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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:

Stephanie Lerdall, +1-312-696-6037 or stephanie.lerdall@morningstar.com

FOR IMMEDIATE RELEASE

Morningstar Launches Model Marketplace Integrated with Morningstar Office℠ Cloud

New platform makes it easier to research, compare, and manage investment models, allowing advisors to customize strategies to fit clients' financial goals

CHICAGO, May 6, 2019—Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today introduced the Model Marketplace, a centralized 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, which is integrated into Morningstar Office℠ Cloud at no extra cost, provides asset managers a direct connection to share their investment models with advisors at the critical point of information gathering and decision-making. At launch, Model Marketplace participants include: American Funds by Capital Group; Blackrock; Fidelity Investments®; Franklin Templeton; Invesco; J.P. Morgan Asset Management; Northern Trust Asset Management; OppenheimerFunds; PIMCO; Redwood Investment Management; Russell Investments; VanEck; and Vanguard.

"Developing and managing modeling strategies can be complicated and time-consuming," said Dermot O'Mahony, head of software products at Morningstar. "Like an 'app store of investment models,' Model Marketplace allows advisors to research, screen, and gather in-depth insight on models from different firms to determine the right strategies for their clients' portfolios all within a single platform. It combines information and automation to empower advisors to truly think in their clients' best interests, by giving them more time to provide personalized advice while lowering costs and increasing transparency among choices."

Through Model Marketplace's integration into the Morningstar Office℠ Cloud platform, advisors are able to lower costs and save time by scaling the investment management, portfolio monitoring, and rebalancing functions at their firms, while maintaining discretion on how their clients' money is invested. Advisors can conduct research and screen models against the full extent of Morningstar's holdings database and analytics provided within the platform. With in-depth qualitative and quantitative analytics, scenario analysis, and qualitative ratings produced by Morningstar's 250 global research analysts*, Model Marketplace is designed to help advisors fully understand the fundamentals of a model when recommending strategies for their clients, fulfill their fiduciary responsibilities, and help investors reach their financial goals.

"Models offer a blueprint for asset allocation and fund selection, allowing financial advisors to outsource all or part of a client's asset allocation and underlying fund selection. Many advisors

use it as an opportunity to focus on financial planning and business development without sacrificing the quality of the portfolio," said Jason Kephart, alternative strategies senior analyst for manager research at Morningstar.

As model portfolios have become more widely available, Morningstar recently added separate accounts representative of model portfolios to its growing universe of analyst coverage. In a new research paper, "A Framework for Evaluating Model Portfolios," Kephart explains the features of model portfolios and offers insight on how Morningstar assigns its forward-looking Morningstar Analyst Rating to separate accounts that are representative of models. The full research paper is available here.

As an open marketplace for advisors and asset managers, Model Marketplace is provided through Morningstar Office℠ Cloud for no extra charge or additional fees for the use of the models. Morningstar does not accept incentives from platform participants, ensuring the platform remains trustworthy and unbiased.

For more information about Model Marketplace, visit the Morningstar Innovation Lab at this week's Morningstar Investment Conference, May 8-10 at Chicago's McCormick Place.

About Morningstar, Inc.
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