



**Morningstar Investment Services LLC Form ADV Part 2 Summary of Material Changes**  
*Morningstar® Managed Portfolios<sup>SM</sup>*

22 West Washington Street, Chicago, IL 60602  
Phone: 312.696.6000  
www.corporate.morningstar.com

March 27, 2020

On an annual basis we are required to provide you with a summary of material changes to our Form ADV Part 2. This document includes changes made since our last annual update, which was dated March 27, 2019. The Form ADV Part 2A Firm Brochure, Part 2A Appendix, and Part 2B Brochure Supplement provide information about our qualifications and business practices. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Morningstar Investment Services LLC is registered with the SEC as a registered investment adviser. Registration with the SEC does not imply a certain level of skill or training. If you have any questions or would like to request a copy of our Firm Brochure and Brochure Supplement free of charge, please contact us at 312.696.6000, by sending an email to [complianceemail@morningstar.com](mailto:complianceemail@morningstar.com), or by going to [adviserinfo.sec.gov](http://adviserinfo.sec.gov) (search by Firm for "Morningstar Investment Services LLC" and click on the "Part 2 Brochures" button.)

**Updates to the Form ADV Part 2A Brochure**

In the *Advisory Business* section, we added a description of our Fixed Income Allocation and Multi-Asset High Income portfolios. We also noted the use of ETFs for certain purposes in our Select Equity portfolios and described our rebalancing and reallocation activities in multi-strategy accounts:

The *Fixed Income Allocation* portfolios use a valuation-driven asset allocation process and independent approach to investment selection. The strategy seeks to provide total return by generating current income and capital preservation through mutual fund investments within the Morningstar Funds Trust. The strategy will primarily invest in investment-grade bonds that vary in duration, credit quality and sector allocation.

The *Multi-Asset High Income Portfolio* seeks long-term income generation and capital preservation. The portfolio strives to generate a yield of 300 to 500 basis points above the yield of cash in most market environments. It invests in mutual funds within the Morningstar Funds Trust that represent a diversified range of fixed-income, equity, and alternative strategies. Our valuation-driven asset allocation approach seeks to maximize income at what we believe is an acceptable risk level.

ETFs may be used within certain Select Equity Portfolios to help maintain a broad market or sector exposure during tax loss harvesting, to gain access to specific markets or sectors that include companies that do not have corresponding American Depository Receipts, or for other purposes.

For multi-strategy accounts (those accounts allocated to more than one Portfolio), rebalancing and reallocation activities take place only with respect to each Portfolio's underlying holdings; accounts are not rebalanced or reallocated to maintain a specific allocation between the Portfolios chosen.

We also updated the *Advisory Business* section to show our assets under management and advisement (rounded to the nearest \$100,000) as of December 31, 2019:

- Discretionary Assets: \$12,126,500,000
- Non-Discretionary Assets: \$4,026,800,000

In the *Fees and Compensation* section, we corrected the fee schedule for Subadvisory Relationships using Morningstar Managed Portfolios.

The *Types of Clients* section now reflects the current minimum account sizes for the Morningstar Managed Portfolios program. The minimum initial account size for each strategy is:

Mutual Fund Strategies whose underlying holdings are solely:	
Morningstar Funds	\$5,000
Third-party mutual funds	\$50,000
ETF Strategies	\$25,000
Mutual Fund/ETF Strategies:	
Whose underlying holdings include Morningstar Funds	\$25,000
Whose underlying holdings are solely third-party mutual funds and ETFs (excluding ESG Asset Allocation Strategy)	\$50,000
ESG Asset Allocation Strategy	\$25,000
Select Equity Portfolios	
All Strategist Series strategies w/o Fixed Income Allocations	\$75,000
All Strategist Series with Fixed Income allocations	\$150,000
Custom Series	\$250,000
Enhanced Portfolio Service	\$1,000,000

*Methods of Analysis, Investment Strategies, and Risk of Loss* was updated with information about tax harvesting and wash sales.

The *Other Financial Industry Activities and Affiliations* section was updated to address Morningstar, Inc.'s acquisition of DBRS, Inc., a credit rating agency, and its integration with Morningstar Credit Ratings LLC under the brand name "DBRS Morningstar".

This section was also updated to reflect that we may offer a discount to Financial Advisers for Morningstar Office<sup>SM</sup> in certain situations through our Loyalty Program:

In certain situations, Financial Advisers eligible for a subscription to either Morningstar Advisor Workstation or Morningstar Direct as noted above will instead receive a discount for a one-year subscription to Morningstar Office<sup>SM</sup> based on the value of Morningstar<sup>®</sup> Advisor Workstation<sup>SM</sup> or Morningstar Direct<sup>SM</sup>.

*Brokerage Practices* now includes our strategy change and maintenance request processing times:

Strategy changes or maintenance requests that are deemed to be in good order are generally processed on a best efforts basis within 2 business days of our receipt of proper notification or documentation.

**Updates to the Form ADV Part 2A Appendix: Wrap Fee Program Brochure**

In the Wrap Fee Program Brochure, we made similar changes as noted in the Firm Brochure to reflect our current minimum account sizes.

**Updates to the Form ADV Part 2B Brochure Supplement**

The Brochure Supplement includes the key members of Morningstar Investment Management's investment team that have the most responsibility for providing day-to-day investment advice on our behalf. It was updated since the last annual update to replace Brian Huckstep with Paul Arnold.

**Other Updates**

We made other edits where necessary to correct grammar or punctuation, to provide clarification or further information, for consistency in terminology or content, or to improve the readability of the brochure.