovery.

CONSUMER DEFENSIVE

Coke Still Has Room to Grow

Cost-savings programs, improved manufacturing, and new product introductions should drive near-term growth for the stock.

How to Use Morningstar Ratings to Find Quality Stocks

STOCK INVESTING

Ultimate Stock-Pickers: Top Managers' High-Conviction Picks

Before the market turmoil of 2016, buying activity remained high among institutional investors, and it's likely to continue.

U.S. Open-End Exchange-Traded Offshore

U.S. Separate Accounts

U.S. Insurance Funds

U.S. Closed-End Asset Flows

Managed Investments

Overview

Equities

U.S. Equity Funds

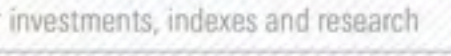
Why Tools Matter

Analyst Ratings

Sectors

Equity

U.S. Market



U.S. Open-End
Exchange-Traded
Offshore
U.S. Separate Accounts
U.S. Insurance Funds
U.S. Closed-End
Asset Flows

Managed Investments

U.S. Equities
Fundamental Analysis
WhyTool (Beta)
Analyst Covered
Sectors

Equities

Monitoring
Attribution
Performance
Import
Allocation
Create Portfolio

Portfolio

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Equities
Options
Breaking News

Markets

U.S. Market
Equities
Fixed Income
Alternative
Allocation
Commodities

Indexes

Universes
Lists & Screens
Create List
Create Screen
Notes
Alerts
Excel Add-In

Utilities

Walk Me
Contact Us
Send Feedback

Support

MORNINGSTAR Retirement Manager

Need a plan for your plan? We'll help you focus.

Give us 2 minutes, and we'll walk you through how much to save, where to invest it and options for managing your money going forward.
(Seriously. You'll spend more time waiting in line for coffee.)

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[Get started](#)

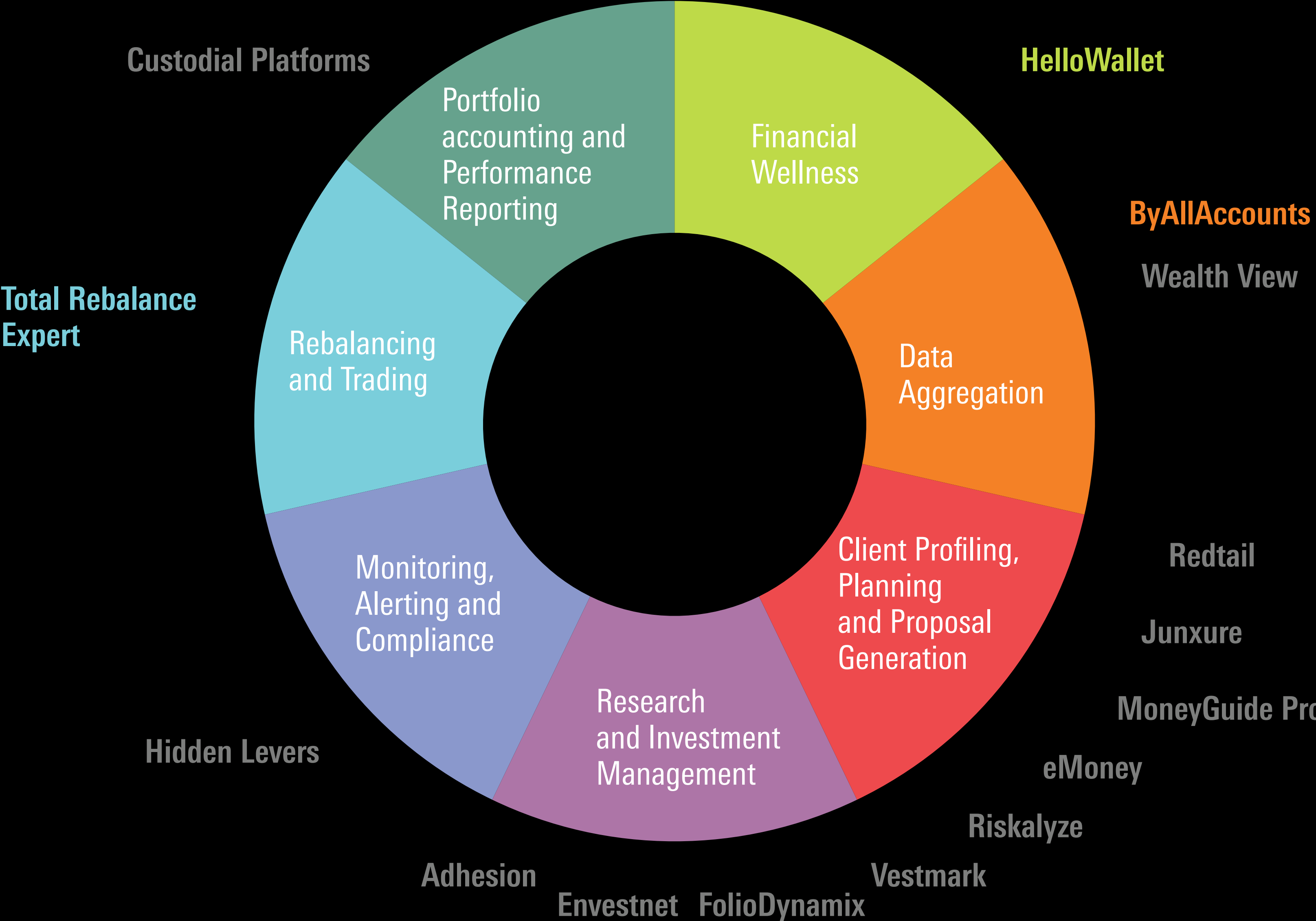
[View](#)

See your bigger picture.

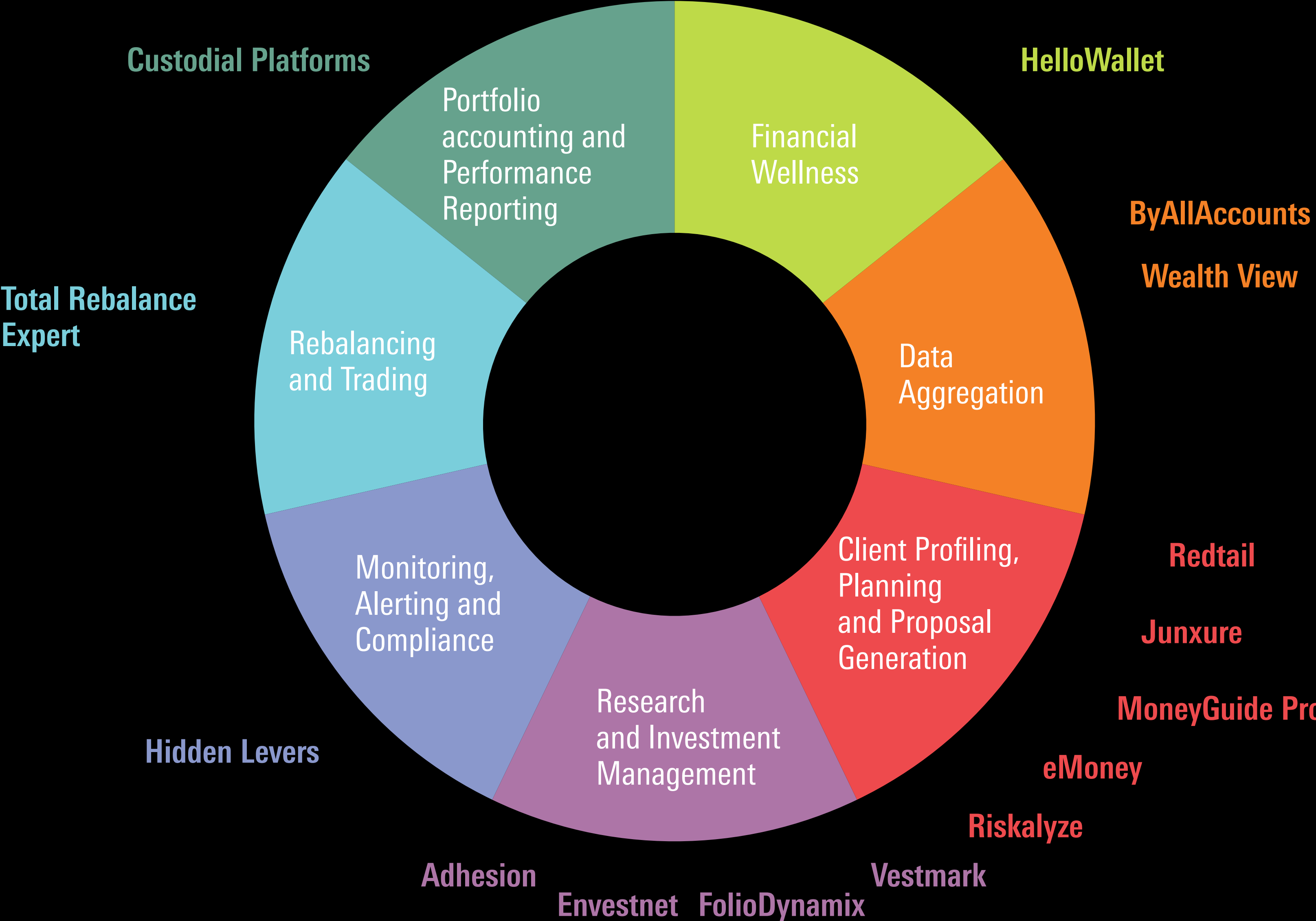
After advice here. We'll help you sort out this new account in the context of other money you have earmarked for retirement — including IRAs, 401(k)s, Social Security, old 401(k)s, your spouse's savings, inheritances, and more.

[Get started](#)

Accomplishments: Advisor Workflow Capabilities



Accomplishments: Advisor Workflow Capabilities

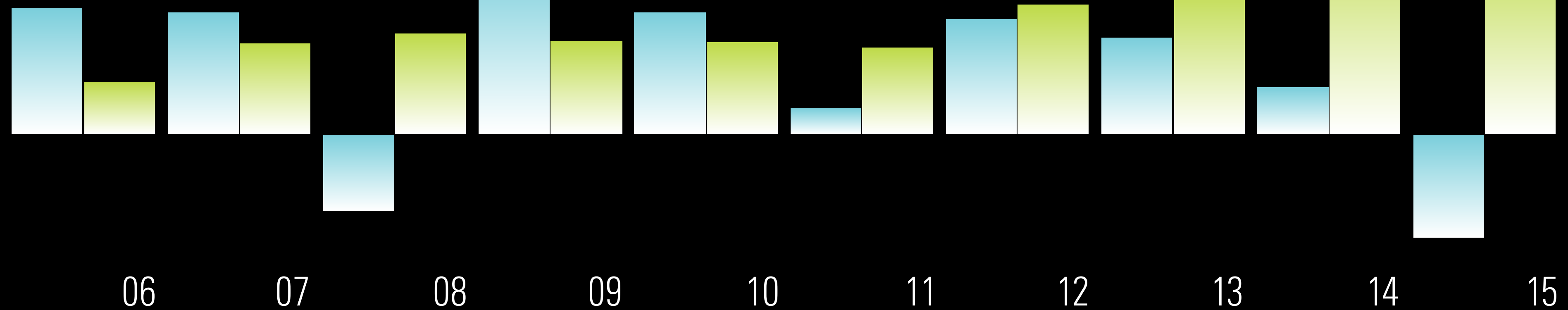


Challenges: Market Volatility



Challenges: Ongoing Shift to Passive Investment Management

Estimated Net Flows (\$bil)
Open-End Funds and ETFs



● Active	339.6	232.8	-45.4	337.9	232.9	50.3	219.2	184.4	90.5	-194.2
● Passive	109.4	190.1	209.8	195.0	192.6	180.6	270.0	319.9	474.6	420.7
Passive Share*	16.9%	18.2%	20.7%	21.5%	23.2%	24.2%	25.5%	27.2%	30.1%	32.3%

Source: Morningstar Direct
*% of total assets

Challenges: Lower Issuance Volume in Commercial Mortgage-Backed Securities

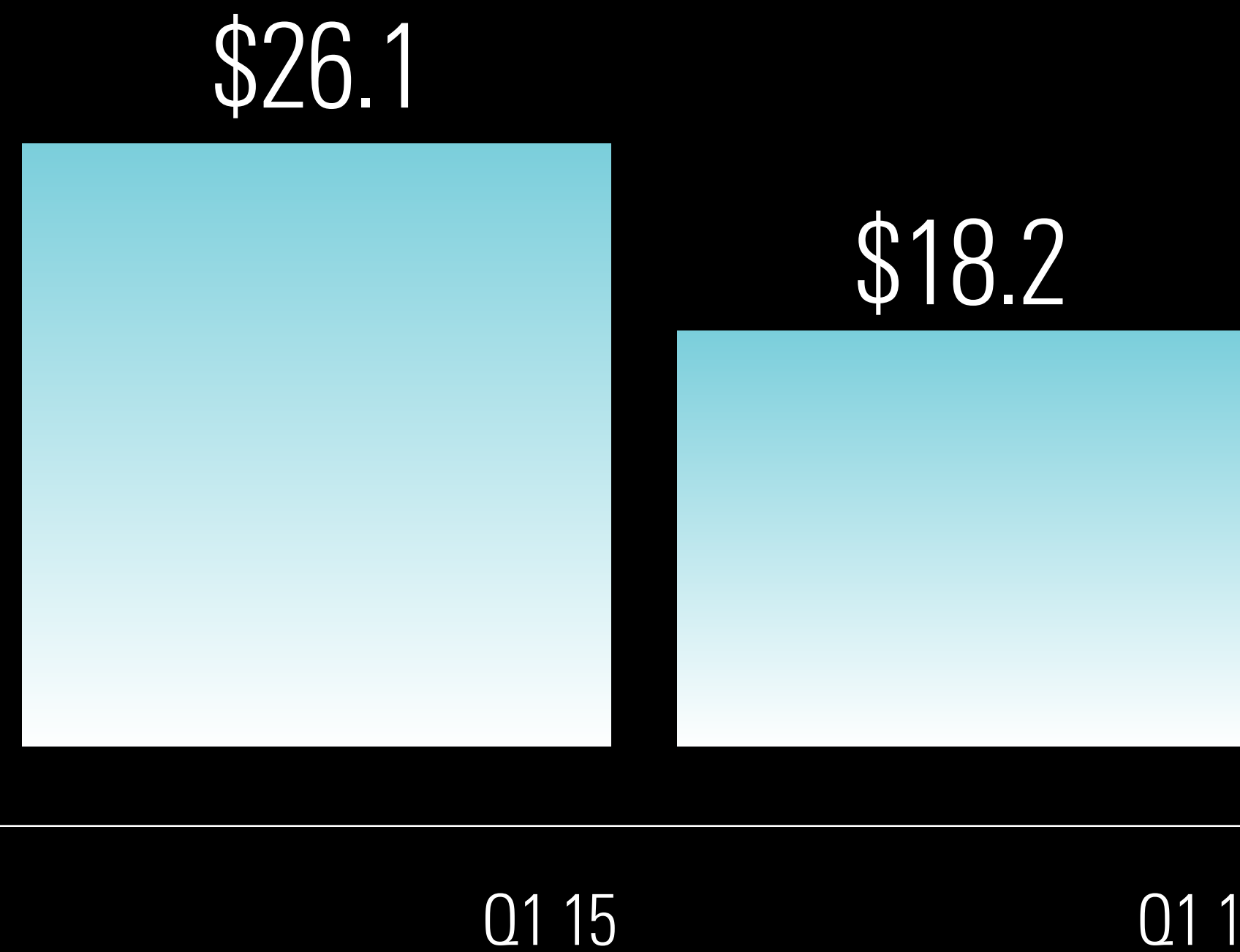
(\$bil)



Source: Morningstar Credit Ratings, LLC / CRE Finance Council

Challenges: Lower Issuance Volume in Commercial Mortgage-Backed Securities

(\$bil)



Source: Morningstar Credit Ratings, LLC / CRE Finance Council

Investing in the Core

Investing in the Core: New Sustainability Rating



Environmental

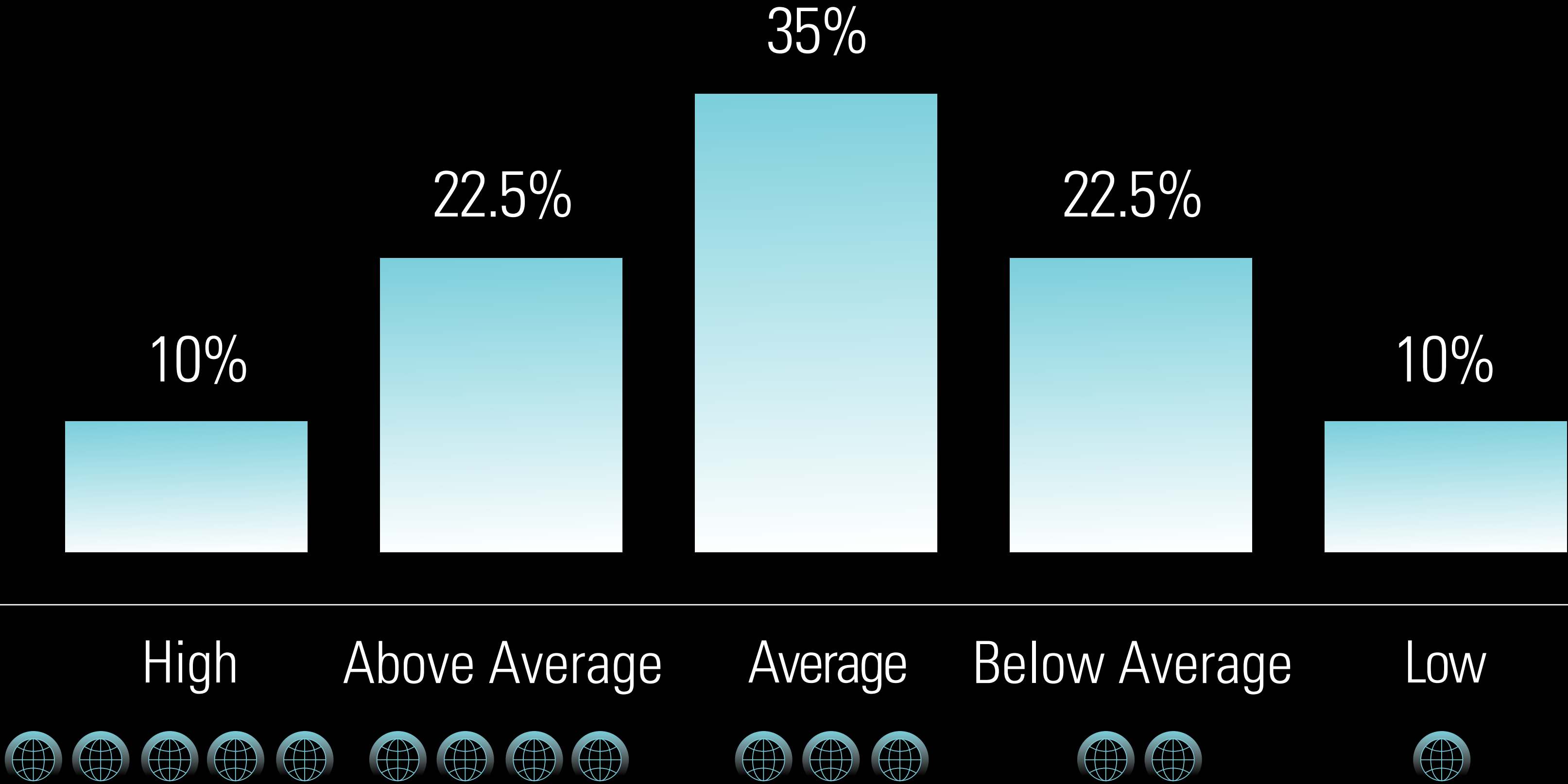


Social



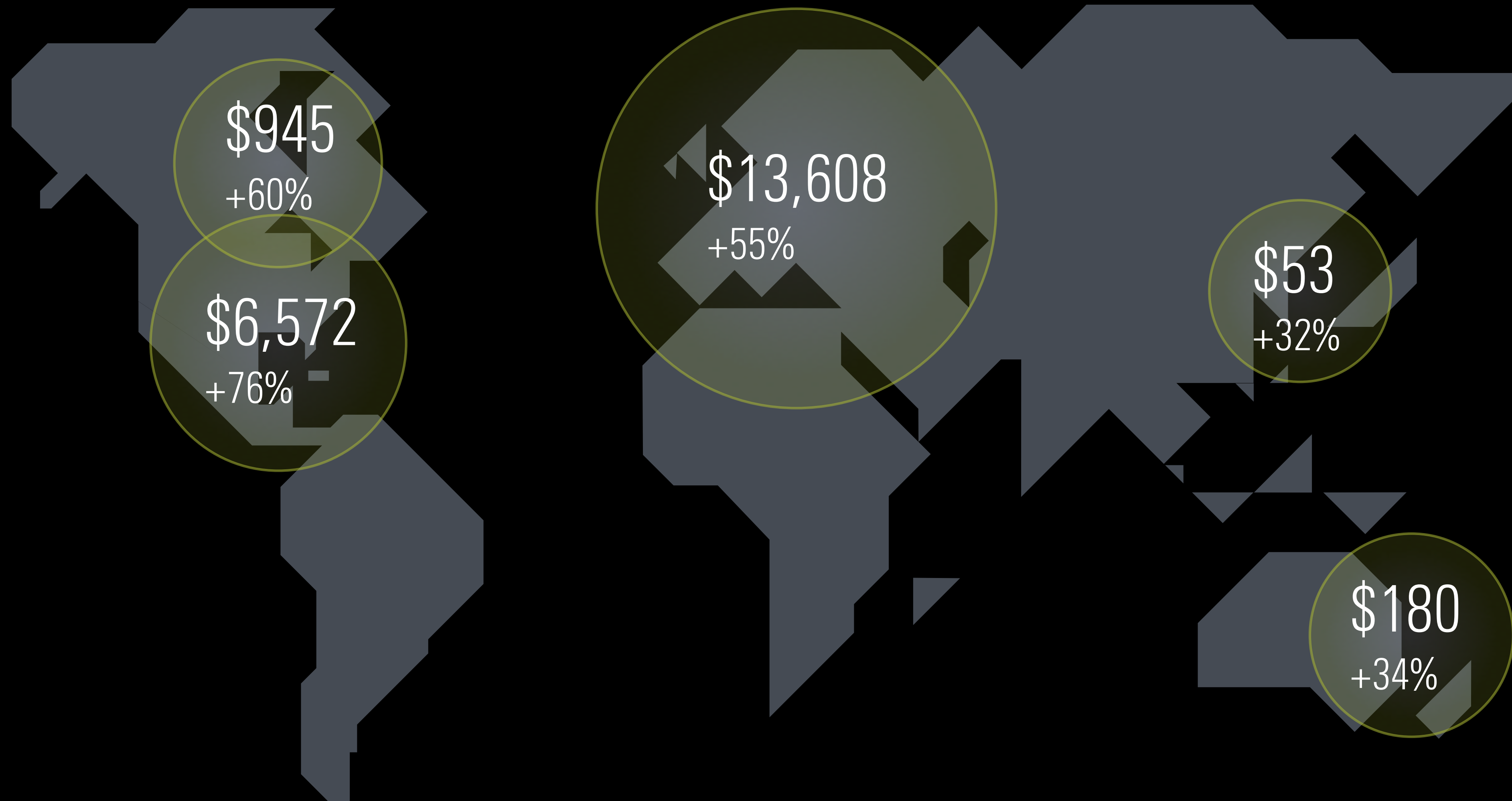
Governance

Investing in the Core: New Sustainability Rating



Investing in the Core: New Sustainability Rating

Global Sustainable Investment Assets (\$bil)



Investing in the Core: Data APIs

Morningstar® **API Center**™

MORNINGSTAR®

The Morningstar API Center provides users with direct access to Morningstar Data. By utilizing an API delivery, you can eliminate the need to download and process large data files. Your applications and tools can benefit from the most up to date data that Morningstar has to offer. In addition, you can simplify implementation and reduce the amount of time needed to integrate Morningstar Data into your tools and applications.

[Forgot Password?](#)

“Well-done platform APIs are the key to everything.”

Eric Schmidt, Google Chairman

Investing in the Core: Responding to Regulatory Change

DOL

.....
Department of Labor Fiduciary Rule



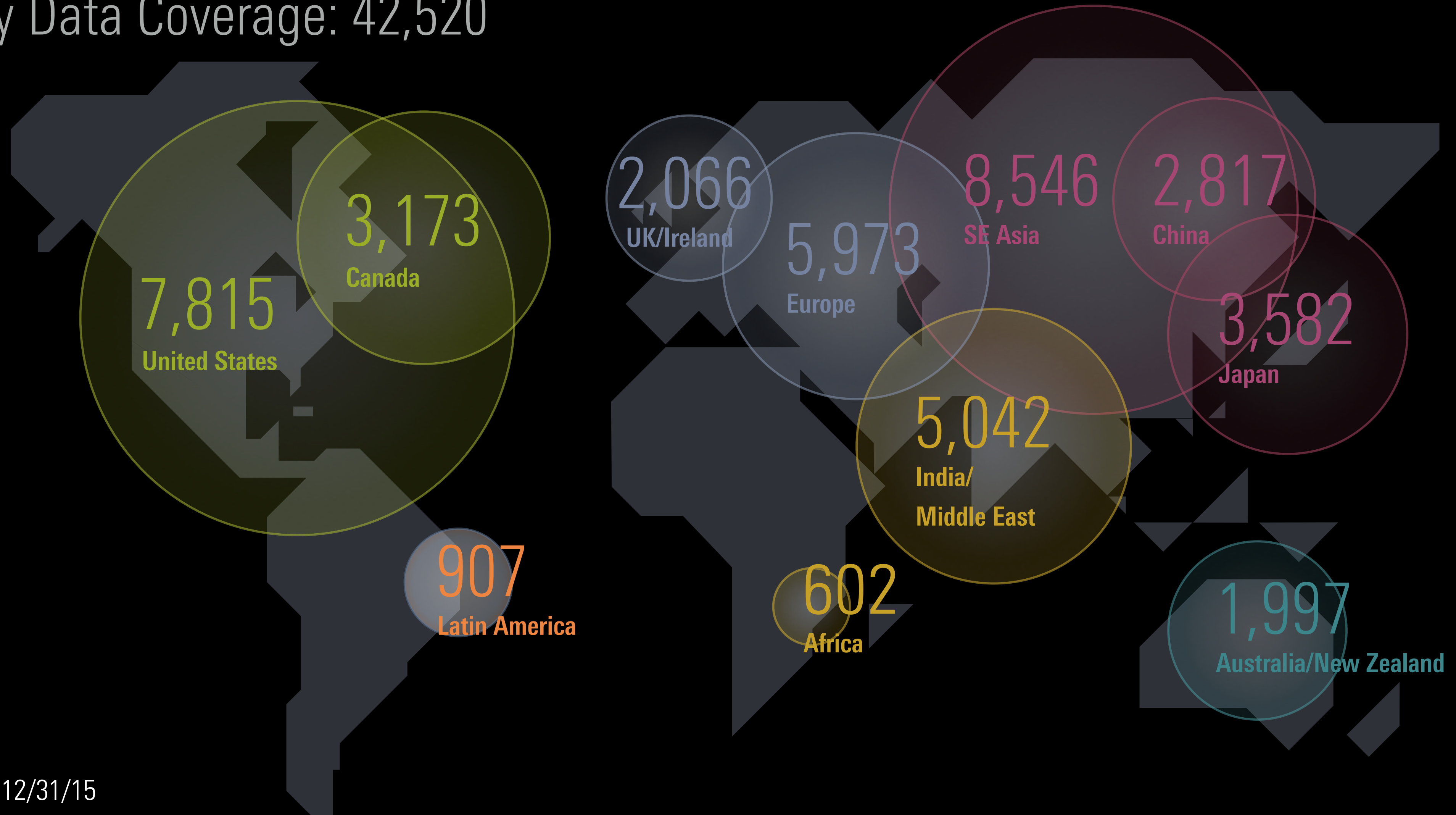
MiFID II

.....
Markets in Financial Instruments Directive II



Investing in the Core: Data and Research Expansion

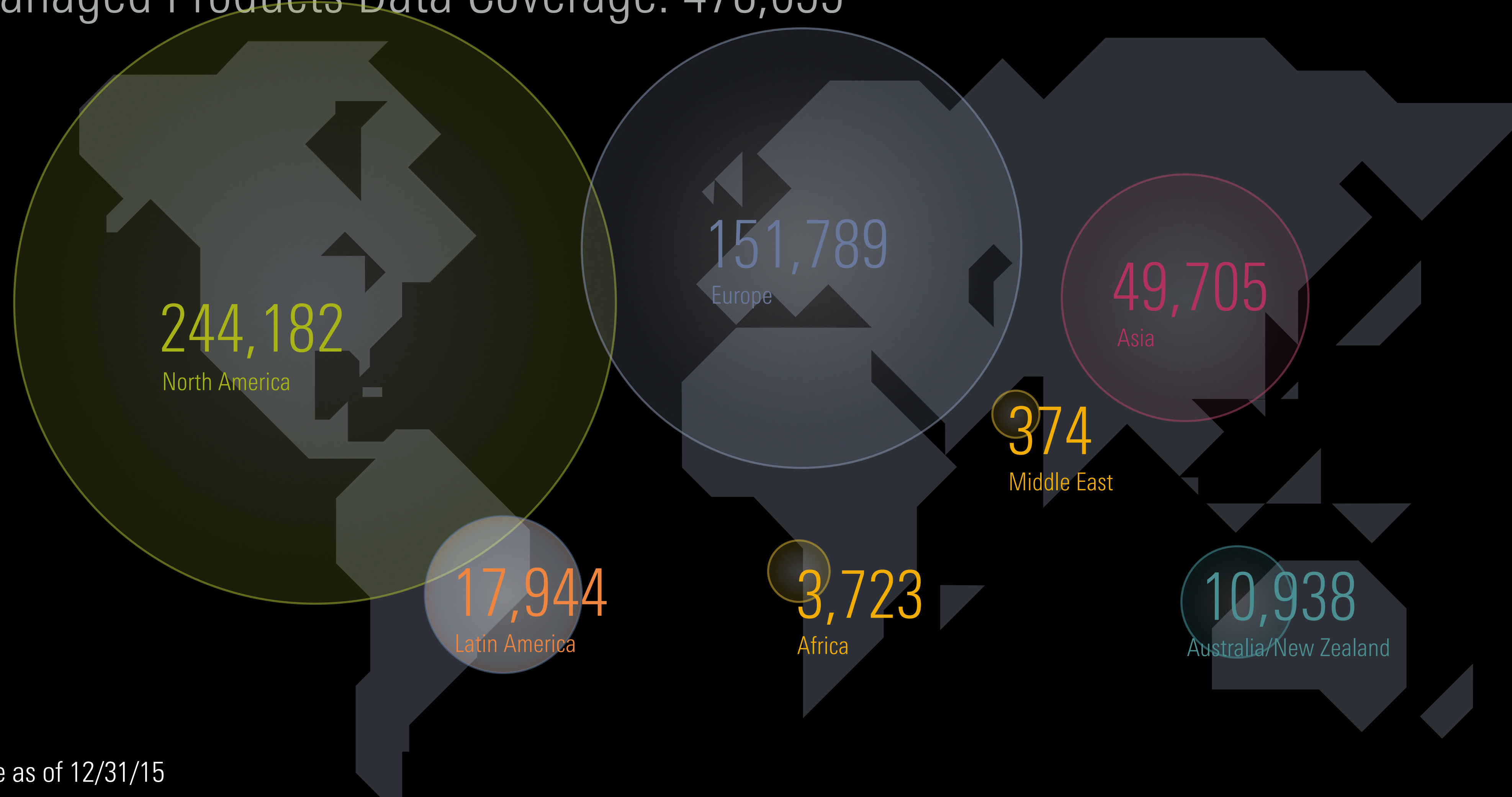
Equity Data Coverage: 42,520



Date as of 12/31/15

Investing in the Core: Data and Research Expansion

Managed Products Data Coverage: 478,655



Date as of 12/31/15

Investing in the Core: Data and Research Expansion

Worldwide Analysts: 307



Five Key Investment Areas

Kunal Kapoor
President

Five Key Investment Areas

1

Workplace Solutions/
Retirement

2

Morningstar Direct
(including Total Advisor Workflow)

3

Morningstar Managed Portfolios

4

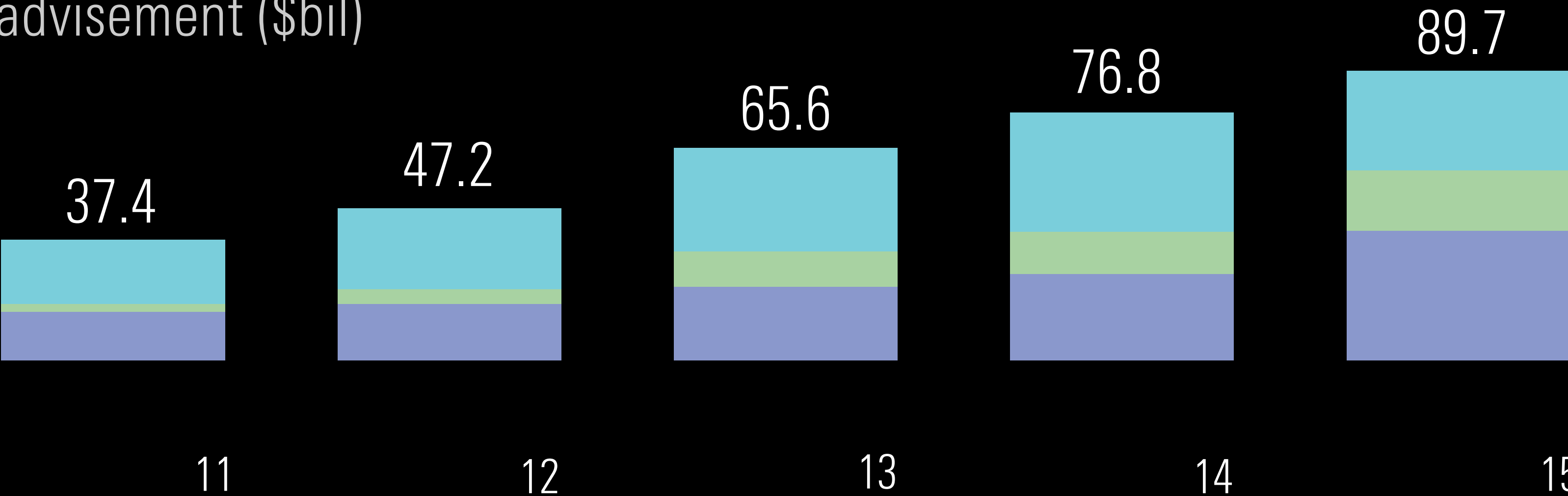
Morningstar Credit Ratings

5

Morningstar Indexes

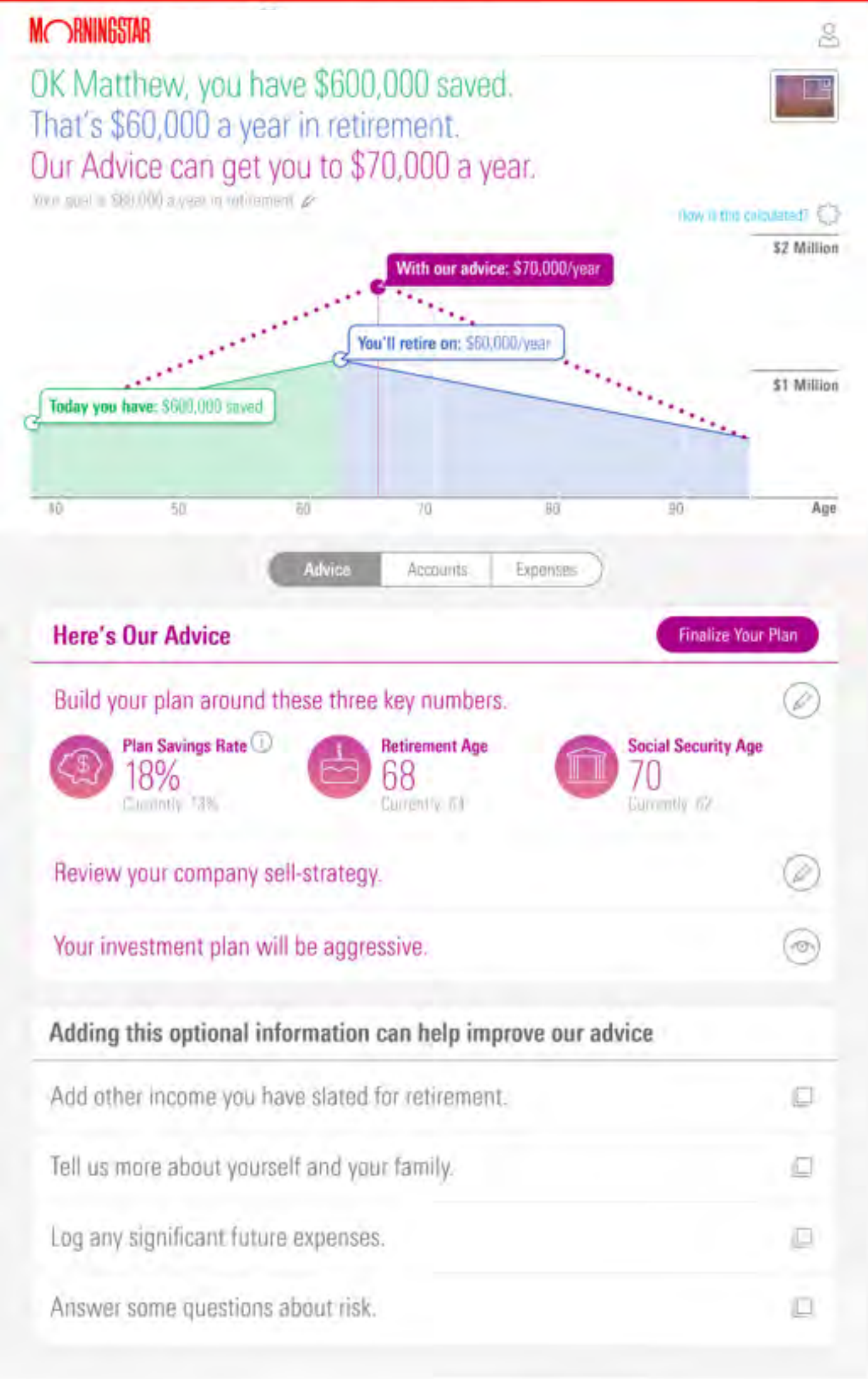
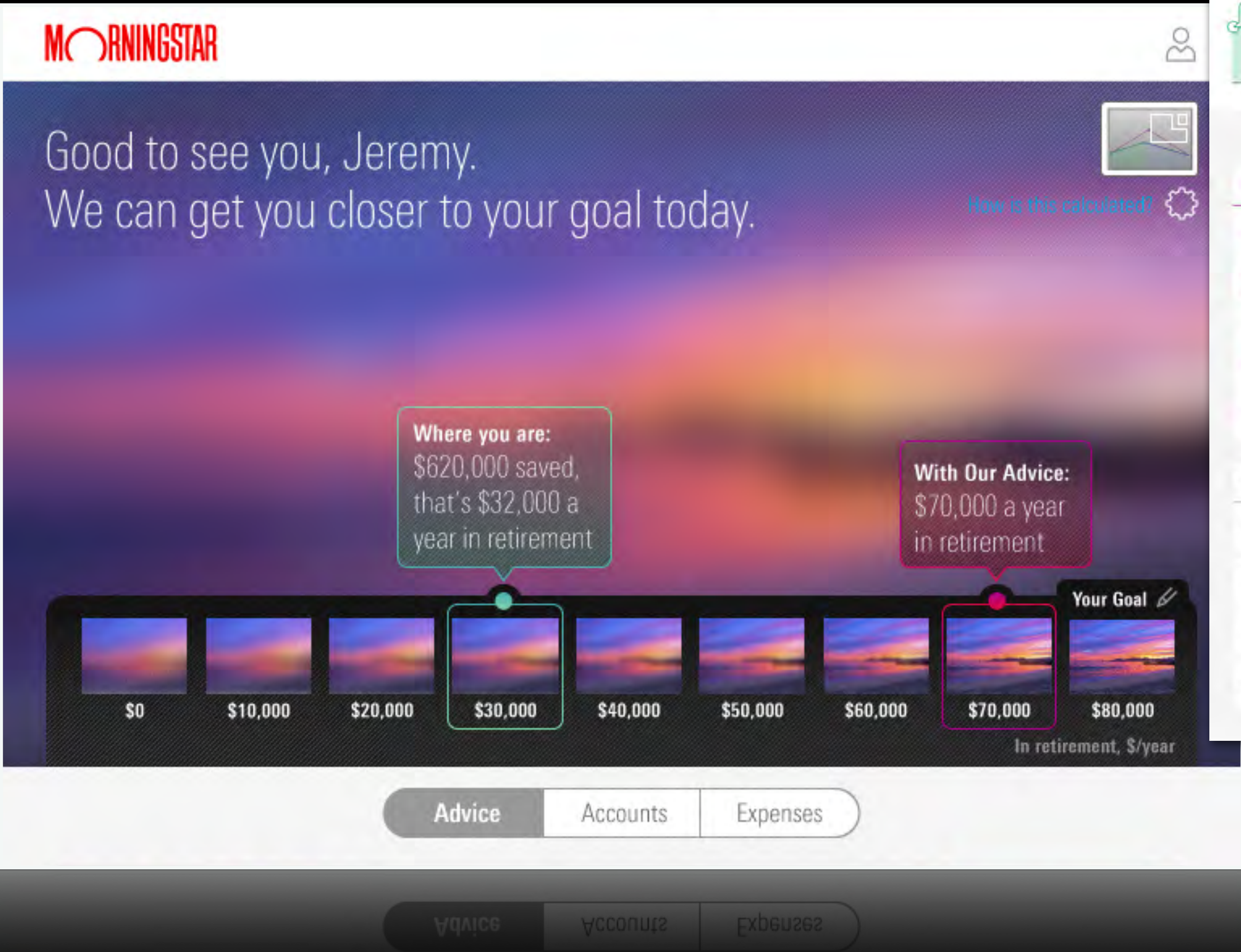
#1: Workplace Solutions/Retirement

Assets under management/advisement (\$bil)



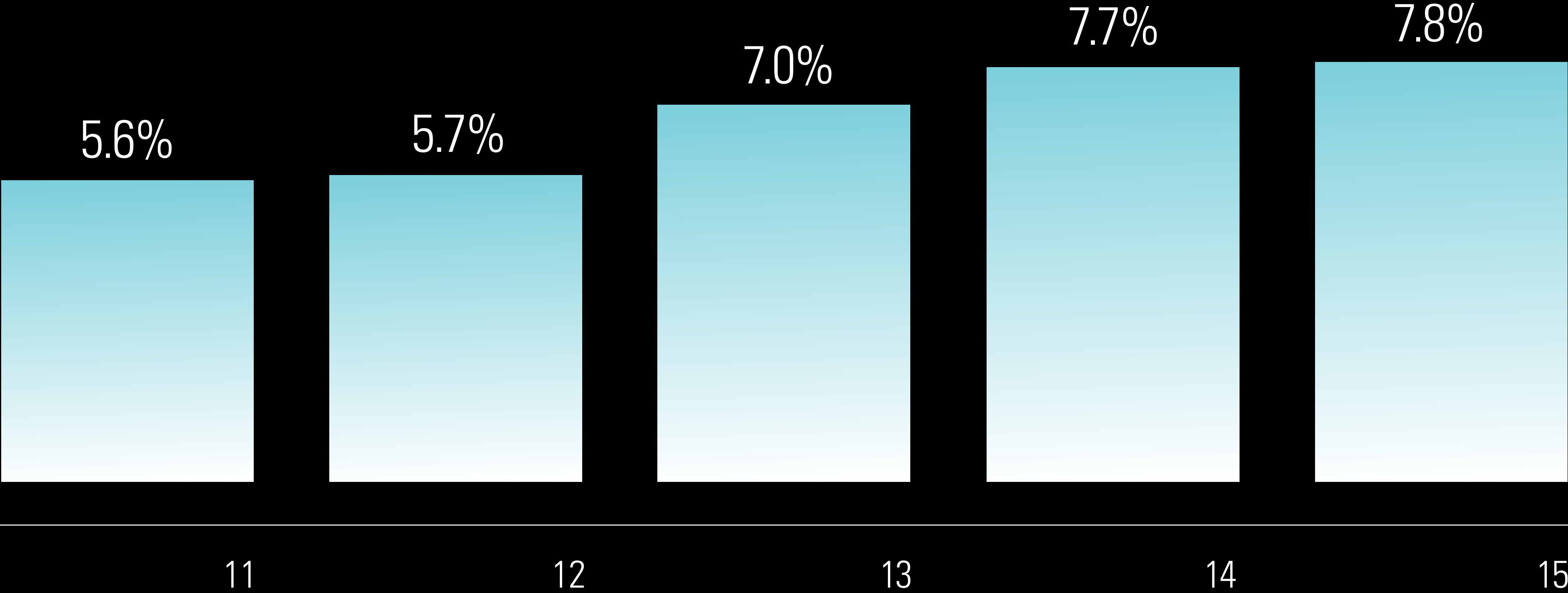
Managed retirement accounts	19.9	25.1	31.7	36.8	40.3
Custom models	2.5	4.4	11.0	13.3	18.7
Plan sponsor advice	15.0	17.7	22.9	26.7	30.7

#1: Workplace Solutions/Retirement



#1: Workplace Solutions/Retirement

Adoption rate for managed retirement accounts



#1: Workplace Solutions/Retirement

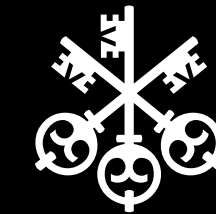
HelloWallet®

112,000+ members

Cumulative account creation through 12/31/15

#1: Workplace Solutions/Retirement

MORNINGSTAR®



UBS



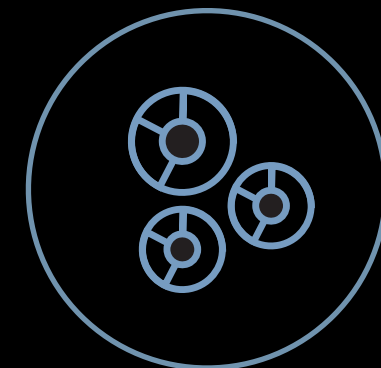
Morningstar's Total
Wealth Approach



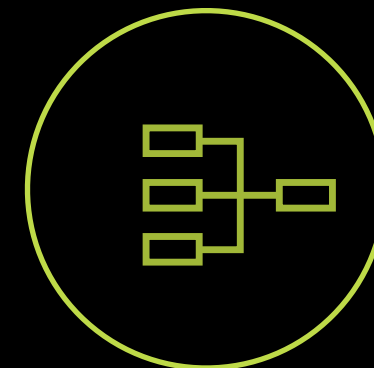
Morningstar's Asset-
Allocation Expertise



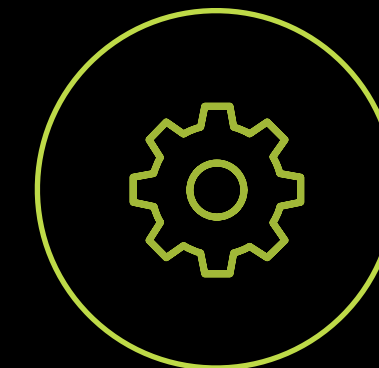
Morningstar Indexes



Morningstar Lifetime
Allocation Indexes



UBS Index
Replication



UBS Fund
Construction



Morningstar Lifetime
Index Funds

#2: Morningstar Direct

MORNINGSTAR Direct

Search for investments, indexes and research

Category	Sub-Links	Icon
Managed Investments	U.S. Open-End Exchange-Traded Offshore U.S. Separate Accounts U.S. Insurance Funds U.S. Closed-End Asset Flows	Two people icon
Equities	U.S. Equities Fundamental Analysis WhyTool (Beta) Analyst Covered Sectors	Line graph icon
Portfolio	Monitoring Attribution Performance Import Allocation Create Portfolio	Briefcase icon
Research	Featured Latest Videos Topics Filings	Document with stars icon
Markets	Overview Equities Options Breaking News	Line graph icon
Indexes	U.S. Market Equities Fixed Income Alternative Allocation Commodities	Bar chart icon
Utilities	Universes Lists & Screens Create List Create Screen Notes Alerts Excel Add-In	Spreadsheet icon
Support	Walk Me Contact Us Send Feedback	Headset icon

Tim Mills

Navigation icons: Home, Search, Alerts, Help, Settings, Profile

#2: Morningstar Direct

Research

Research

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Latest

Videos

Topics


Featured

Highlighted Topics




Asset Flows

Why Fund Costs Are Dropping
Morningstar Direct Asset Flows Commentary: Europe - April 2016
Mother of Flowmageddon



Environmental, Social, and Governance Investing

Morningstar Medalists with above-average ESG Ratings
What Do Investors Seek in a Fund?
5-Globe Medalists by Category




Minimizing Investment Costs

The Future of CEFs Gets Dimmer With DOL Ruling 6:00 AM
Fund Fees Predict Future Success or Failure
Predictive Power of Fees: Why Mutual Fund Fees Are So Important

[See All Topics »](#)


Morningstar Specialists



Russel Kinnel
Director of Manager Research

A Story of 7 Fund Upgrades 6:00 AM


Fund Fees Predict Future Success or Failure
Morningstar FundInvestor - May 2016



Robert Johnson, CFA
Director

Market Volatility Diminishes in April; Commodities and Materials Dominate Performance Statistics

April Jobs Report Not All Gloom and Doom
Morningstar Markets Observer -- Second Quarter





Ben Johnson, CFA
Global Director of Manager Research, Passive Strategies

Keep Your Focus on Fees


Gold Rush: Tracking Flows and Returns for SPDR Gold Shares
Takeaways from Our Visit with Vanguard

Spotlight Videos






U.S. Department of Labor
Fiduciary Rule Deep Dive



Now Playing
Inside the Sustainability Rating



Expanding the Universe of
Sustainable Funds

Michael Vaynsman

Michael Vaynsman

Michael Vaynsman


#2: Morningstar Direct


Morningstar Direct licenses



#3: Morningstar Managed Portfolios

MORNINGSTAR[®] Managed PortfoliosSM

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Portfolios designed to put investors first.

Morningstar[®] Managed PortfoliosSM offers the professional guidance and access to strategies that can help investors reach their financial goals. The broad line-up of mutual fund, stock, and ETF managed portfolios is designed to help meet an investor's needs at each stage of their lifetime — whether they're just starting out or already in retirement.

I am an Advisor

I am an Investor

 [Check the background](#) of an investment professional.

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#3: Morningstar Managed Portfolios

MORNINGSTAR® Managed Portfolios™

Log in 

Investment choices for fee-based,
independent advisors.

A Unique Approach to Investing

Through Morningstar® Managed Portfolios™, investors have access to a global investment group guided by a unique set of investment principles focused on delivering long-term results to help investors reach their financial goals.

Morningstar's heritage, independence and mission have helped create a unique approach to investing. This behavioral advantage — which allows us to act differently when it matters most and make rational long-term decisions in a less than rational world — is articulated in the Morningstar Investment Management investment principles:



We put investors
first



We're independent-
minded



We invest for the
long-term



We're valuation-driven
investors



We take a fundamental
approach

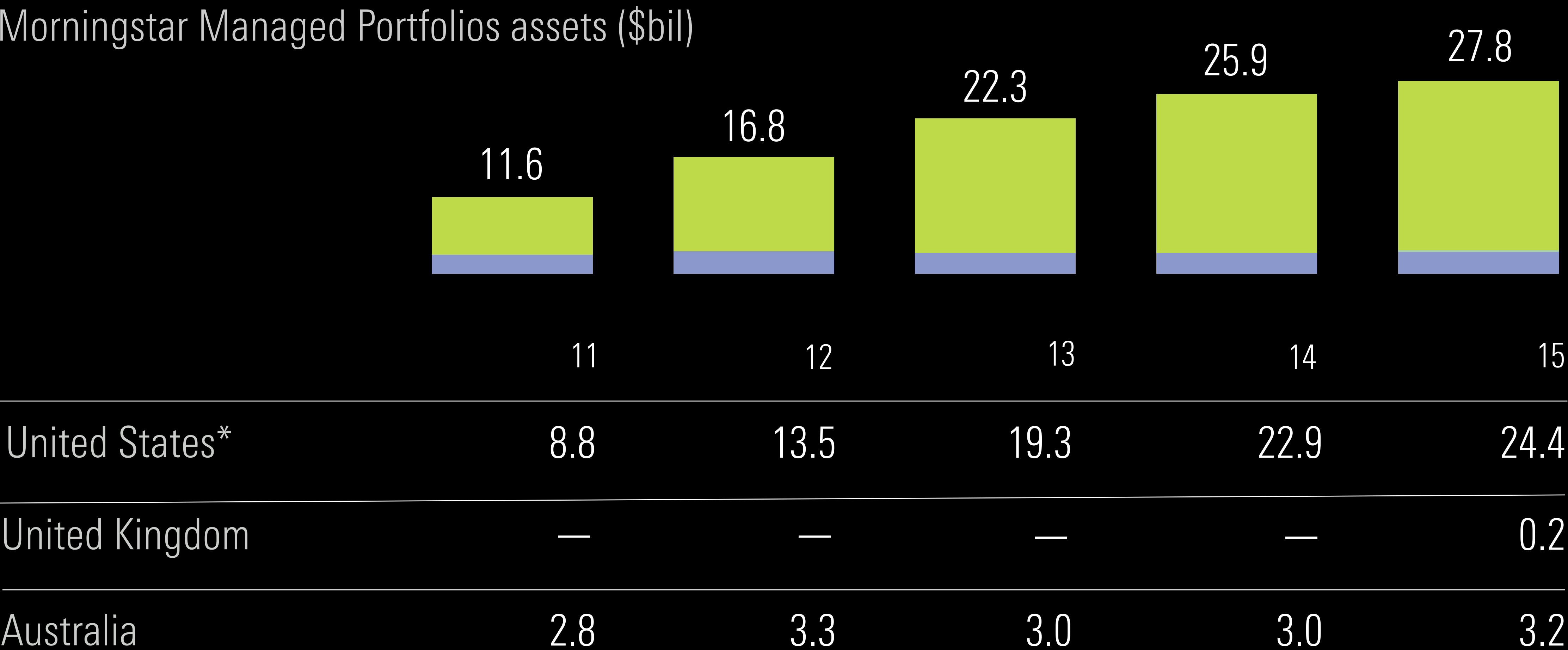


We strive to
minimize costs



We build portfolios
holistically

#3: Morningstar Managed Portfolios

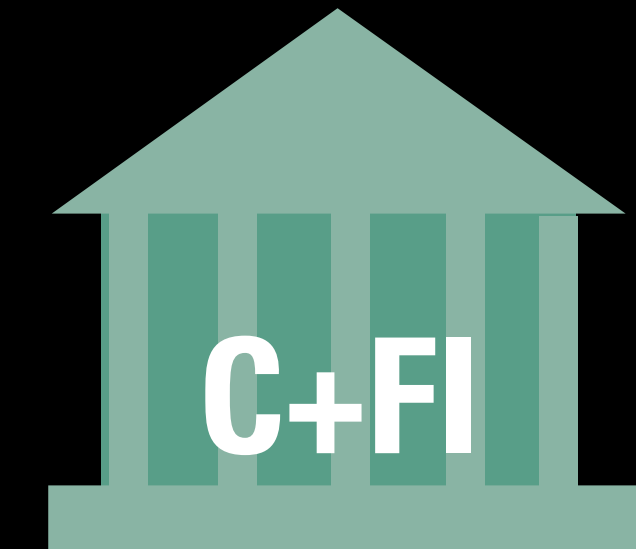


*includes TAMP and Strategist assets

#4: Morningstar Credit Ratings



Commercial mortgage-backed securities



- + Residential mortgage-backed securities
- + Single family rental
- + Asset-backed securities
- + U.S. corporates and financial institutions

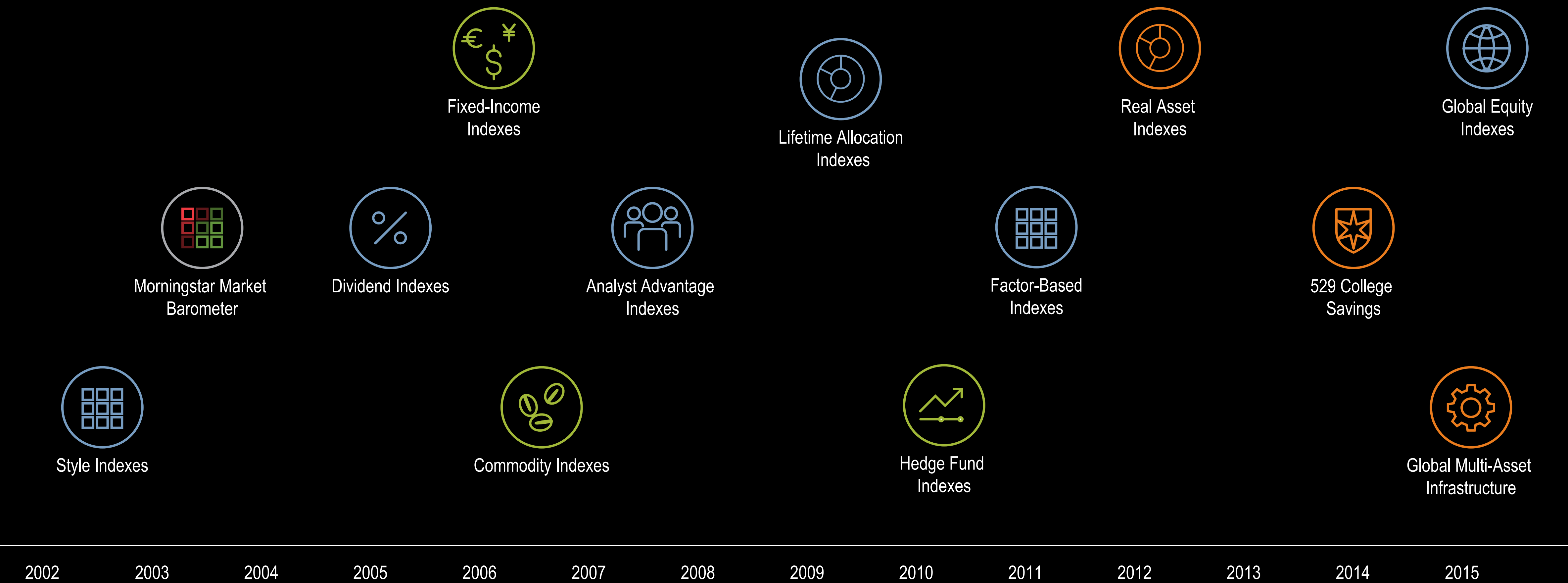
#4: Morningstar Credit Ratings

2015 U.S. Bond Market Issuance (%)

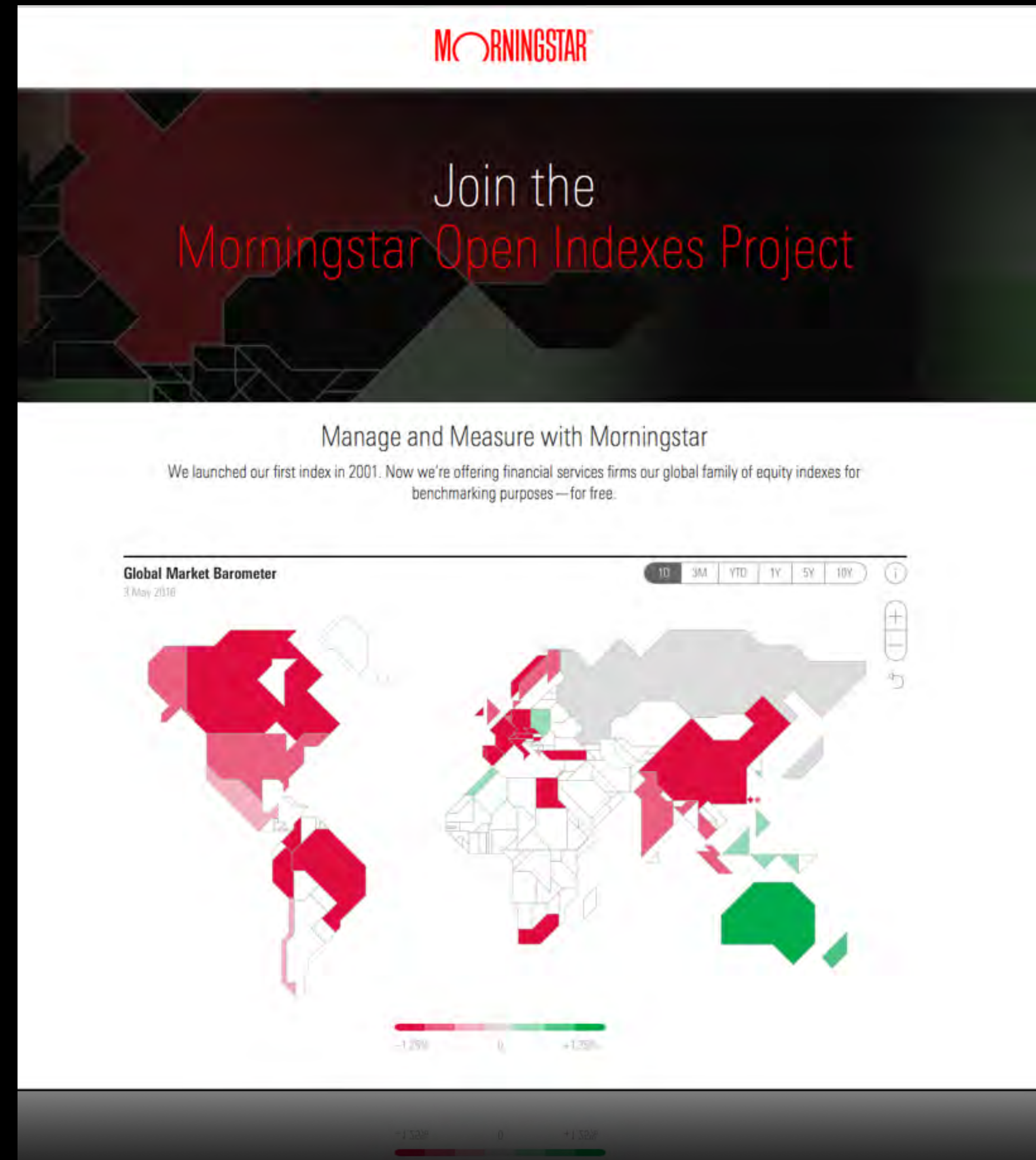


Source: Securities Industry and Financial Markets Association

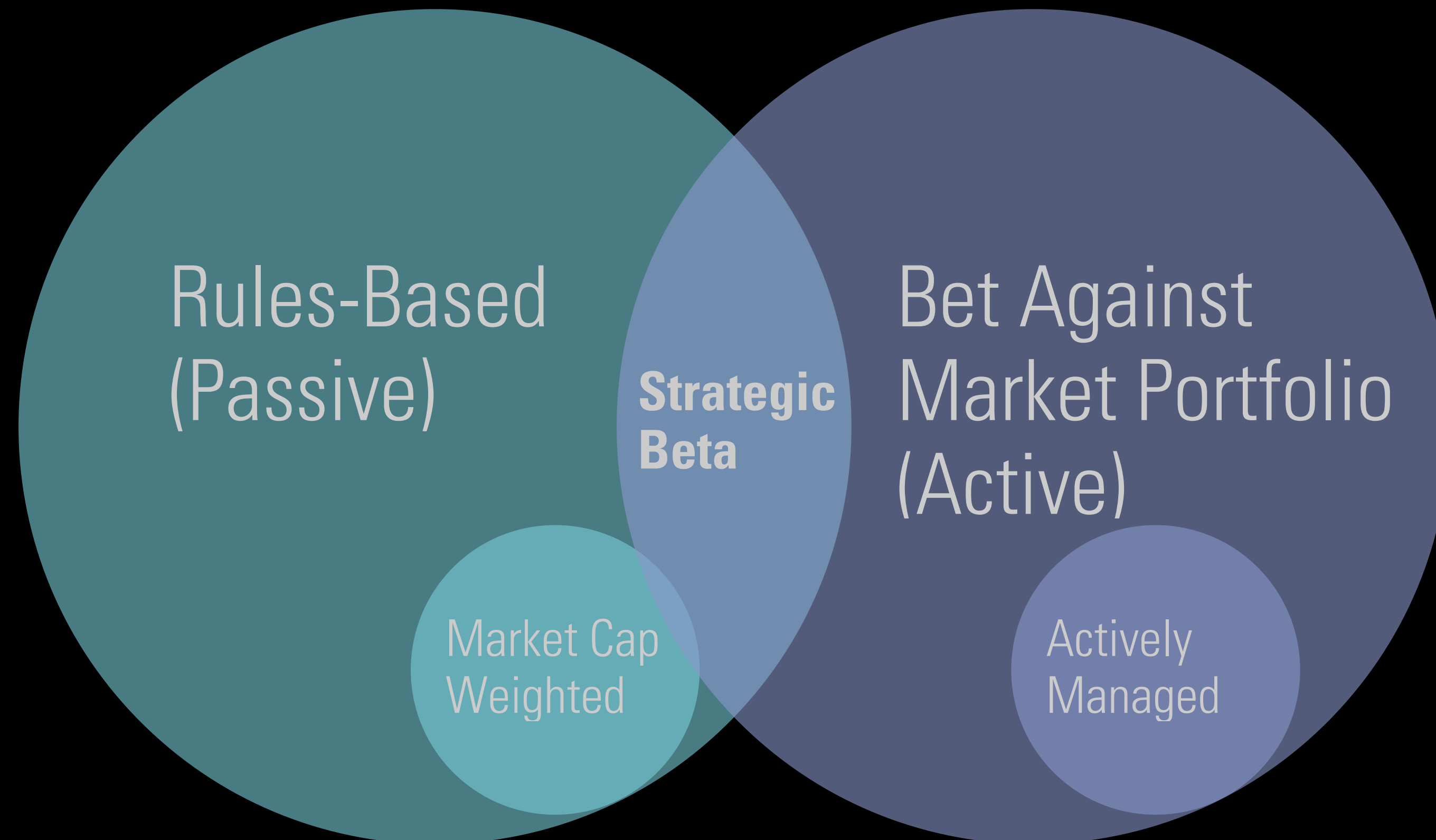
#5: Morningstar Indexes



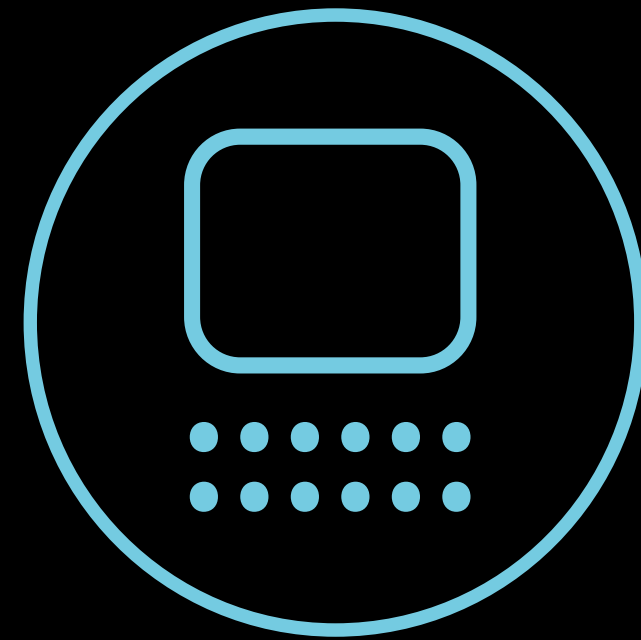
#5: Morningstar Indexes



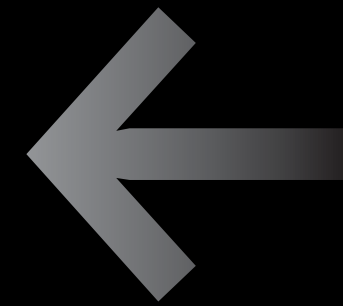
#5: Morningstar Indexes



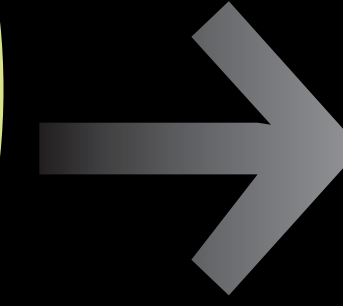
Strategy



Develop Morningstar Direct
as our flagship
decision support platform



Produce the most
effective investment
data, research, and ratings



Build world-class
investment management
solutions based on
our proprietary research

Financial Highlights

Stéphane Biehler

Chief Financial Officer

Financial Results

Capital Allocation

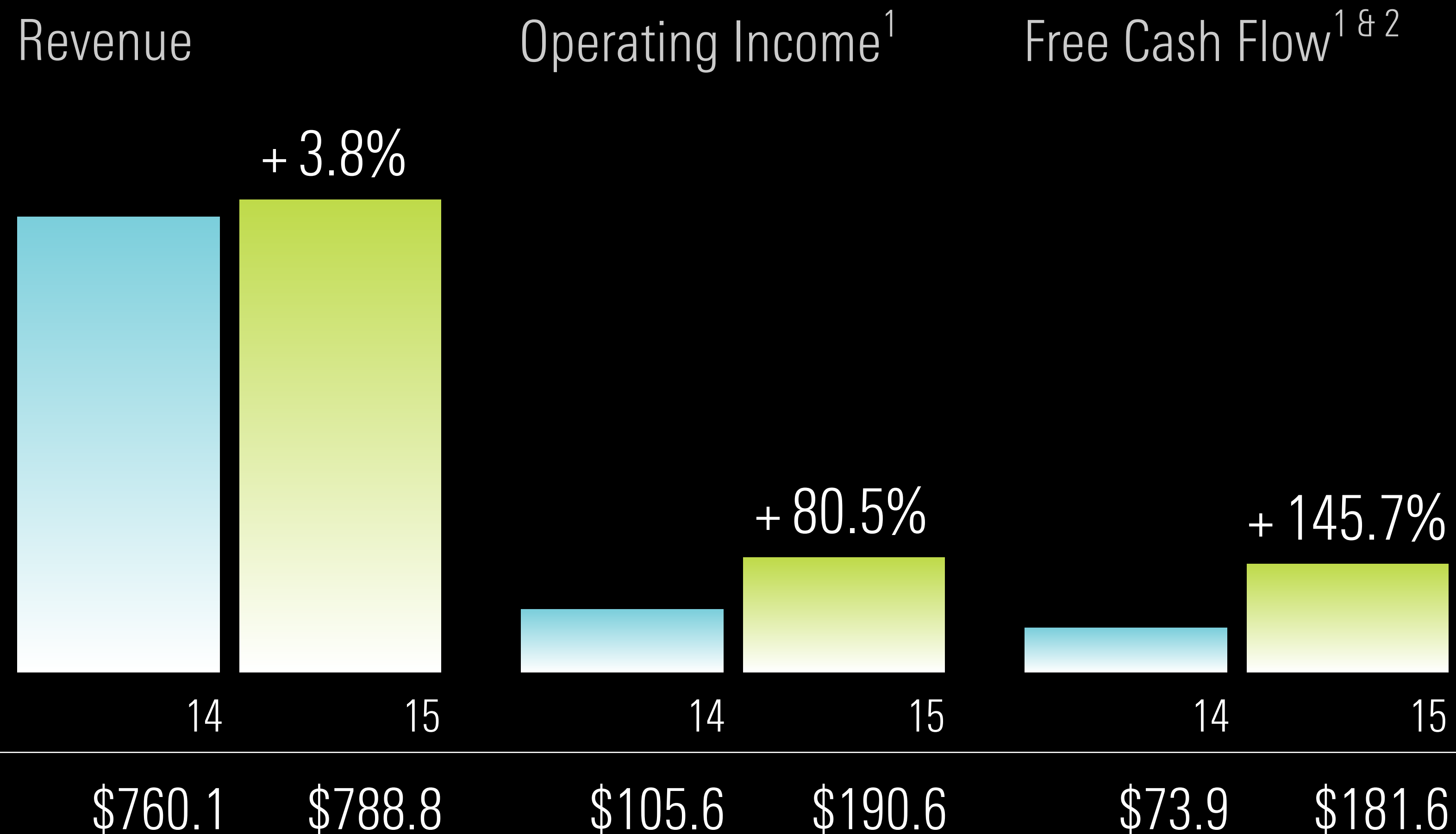
Financial Results

↑ 1.2%

\$26.6 bil

Global spend on market data/analysis in 2015

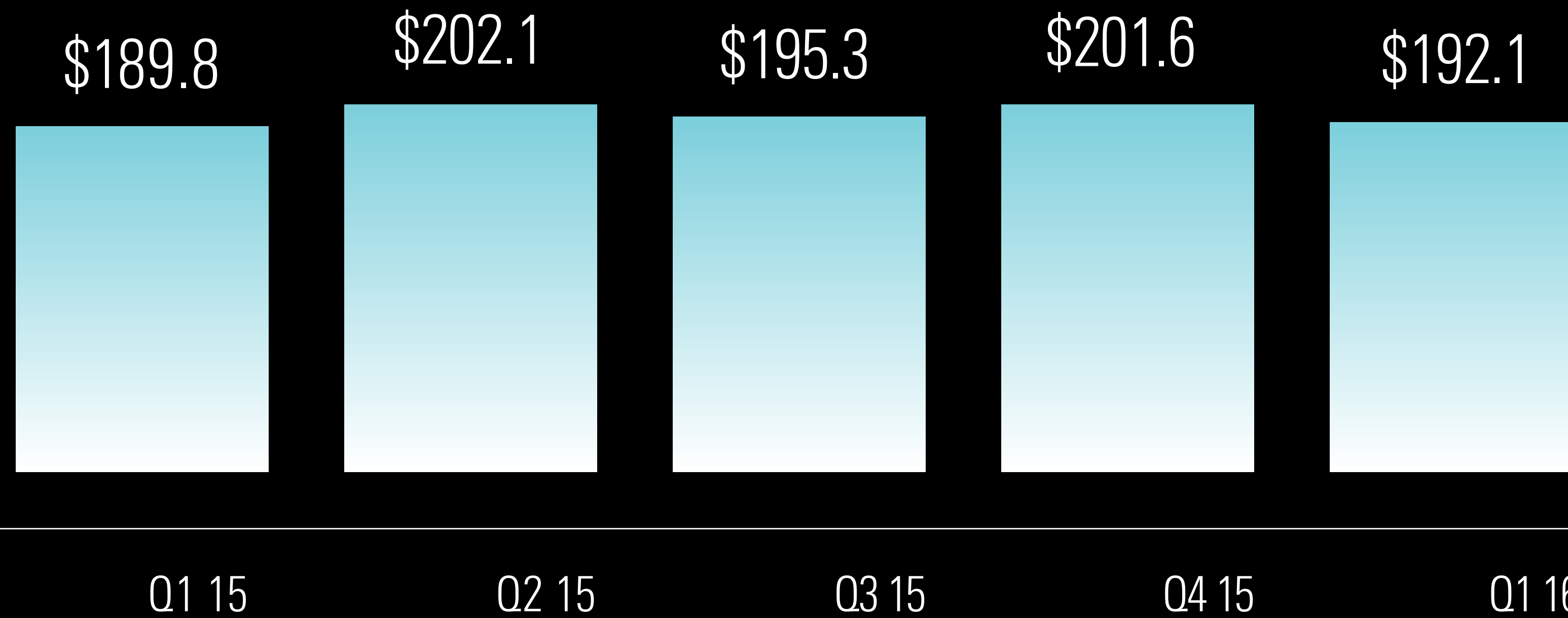
2015 Key Metrics (\$mil)



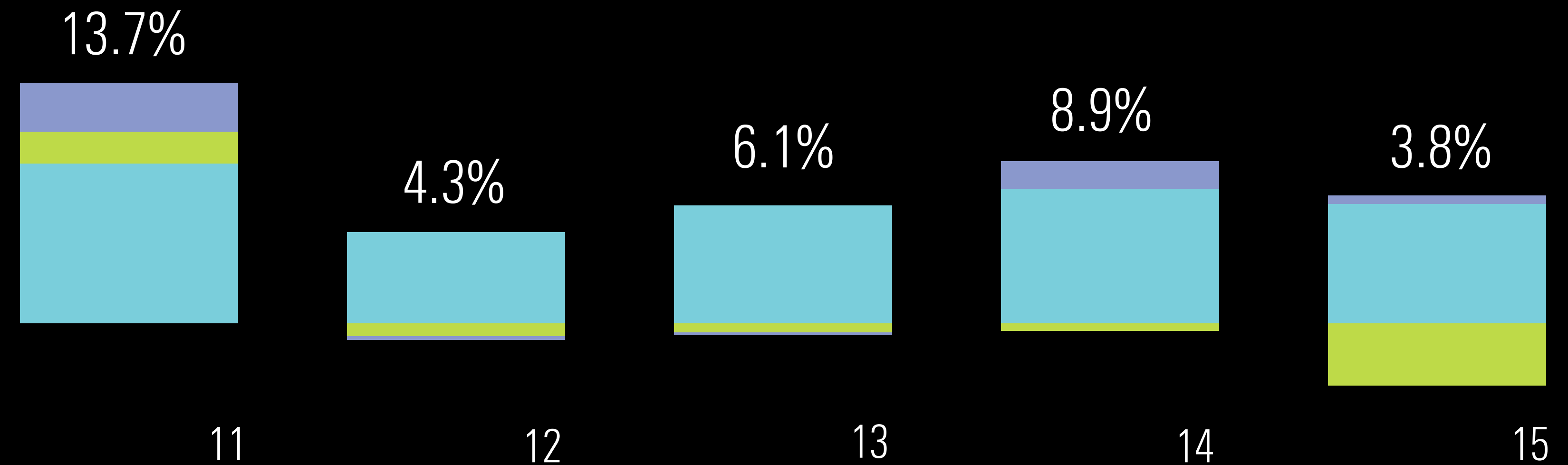
1. Operating income and free cash flow for 2014 include a \$61 million litigation settlement expense and corresponding cash outflow.

2. Free cash flow is a non-GAAP financial measure.

Quarterly Revenue (\$mil)



Contributors to Revenue Growth












● Acquisitions/divestitures	2.8%	-0.2%	-0.1%	1.6%	0.5%
● Foreign currency translations	1.8%	-0.7%	-0.5%	-0.3%	-3.5%
● Organic growth	9.1%	5.2%	6.7%	7.6%	6.8%

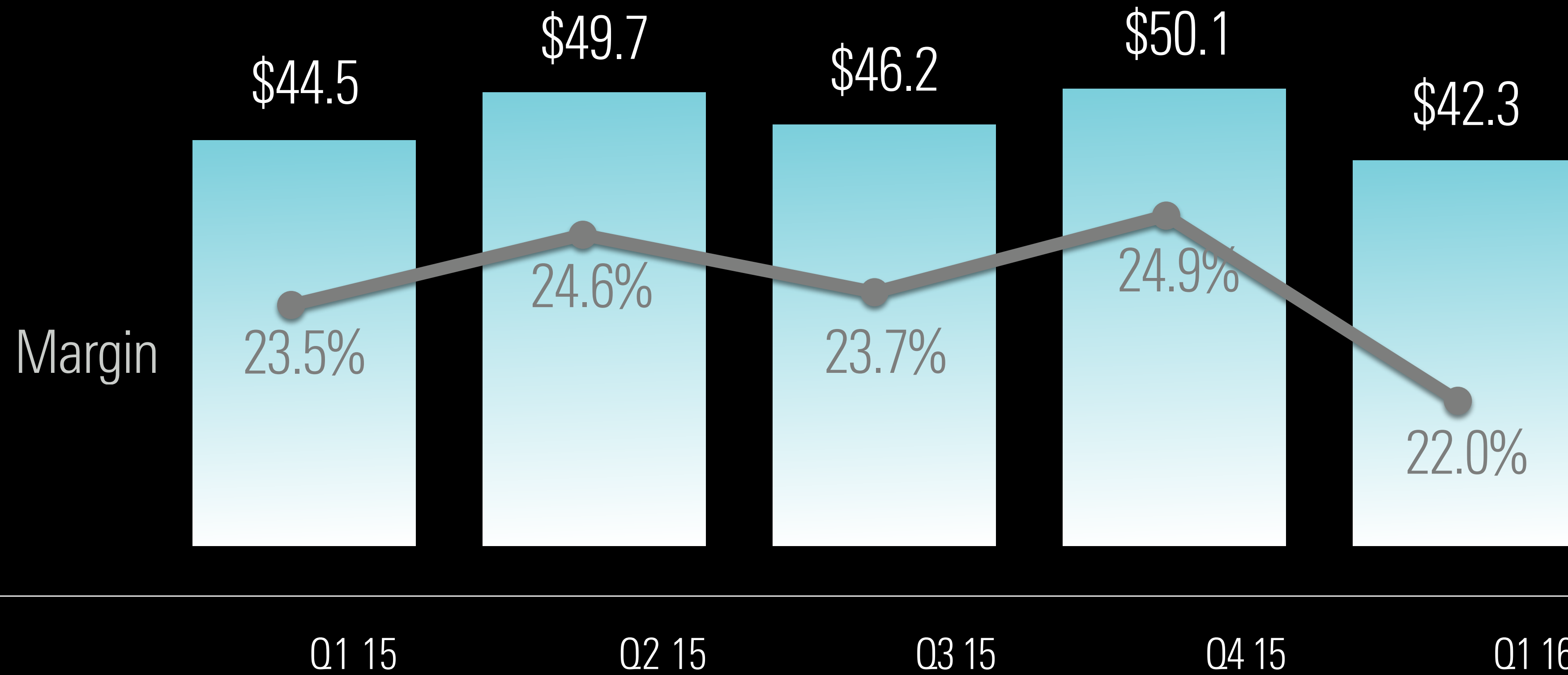
Major Product Drivers — 2015

Change in organic revenue		(\$mil)	% change	
License-based	Data	12.2	8.7	<div></div>
	Direct	15.1	16.4	<div></div>
	Research	4.5	12.2	<div></div>
	Investment Profiles	2.0	10.0	<div></div>
	Advisor Workstation	5.6	5.5	<div></div>
Asset-based fees	Workplace/Retirement	7.4	12.9	<div></div>
	Managed Portfolios	5.1	12.5	<div></div>
	Investment Advisory Services	1.5	2.8	<div></div>
Transaction-based	Credit Ratings	5.8	18.1	<div></div>
	Morningstar.com	3.7	6.5	<div></div>
	All other	−11.4		<div></div>
Total		51.5		

Major Product Drivers — Q1 2016

Change in organic revenue		(\$mil)	% change	
License-based	Data	3.4	10.1	
	Direct	3.2	13.0	
	Investment Profiles	0.9	18.6	
	Advisor Workstation	0.8	4.1	
Asset-based fees	Workplace/Retirement	0.8	5.4	
	Investment Management	0.1	0.5	
Transaction-based	Credit Ratings	−3.7	−41.9	
	Morningstar.com	−0.2	−1.2	
	All other	−0.4		
Total		4.9		

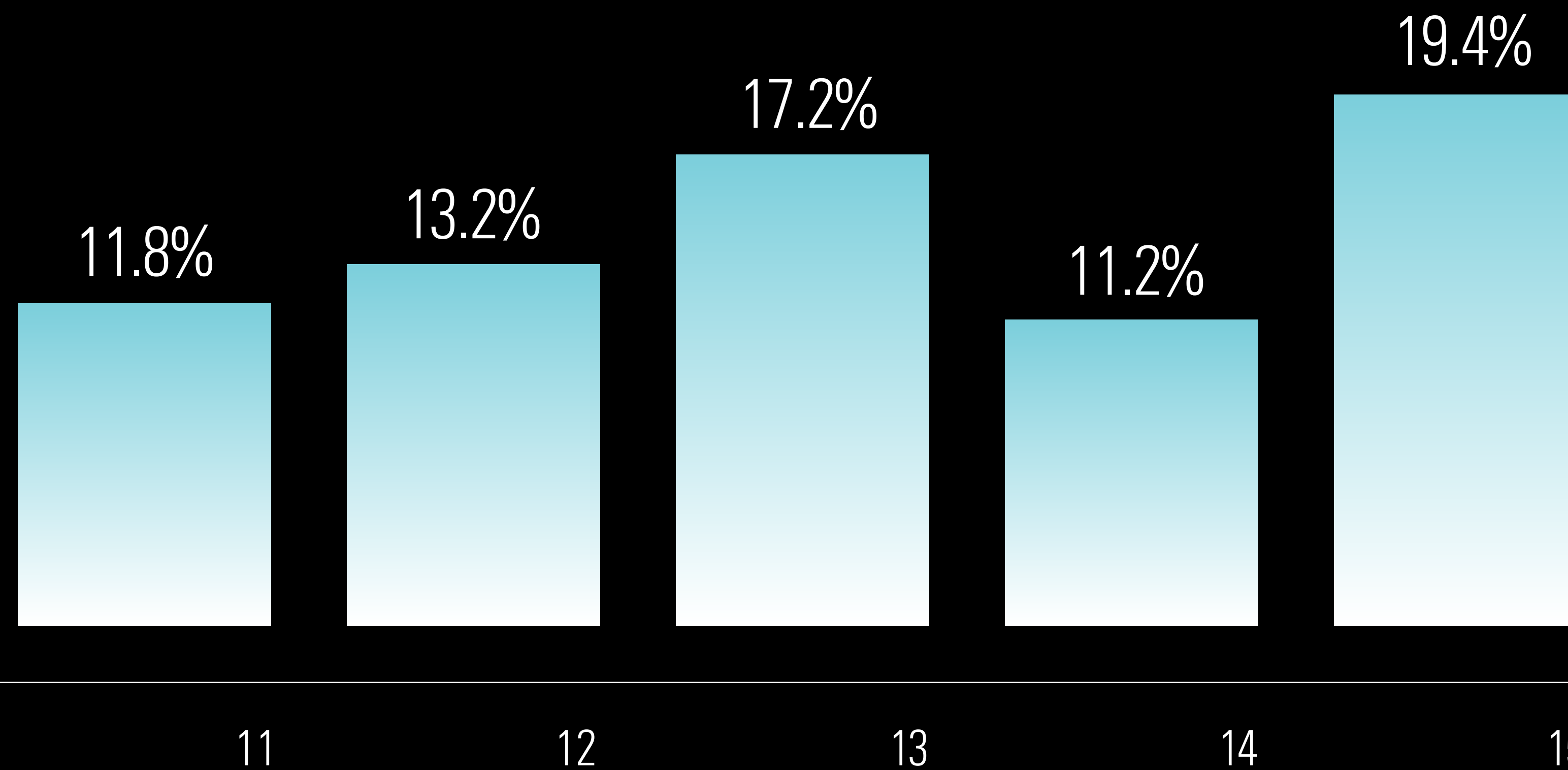
Quarterly Operating Income (\$mil)



Balance Sheet

(\$mil)	March 31 2016	December 31 2015
Cash, cash equivalents, and investments	\$ 226.7	\$ 248.6
Working capital	\$ 76.6	\$ 105.5
Total assets	\$ 1,032.7	\$ 1,029.0
Deferred revenue	\$ 161.0	\$ 140.7
Short-term debt	\$ 75.0	\$ 35.0
Long-term liabilities	\$ 78.4	\$ 84.0
Total equity	\$ 630.5	\$ 640.6

ROIC: Return on Invested Capital*



*Return on invested capital is considered a non-GAAP measure. We calculate this measure based on return divided by invested capital. Please refer to slide 69 for a reconciliation to net income.

Capital Allocation

Potential Uses of Cash

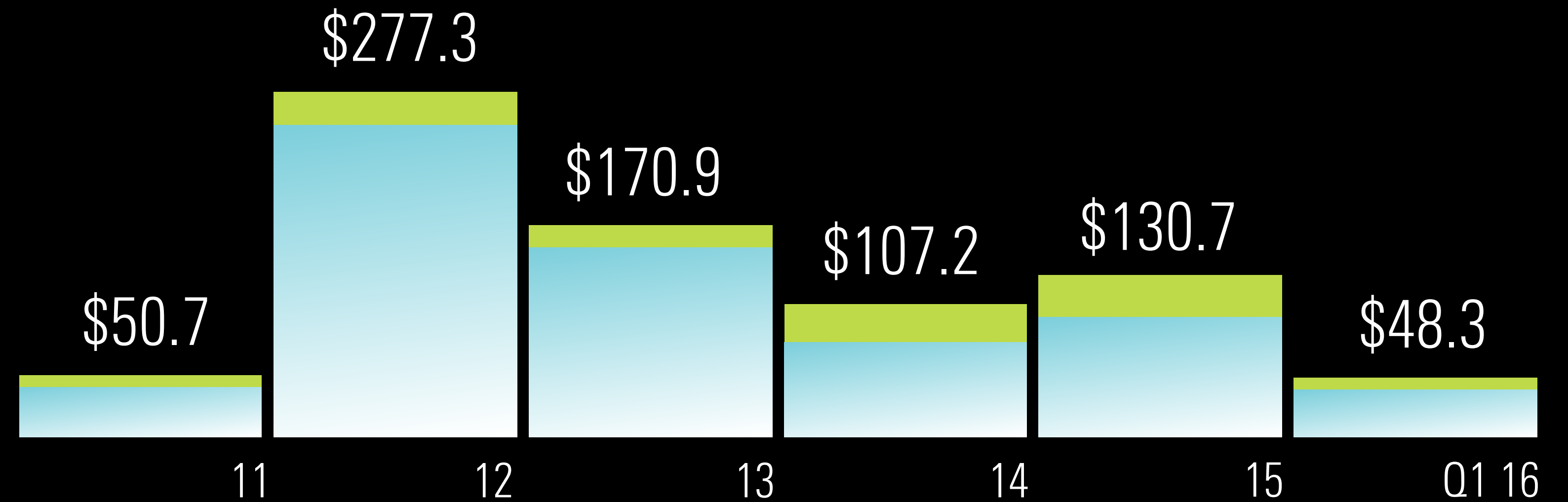


Balance sheet strength

+

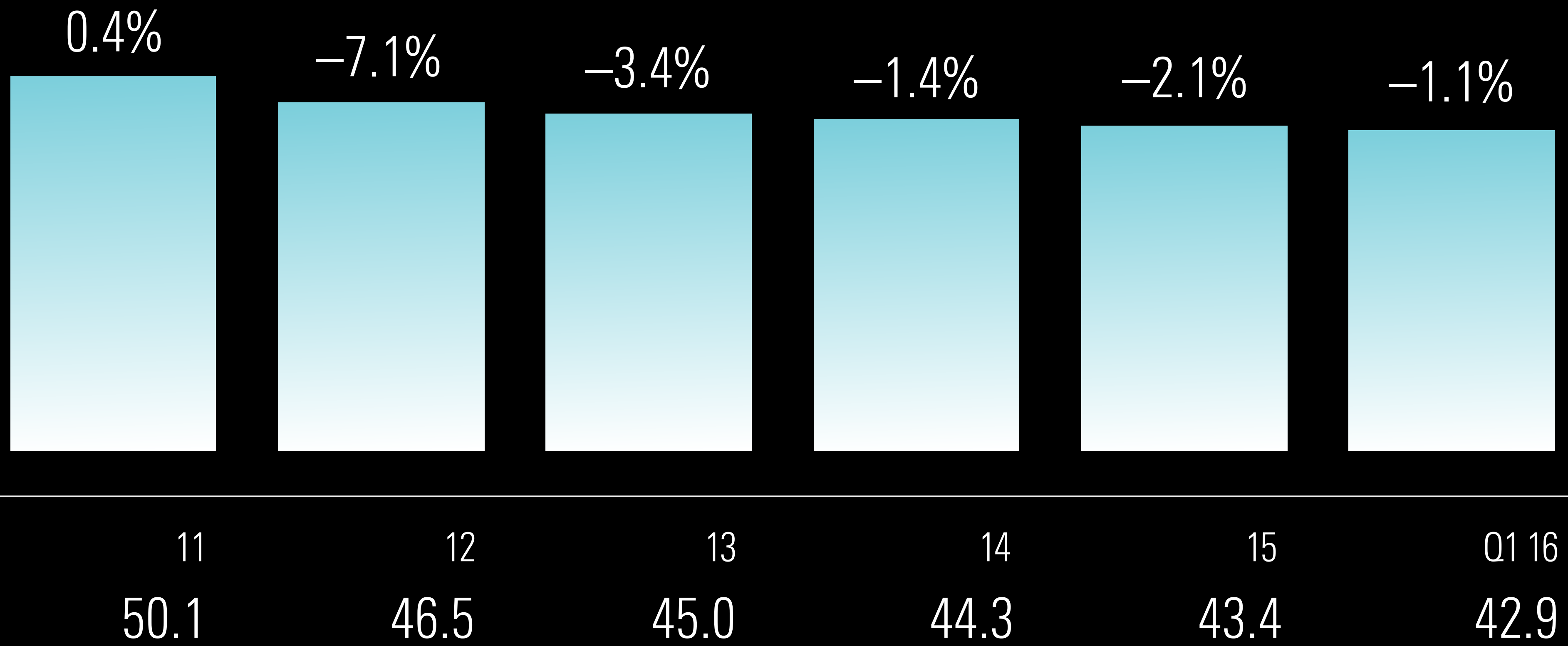
organic expansion
acquisitions
stock buyback
dividend

Dividends and Share Repurchases (\$mil)



● Dividends paid	\$10.0	\$25.5	\$17.4	\$30.5	\$33.7	\$9.5
● Share repurchases	\$40.7	\$251.8	\$153.5	\$76.7	\$97.0	\$38.8

Shares Outstanding (mil)



Morningstar Performance

Annual per-share growth rates through December 31, 2015

	1 Year	3 Years	5 Years	10 Years
Revenue	5.2%	10.0%	10.1%	13.3%
Operating Income	16.0% *	12.0%	12.4%	15.2%
Free Cash Flow	36.4% *	20.2%	13.8%	16.1%
Total Return	25.6%	9.5%	9.4%	9.2%

*Adjusted to exclude \$61.0 million litigation settlement and corresponding cash outflow in 2014.

Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

(\$mil)	2015	2014
Cash provided by operating activities	\$ 238.9	\$ 132.2
Less: capital expenditures	\$ (57.3)	\$ (58.3)
Free cash flow*	\$ 181.6	\$ 73.9

*Free Cash Flow is considered a non-GAAP financial measure under SEC regulations.

Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

(\$mil)	2011	2012	2013	2014	2015
Net income	\$98.4	\$108.1	\$123.5	\$78.3 ¹	\$132.6
Net interest expense (after tax)	(\$1.6)	(\$3.4)	(\$1.9)	(\$1.4)	(\$0.9)
Return	\$96.7	\$104.7	\$121.6	\$76.9	\$131.7
Shareholders' equity	\$817.8	\$790.4	\$707.9	\$671.9	\$646.9
Long-term debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Short-term debt	\$0.0	\$0.0	\$0.0	\$15.0	\$32.5
Invested Capital ²	\$817.8	\$790.4	\$707.9	\$686.9	\$679.4
ROIC ³	11.8%	13.2%	17.2%	11.2%	19.4%

1. Includes after-tax expense of approximately \$38.2 million for litigation settlement. 2. All items included in invested capital reflect average of 12/31 balance for current and previous year. 3. We calculate this measure based on return divided by invested capital.

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