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News Release

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Morningstar Announces Findings from Third Global Investor Experience Report; Belgium Earned a C+

CHICAGO/BRUSSELS, May 15, 2013—Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today released its Global Investor Experience report, which assesses the experiences of mutual fund investors in 24 countries across North America, Europe, Asia, and Africa. Belgium earned a C+ in the 2013 report.

Morningstar's evaluation of investor-friendly practices in 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.

"We launched the first Global Investor Experience report in 2009 to examine the treatment of mutual fund shareholders 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 investment companies in multiple countries about their existing policies and ways to improve," John Rekenthaler, vice president of research for Morningstar, said. "Working with our analysts around the world, we expanded our survey to 24 countries this year. We hope our survey findings will help investment companies, distributors, and regulatory bodies around the globe continue to focus on improving the environment for investors."

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. Below are the overall 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-
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

- Belgium's overall grade is an average C+. Belgian investors face relatively lower expense ratios and adequate disclosure and government regimes. However, Belgian investors also invest within a captive, closed-architecture sales model that does not always benefit the investing public.
- Belgium scores near average on taxation. Belgium's tax rates on dividends and income are higher than the survey average, but are offset by an exemption on taxes for capital gains on shares held more than one year.
- Belgium is in line with world averages on Disclosure, but investors would benefit from more-frequent portfolio disclosures that enable evaluation of managers' decisions. It would also be helpful for investors to know managers' names and start dates. Another area in which Belgium can improve is in costs disclosures. Currently Belgium does not require a monetary illustration of fund costs that would convert ratios into monetary terms so novices could see how much they are paying for services. Belgium could also improve its disclosure practices by requiring funds to annually update prospectuses as opposed to only requiring updates when the document is amended or changed.
- Belgium receives a C in Fees and Expenses due to the average-to-low costs of locally domiciled fixed-income and allocation funds. There is a much larger investment universe of funds available for sale in Belgium due to Europe's single market for investment products, but Pan-European products tend to be more costly than local funds. Morningstar has observed that most advisors in Belgium are compensated through asset-based commissions, either up front or through ongoing charges. It is important that investors have choices in how they compensate advisors, and it is

especially important to have the option of avoiding embedded ongoing charges. Unfortunately, it remains difficult for Belgian investors to locate and purchase funds that do not have embedded advice fees in a trailing or up-front commission, and this contributes to Belgium's low grade in this section.

- Belgium receives a D+ in the area of fund Sales and Media practices. A large part of this grade is due to the closed architecture of the Belgian market. Banks and insurance companies dominate the sales of funds, and these companies tend to offer proprietary funds. Morningstar has observed that Belgian investors can easily buy funds from only two of the five main sales channels found throughout the world. The absence of choices is a weakness in Belgium.

Among the key findings of the study:

- Bans on advisor commissions are spreading around the world. In the UK, 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 U.S. and European fund markets are roughly similar in size, U.S. investors pay significantly lower fees than European investors.
- New Zealand showed the largest improvement from the 2011 study rising to a C- from a D- because of positive regulatory changes and an encouraging expansion of disclosure requirements.
- Fund companies 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 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 Morningstar's complete Global Investor Experience report, visit
http://global.morningstar.com/fundinvestorexperience2013

About Morningstar, Inc.

Morningstar, Inc. is 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 advisors, and institutions. Morningstar provides data on approximately 422,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 9 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. Morningstar also offers investment management services through its

registered investment advisor subsidiaries and has approximately $157 billion in assets under advisement and management as of March 31, 2013. The company has operations in 27 countries.

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