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News Release

22 West Washington Street
Chicago
Illinois 60602

Telephone: +1 312 696-6000
Facsimile: +1 312 696-6009

Media Contact:
San Lie, +31 20 311 9090 or san.lie@morningstar.com

FOR IMMEDIATE RELEASE

Morningstar Announces Findings from Fourth Global Fund Investor Experience Report; The Netherlands Scores A- Grade

AMSTERDAM, 9 June 2015—Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today released its biannual Global Fund Investor Experience report, which assesses the experiences of mutual fund investors in 25 countries across North America, Europe, Asia, and Africa. The Netherlands scored a grade of A- in the report. Morningstar researchers identified Korea and the United States as the most investor-friendly markets and China the least investor-friendly market.

Morningstar evaluated countries in four categories that are weighted to calculate the overall grade: Regulation and Taxation, Disclosure, Fees and Expenses, and Sales and Media. Morningstar researchers generally favor active fund regulation; a low investor tax burden; more disclosure; lower fund fees; a varied fund distribution system; and local news media that helps to educate investors about their choices. Morningstar assigned countries a letter grade for each of the four categories and used the underlying scores to produce an overall country grade. The analysis was based on information from publicly available sources, Morningstar data, and Morningstar experts located in the company's offices around the world.

San Lie, Head of Manager Research for Morningstar in The Netherlands, said, "Our mission at Morningstar is to help investors reach their financial goals. The goal of our Global Fund Investor Experience report is to improve the investor experience by examining the treatment of mutual fund shareholders in various countries to spur dialogue about best practices. Every market we examined has areas for improvement, and we hope our research about the experience of fund investors worldwide will help serve as a catalyst for positive change."

Highlights of The Netherlands' grade include:

- With an overall grade of A-, fund investors in The Netherlands have an investment experience that is better than most other countries evaluated in the report. In 2013, The Netherlands received an overall B grade. The overall grade is buoyed by an increased Fees and Expenses category grade of A that results primarily from The Netherlands' investor-friendly move to ban retrocessions.
- Taxes in The Netherlands are not particularly favorable to investors when compared with other markets. Dutch taxes are unique among the countries Morningstar evaluated: All property above an exempted amount is assumed to earn a stated return—currently 4 percent—and individuals pay taxes on that estimate rather than calculated actual capital earnings. Investors in The Netherlands had an aftertax return lower than that of most countries in a hypothetical tax scenario included in the report.
- Dutch disclosure received a C+ grade. Most asset managers report monthly fund portfolios on a lag, typical of many countries in the report, but only material long positions are required. Dutch funds almost always provide the name of the portfolio manager despite the absence of a requirement. Additionally, fund boards disclose their co-investment alongside shareholders. The Netherlands is one of only two countries that disclose any management stake in the fund, and Dutch funds are very investor-friendly in this respect.
- Fund fees and expenses in The Netherlands have greatly improved following a ban on rebates to advisors that took effect at the beginning of 2014. These commission-free share classes help rank locally domiciled fixed-income and equity funds as among the lowest cost in the report. Foreign funds sold in The Netherlands tend to be much more expensive than local funds, however, with the exception of money market funds.
- Sales practices in The Netherlands are regulated by the Markets in Financial Instruments Directive, which goes far in preventing egregious sales practices in countries in the European Union. In addition, more than 80 percent of funds in The Netherlands are sold by a distributor offering multiple fund sponsors. Investors in The Netherlands experience a high degree of press freedom and can find mutual fund articles in print media on a weekly basis.

The overall country grades for 2015 are below, from highest to lowest and then in alphabetical order:

Korea: A
United States: A
The Netherlands: A-

Taiwan: A-

United Kingdom: B+

Sweden: B

Australia: B-

Denmark: B-

Finland: B-

Norway: B-

Switzerland: B-

Canada: C+

Germany: C+

India: C+

New Zealand: C+

Thailand: C+

Belgium: C

France: C

Hong Kong: C

Singapore: C

South Africa: C

Spain: C

Italy: C-

Japan: C-

*China: D+

New this year, Morningstar incorporated The World Press Freedom Index in its assessment of media for the Sales and Media category. Reporters Without Borders, an international nonprofit organization, publishes the index annually to measure the freedom of information in 180 countries. Morningstar also added a quantitative analysis about the frequency of portfolio reporting in the Disclosure category, and included a first-time review of the fund investor experience in Finland.

Additional key findings of the 2015 report include:

- Korea received an A this year because of its improved sales practices, up from a B+ in 2013, and is the only other country aside from the United States to achieve the top grade.

- The United States garnered the highest score for the fourth time with a top grade of A. While the United States boasts relatively low expenses and strong disclosure, its Sales and Media category grade is average.
- Finland received a grade of B-, reflecting consistent practices that have developed from pan-European regulations.
- China received the lowest grade of a D+ because of high fees, limitations on overseas investing, and restrictions on foreign-domiciled funds.*
- Since the 2013 study, regulators in New Zealand introduced semiannual portfolio holdings disclosure, while Thailand plans to move from semiannual to quarterly disclosure. Australia is now the only market that does not have portfolio holdings disclosure requirements. The global fund industry is generally ahead of regulatory requirements, with monthly holdings releases becoming common.
- Nearly every market has enacted new or updated regulations over the past two years, which shows active engagement by regulators in the areas Morningstar evaluates in the report.
- In the United States, Australia, South Africa, and The Netherlands, ongoing fund fees are typically unbundled, which decreases reported fund fees. However, if investors are paying for both advice and an administration platform, the total cost of owning a fund could be an additional 1.0 to 1.5 percent.
- In 22 of the 25 countries evaluated, banks and insurance companies are named as one of the dominant fund sales channels. The next most common channel, cited in seven countries, is the independent advisor.

To read Morningstar's complete Global Fund Investor Experience report, please visit http://global.morningstar.com/GFIE2015PressKit. Morningstar published its first Global Fund Investor Experience report in 2009.

Morningstar has more than 100 manager research analysts worldwide who cover approximately 4,100 funds. The company provides data on approximately 186,500 open-end mutual funds, 9,800 closed-end funds, and 11,300 exchange-traded product listings as of March 31, 2015.

*Editor's Note: In its 2013 report, Morningstar inadvertently used incorrect expense data for Chinese funds. Morningstar corrected the data in the 2015 report, which lowered China's grade for the Fees and Expenses category and was the primary factor in the drop of China's overall grade from B- to D+.

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 individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar provides data on approximately 500,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 15 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 investment advisory subsidiaries and had more than U.S. $179 billion in assets under advisement and management as of March 31, 2015. The company has operations in 27 countries.

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