News Release

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FOR IMMEDIATE RELEASE

Morningstar Announces Findings from Third Global Fund Investor Experience Report

Australia Scores C+ Grade

SYDNEY, 16 May 2013 — Morningstar Australasia Pty Limited, a subsidiary of Morningstar, Inc. (NASDAQ: MORN), today released its Global Fund Investor Experience Report, which assesses the experiences of managed fund investors in 24 countries across North America, Europe, Asia, and Africa. Australia scored a grade of C+ in the report.

Morningstar's evaluation of investor-friendly practices in managed fund markets worldwide identified the United States as the best market for fund investors based on criteria such as investor protection, transparency, fees, taxation, and investment distribution, while South Africa scored the worst. This year's report also includes first-time reviews of fund investor experiences in Korea and Denmark. The report is not a commentary on a country's managed funds industry, as there are many factors besides industry behaviour that can affect an investor's experience.

"We launched the first Global Fund Investor Experience Report in 2009 to examine the treatment of managed fund investors in 16 countries, with the goal of advancing a dialogue about best practices worldwide. Since that time, we've had numerous conversations with regulators and fund managers in multiple countries about their existing policies and ways to improve," said Morningstar Australasia Chief Executive Officer Anthony Serhan. "Working with our analysts around the world, we expanded our survey to 24 countries this year. We hope our findings will help fund managers and regulators around the globe continue to focus on improving the environment for investors."

Australia

Australia scored a C+. Australian investors enjoy low costs and favourable sales practices from a global perspective, but disclosure practices are comparatively weak and tax costs relatively high.

- Australia fares very well with respect to fees and expenses. Australian share, multi-sector, and fixed income funds are some of the least expensive globally.

- Australia also fares well in the area of sales and media, benefitting from open architecture platforms and a variety of sales channels. The Future of Financial Advice (FOFA) regulations place a fiduciary standard requiring financial advisers to place investors' interests ahead of their own. This protection is stronger than found in most of the world.
- Australia is the last country in this survey without any form of mandated, periodic portfolio holdings disclosure presently or in proposed regulations. With global best practices being mandatory quarterly disclosure, Australia is very far from the mark. There have been positive steps, however, with voluntary disclosure standards well-advanced and a mandated requirement due to be introduced under the MySuper regulations.
- Australia's product disclosure statement misses some marks as a simplified prospectus. Nowhere in the disclosure is portfolio manager information available. The document also lacks standardised returns, and poorly describes investment strategy and risks.
- Australian managed fund investors suffer some of the highest investment taxes of any country in the survey. Australia is one of only a handful of countries in which capital gains are passed through to fund investors annually, rather than deferred, and accumulated in the gains in the fund unit price. Fund investors also pay consumption taxes on the investment management service.

Methodology and World Results

Morningstar researchers evaluated countries in four categories: Regulation and Taxation, Disclosure, Fees and Expenses, and Sales and Media. Morningstar weighted the questions and answers to give greater importance to factual, empirical answers as well as the high-priority issues of fees, taxes, and transparency. Morningstar assigned countries a letter grade for each category, and then added the category scores to produce an overall country grade. The report's authors gathered information from available public data and from Morningstar analysts. The following are the country grades from highest to lowest scores and then in alphabetical order:

United States: A
Korea: B+
Netherlands: B
Singapore: B
Taiwan: B
Thailand: B
China: B-
Denmark: B-
Germany: B-
India: B-
Norway: B-

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Spain: B-

Sweden: B-

Switzerland: B-

United Kingdom: B-

Australia: C+

Belgium: C+

Canada: C+

France: C+

Italy: C+

Japan: C

Hong Kong: C-

New Zealand: C-

South Africa: D

Among the key findings:

- Bans on financial adviser commissions are spreading around the world. In the United Kingdom, the Retail Distribution Review (RDR) has already brought such a ban into effect, while similar moves are underway in Australia and The Netherlands.
- While the United States and European fund markets are roughly similar in size, US investors pay significantly lower fees than European investors.
- New Zealand showed the greatest improvement from the 2011 study, rising from a D- to a C- because of positive regulatory changes and an encouraging expansion of disclosure requirements.
- Fund managers in most countries continue to treat the names of portfolio managers as trade secrets, leaving investors no way to determine who is responsible for a fund's success or failure.
- Australia and New Zealand still do not require funds to publicly disclose full portfolio holdings, while France, South Africa, Korea, and the UK only disclose holdings to current owners.

To read the complete report, visit: http://global.morningstar.com/fundinvestorexperience2013

About Morningstar Australasia Pty Limited and Morningstar, Inc.

Morningstar Australasia Pty Limited is a subsidiary of Morningstar, Inc., a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individuals, financial advisers, and institutions. Morningstar provides data on more than 422,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than nine million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. Morningstar also offers investment

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management services through its investment management subsidiaries and had approximately US$157.0 billion in assets under advisement and management at 31 March 2013. The company has operations in 27 countries.

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