

# Morningstar Essentials<sup>TM</sup>

## Artwork and Data Presentation Guidelines Australia and New Zealand



Morningstar  
Risk  
3 Year

Low

TM



TM

			Large
			Mid
			Small
Value	Blend	Growth	

## Morningstar Essentials

Morningstar Essentials is a marketing toolkit that is designed to help you make use of the Morningstar proprietary statistics that have gained the acceptance and trust of investors and advisers. One of the key components of Essentials is the broad distribution license for key statistics such as the Morningstar Rating, Morningstar Categories, and Morningstar Style Box, plus many more.

In the following pages, you'll find important information about how to use the data and images available in your Morningstar Essentials license. This document features a section for each proprietary statistic included in your Essentials license as well as information on our review process and required disclosure language. Each section contains art guidelines, disclosure language and other important things to know when using Morningstar proprietary statistics.

As part of your Essentials license, Morningstar provides you with access to the logos, artwork, and seals that you need to create effective marketing and advertising campaigns that utilise Morningstar statistics.

Please contact our client services team via [consents.au@morningstar.com](mailto:consents.au@morningstar.com) if you have any questions on how to use this document.

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**Morningstar Rating™**

# Morningstar Rating Artwork

Morningstar rates managed investments from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. The overall Morningstar Rating™ must be the featured Morningstar Rating in the materials. The three-, five-, and 10-year ratings may also be illustrated, but the overall Morningstar Rating must be featured with them.

For example, if a fund has received 5 stars for the three-year period and 3 stars for the five-year period and has an overall Morningstar Rating of 4 stars, the 4-star overall Morningstar Rating is required to be the featured Morningstar Rating.

The Morningstar Rating stars must be two-dimensional, five-pointed stars.

The font "Wingdings" contains a five-pointed star if using EPS artwork is not a viable option. The outlined star with a shadow in Wingdings is not allowed.

## Morningstar Rating Artwork



Morningstar Rating solid stars

## Seal Options

We recommend the colors Morningstar red or black when displaying the seals.

If seals are used for multiple proprietary statistics they must all be from the same time period.

## Morningstar Rating Seal



Morningstar Rating seal

**Morningstar**  
**Rating**  
3 Year



TM

Morningstar Rating for three-, five-, and 10-year ratings

The Extended Performance Rating requires the use of hollow stars.

Morningstar Rating in a Table

Time Period Return %	Total Return %	Morningstar Rating™
3-Year	10.26	★★★★★
5-Year	12.21	★★★★
10-Year	9.05	★★★★★
Overall	10.68	★★★★★

As at dd-mm-yyyy

Morningstar Rating in Text

**Actual Performance**  
Fund XYZ received a Morningstar Rating™  
of ★★★★★ as at dd-mm-yyyy

Fund XYZ received a 4-star  
Morningstar Rating™ as at dd-mm-yyyy

Fund XYZ received a Morningstar Rating™  
of 4 stars as at dd-mm-yyyy

As at dd/mm/yy fund XYZ  
had received a Morningstar Rating™  
of 4 stars

## Displaying the Morningstar Rating™ Artwork

### Morningstar Rating™ Artwork

**Recommended Color**

Black.

**Clear Space**

Maintain around the rating,  
with measurements as shown.



**Morningstar Rating™ Seal****Recommended Color**

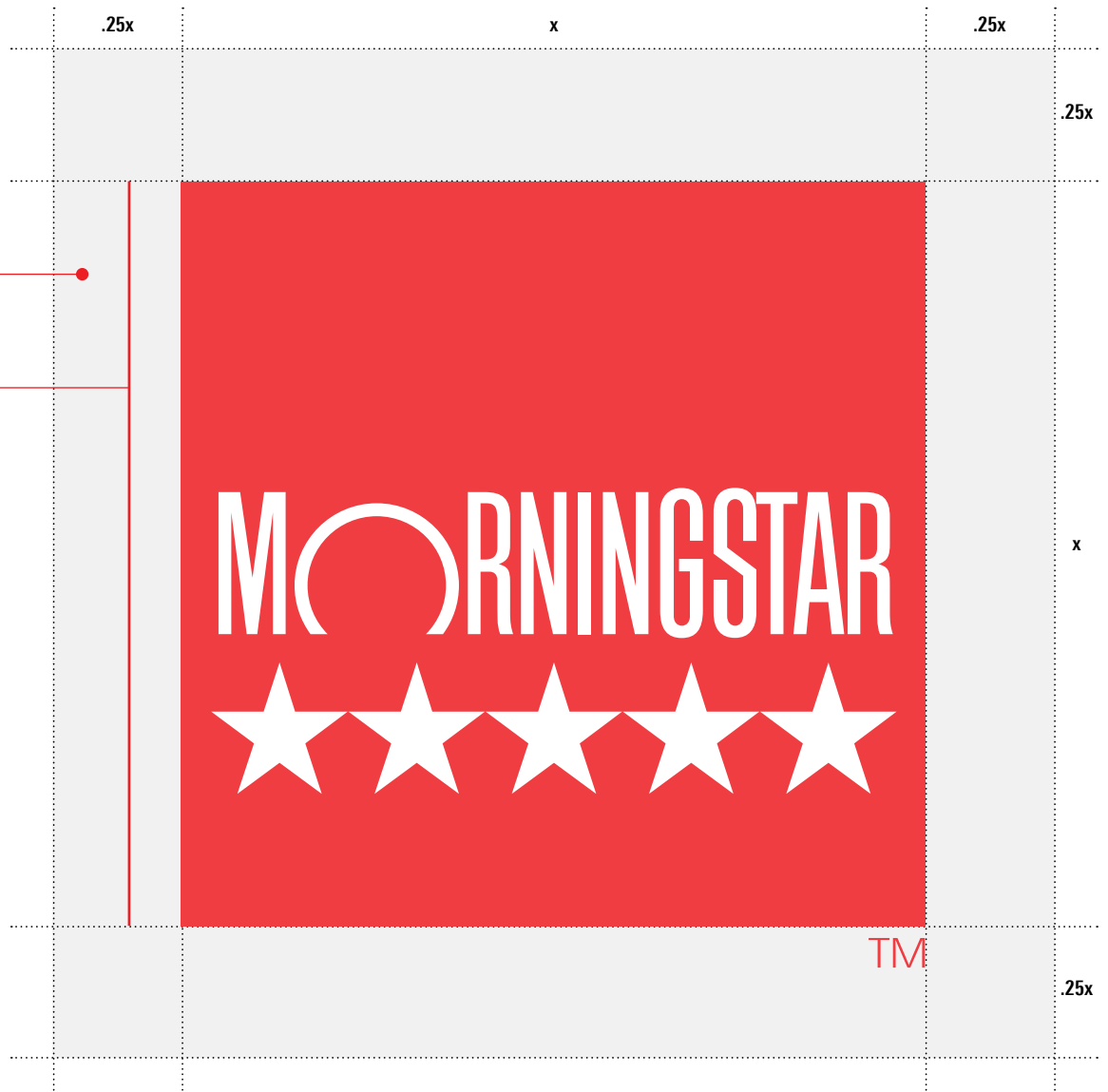
Morningstar red or black.

**Clear Space**

Maintain around the seal, with measurements as shown.

**Size**

The standard seal measures 3" x 3" as shown and may be reduced to 25%.





## Required Morningstar Rating™ Disclosures

Fill in appropriate information for items highlighted in red.

### Morningstar Data

You must quote the Morningstar Rating definition in its entirety and without edits. The description of rating must either appear a) in the body of the same page as the Essentials element, or b) as a prefix to the disclaimer.

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#### *For use in New Zealand:*

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The Morningstar Rating is an assessment of a fund's past performance—based on both return and risk—which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision.

Fill in appropriate information for items highlighted in red.

### Quantifying Statement

**[Insert time period]** rating out of **[insert number of funds insert name of category funds]** as of **[insert date]**.

## Suggested Morningstar Rating™ Disclosures

Fill in appropriate information for items highlighted in red.

This disclosure is based upon SEC rule 2210-3 (see Schedule 1). Use to satisfy FINRA requirements. Revisions may be made.

### Morningstar Rating

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including managed funds, exchange-traded funds, closed-end funds, and composite strategies) with at least a three-year history. Exchange-traded funds and open-ended managed funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. **Insert name of fund** was rated against the following numbers of **insert name of category** funds over the following time periods: **insert number of funds in category during prior 3-year period** funds in the last three years, **insert number of funds in category during the prior 5-year period** funds in the last five years, and **insert number of funds in category during the prior 10-year period** funds in the last ten years. Past performance is no guarantee of future results.

Fill in appropriate information for items highlighted in red.

### Additional Disclosure for Multi-class Funds

Morningstar Rating is for the **[insert class]** share class only; other classes may have different performance characteristics.

## Suggested Explanation Text

This text may be used as an investor-friendly description of the Morningstar Rating.

### **Morningstar Rating**

#### **Morningstar Rating for Funds**

Morningstar rates managed funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods — three-, five-, and 10 years — and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations.

# Important Things to Know

## **The overall Morningstar Rating™ must be the featured Morningstar Rating in any communication.**

The three-, five-, and 10-year ratings may also be illustrated, but only when the overall Morningstar Rating is also shown. "Cherry-picking" time periods when using the Morningstar Rating is not acceptable.

In other words, the rule for featuring the Morningstar Rating is "One or All." "One" refers to the Overall Morningstar Rating and "All" refers to every Morningstar Rating for the fund (i.e., Overall, three-, five- and 10-year) received to date.

## **A Morningstar Rating is not given to a fund manager or a manager's asset class strategy.**

The Morningstar Rating is given to a fund and must be used only in conjunction with a reference to that fund.

## **Any reference to the Morningstar Rating must use the term "rating" as opposed to "ranking."**

The Morningstar Rating is not to be confused with a "ranking" of funds.

## **Language cannot be used that depicts the Morningstar Rating as an endorsement of a fund.**

The Morningstar Rating is based on an objective, mathematical calculation and is not to be construed as an endorsement of any fund.

### *Incorrect usage*

"XYZ Fund was awarded Morningstar's highest rating—5 stars!"

"XYZ Fund earned 5 stars!"

### *Correct usage*

"XYZ Fund received a 5-Star Overall Morningstar Rating™!"

## **The date of the Morningstar Rating must be the most recent available.**

This date will be the most recent quarter- or month-end and must be clearly labeled in the communication, as well as in close proximity to the rating. This date, also known as the "as of" date, is provided for you on the Morningstar Essentials website on monthly basis.

## **The Morningstar Rating can be used in conjunction with other data provider's analyses or data.**

However, each data provider must be clearly labeled. The Morningstar Rating may not be displayed in connection with, or in close proximity to, any information or data furnished by any of Morningstar's direct competitors in a manner in which attribution is unclear, including the following entities:

- ▶ Mercer (Australia) Pty Ltd
- ▶ Lonsec Limited
- ▶ Zenith Investment Partners

## **As a purely quantitative assessment the Morningstar Rating must not be used in conjunction with qualitative ratings from other research providers.**

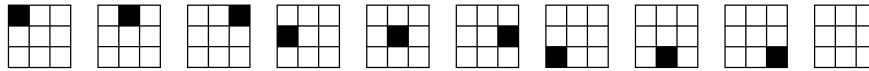
**Morningstar Style Box™**

# Morningstar Style Box™ Artwork

The Morningstar Style Box™ was introduced in 1992 to help investors and advisors determine the investment style of a fund. The equity style box is a nine-square grid that classifies securities by size along the vertical axis and by value and growth characteristics along the horizontal

axis. For fixed-income funds, along the horizontal axis of the style box lies the average term length of a fund's bond portfolio based on average effective duration and along the vertical axis lies the average quality rating of a bond portfolio.

## Morningstar Style Box Artwork Without Labels (for both equity and fixed income)



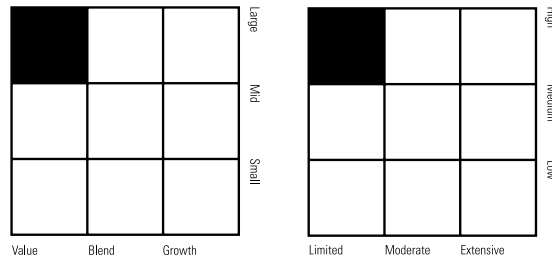
### Recommended Color

Black

### Font

The label font may be changed to match the client's page layout.

## Morningstar Style Box Artwork With Labels



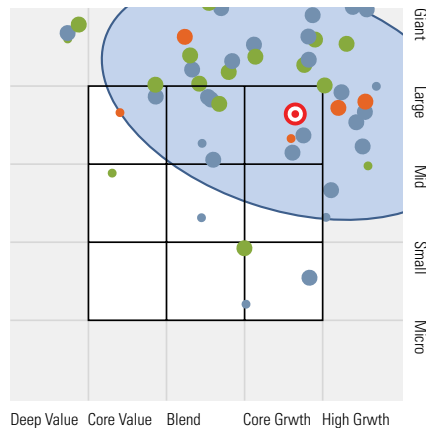
Equity version

Fixed Income version

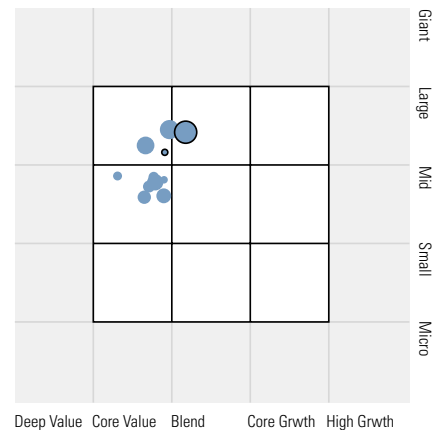
### Font

The label font may be changed to match the client's page layout.

## Morningstar Ownership Zone with Holdings



## Morningstar Historical Style



Recommended Color  
Morningstar red or black.

Morningstar Style Box Seal

Morningstar  
Style Box  
Equity

Small  
Growth

TM

Morningstar  
Style Box  
Fixed Income

Extensive  
Low  
Quality

TM

The use of a style box in a spreadsheet does not require labels. However, a label key somewhere on the page would benefit the user.

The Morningstar Style Box in a Table

Fund Name	Total Return %	Morningstar Style Box™
XYZ Values Fund	10.26	<div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div>
XYZ Discovery Fund	12.21	<div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div>
XYZ Opportunities Fund	9.05	<div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div>
XYZ Small Growth Fund	10.68	<div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div>

### The Morningstar Style Box Seal

**Recommended Color**

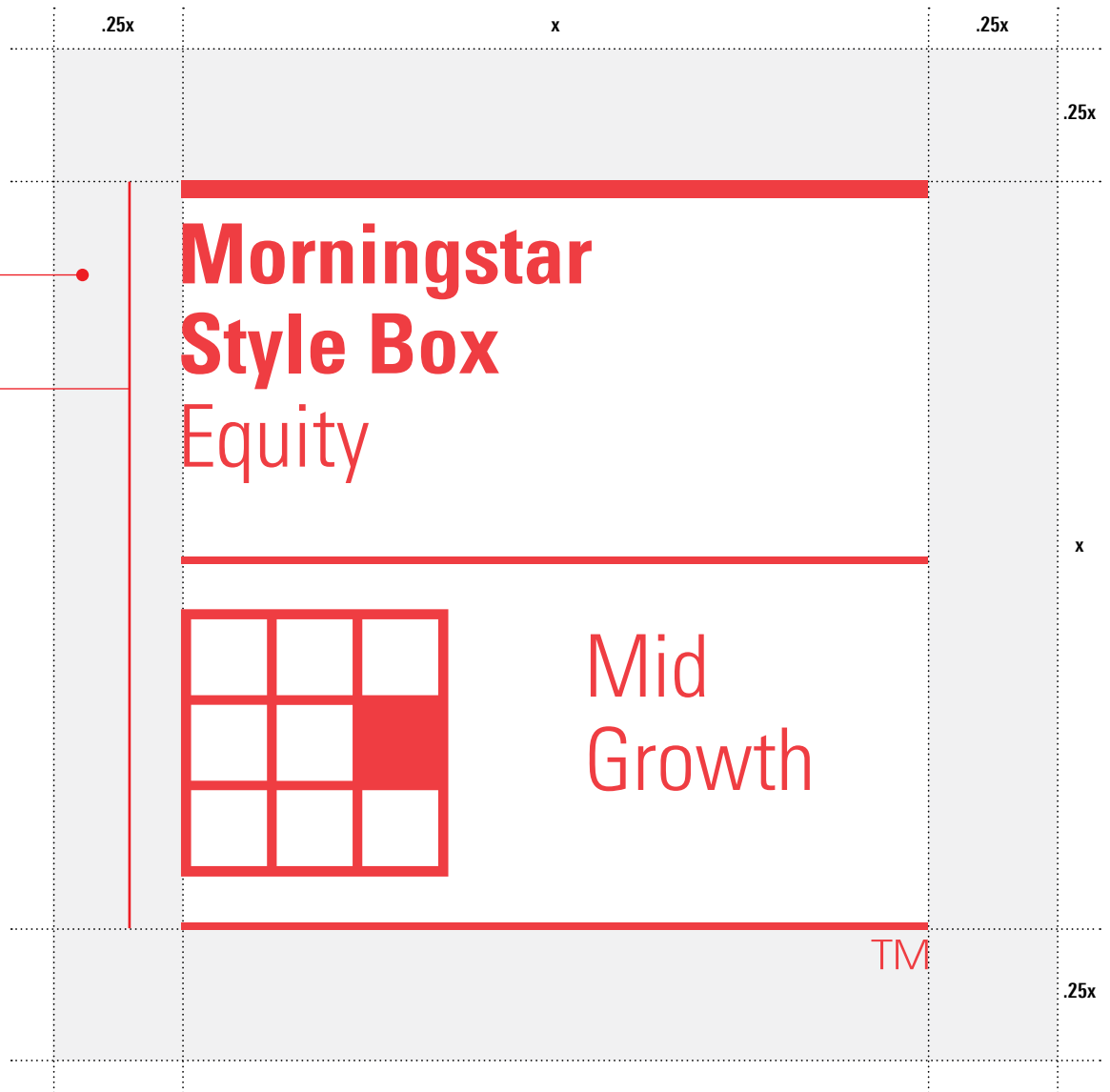
Morningstar red or black.

**Clear Space**

Maintain around the seal, with measurements as shown.

**Size**

The standard seal measures 3"x 3" as shown and may be reduced to 25%.





## Required Morningstar Style Box™ Disclosures

Fill in appropriate information for items highlighted in red.

### Morningstar Data

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Fill in appropriate information for items highlighted in red.

### Explanatory Style Box Text

#### Equity

Fund XYZ appeared as a [insert market-cap size] [insert investment style] fund on the Morningstar Style Box™ at [insert date/month/year].

#### Fixed Income

Fund XYZ appeared as a [insert credit quality] [insert interest rate sensitivity] fund on the morningstar Style Box™ at [insert date/month/year].

## Suggested Morningstar Style Box™ Disclosure and Explanation

This text may be used as an investor-friendly description of the Style Box.

### Morningstar Style Box Explanation

The Morningstar Style Box™ is a nine-square grid that, for equity funds, depicts three investment styles (value, growth, and blend) for each of three size categories (small, mid, and large). For fixed-income funds, the vertical axis shows the credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration. The Style Box provides an easy-to-follow visual representation of fund characteristics and enables informed comparisons and portfolio construction based on what funds actually hold.

Morningstar suggests using this disclosure when displaying the Style Box.

### Morningstar Style Box Disclosure

The Morningstar Style Box™ reveals a fund's investment strategy. For equity funds the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). For fixed-income funds, the vertical axis shows the credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

In the event Licensee uses or displays that part of the Product containing the Morningstar Style Box, Licensee may include the following disclaimer:

The Morningstar Style Box™ reveals a fund's investment strategy.

For equity funds, the vertical axis shows the market capitalization of the long stocks owned, and the horizontal axis shows the investment style (value, blend, or growth.) A darkened cell in the style box matrix indicates the weighted average style of the portfolio.

For portfolios holding fixed-income investments, a Fixed Income Style Box is calculated. The vertical axis shows the credit quality based on credit ratings and the horizontal axis shows interest-rate sensitivity as measured by effective duration. There are three credit categories - "High", "Medium", and "Low"; and there are three interest rate sensitivity categories - "Limited", "Moderate", and "Extensive"; resulting in nine possible combinations. As in the Equity Style Box, the combination of credit and interest rate sensitivity for a portfolio is represented by a darkened square in the matrix.

Morningstar uses credit rating information from credit rating agencies (CRAs) that have been designated Nationally Recognized Statistical Rating Organizations (NRSROs) by the Securities and

Exchange Commission (SEC) in the United States. For a list of all NRSROs, please visit <https://www.sec.gov/ocr/ocr-current-nrsros.html>.

Additionally, Morningstar will use credit ratings from CRAs which have been recognized by foreign regulatory institutions that are deemed the equivalent of the NRSRO designation. To determine the rating applicable to a holding and the subsequent holding weighted value of a portfolio two methods may be employed. First is a common methodology approach where if a case exists such that two CRAs have rated a holding, the lower rating of the two should be applied; if three or more CRAs have rated a holding, the median rating should be applied; and in cases where there are more than two ratings and a median rating cannot be determined, the lower of the two middle ratings should be applied. Alternatively, if there is more than one rating available an average can be calculated from all and applied.

**Please Note:** Morningstar, Inc. is not an NRSRO nor does it issue a credit rating on the fund. Credit ratings for any security held in a portfolio can change over time.

Morningstar uses the credit rating information to calculate a weighted-average credit quality value for the portfolio. This value is based only upon those holdings which are considered to be classified as "fixed income", such as government, corporate, or securitized issues. Other types of holdings such as equities and many, though not all, types of derivatives are excluded. The weighted-average credit quality value is represented by a rating symbol which corresponds to the long-term rating symbol schemas employed by most CRAs. Note that this value is not explicitly published but instead serves as an input in the Style Box calculation. This symbol is then used to map to a Style Box credit quality category of "low," "medium," or "high". Funds with a "low" credit quality category are those whose weighted-average credit quality is determined to be equivalent to the commonly used High Yield classification, meaning a rating below "BBB", portfolios assigned to the "high" credit category have either a "AAA" or "AA+" average credit quality value, while "medium" are those with an average rating of "AA-" inclusive to "BBB-". It is expected and intended that the majority of portfolios will be assigned a credit category of "medium".

For assignment to an interest-rate sensitivity category, Morningstar uses the average effective duration of the portfolio. From this value there are three distinct methodologies employed to determine assignment to category. Portfolio which are assigned to Morningstar municipal-bond categories employ static breakpoints between categories. These breakpoints are: "Limited" equal

to 4.5 years or less, "Moderate" equal to 4.5 years to less than 7 years; and "Extensive" equal to more than 7 years. For portfolios assigned to Morningstar categories other than U.S. Taxable, including all domiciled outside the United States, static duration breakpoints are also used: "Limited" equals less than or equal to 3.5 years, "Moderate" equals greater than 3.5 years but less than or equal to 6 years, and "Extensive" is assigned to portfolios with effective durations of more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled portfolios (excluding those in Morningstar convertible categories) may be assigned using average modified duration when average effective duration is not available. For portfolios Morningstar classifies as U.S. Taxable Fixed-Income, interest-rate sensitivity category assignment is based on the effective duration of the Morningstar Core Bond Index (MCBI). The classification assignment is dynamically determined relative to the benchmark index value. A "Limited" category will be assigned to portfolios whose average effective duration is between 25% to 75% of MCBI average effective duration, where the average effective duration is between 75% to 125% of the MCBI the portfolio will be classified as "Moderate", and those portfolios with an average effective duration value 125% or greater of the average effective duration of the MCBI will be classified as "Extensive".

# Morningstar Medalist Rating™ for Essentials

(Essentials Premium Licence Only)

## Morningstar Medalist Rating™ for Essentials Artwork

Unlike the backward-looking Morningstar Rating™ (often referred to as the “star rating”), which assigns 1 to 5 stars based on a fund’s past risk-adjusted returns versus category peers, the Morningstar Medalist Rating™ is the summary expression of Morningstar’s forward-looking analysis of a fund via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative.

The Medalist Ratings indicate which fund Morningstar believes is likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Funds are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, determines the Medalist Rating they’re assigned. Pillars may be evaluated via an analyst’s qualitative assessment (either directly or indirectly) or using algorithmic techniques.

For a subset of Australian funds, the ratings will move from Morningstar Medalist Rating into a different data point, Flagship Fund Medalist Rating. The Flagship Fund Medalist Rating is specific to platform versions of the relevant strategy. Australia and New Zealand funds carrying this rating have not been rated under the Morningstar Medalist


Rating methodology. The Flagship Fund Medalist Rating recognizes that platform versions can have negotiable fees and reliable representative cost data can be hard to come by. As a result, platform versions will retain the linkage and the rating of the Flagship share class. When referencing this rating in any materials, it should be labeled as Morningstar Flagship Fund Medalist Rating™ rather than Morningstar Medalist Rating™.

The Medalist Rating is not a market call, and it is not meant to replace investors’ due-diligence process. It cannot assess whether a fund is the right fit for a particular portfolio and risk tolerance. It is intended to supplement investors’ and advisors’ own work on funds and, along with written analysis, provide forward-looking perspective into a fund’s abilities. It picks up where commonly watched measures of the past leave off.

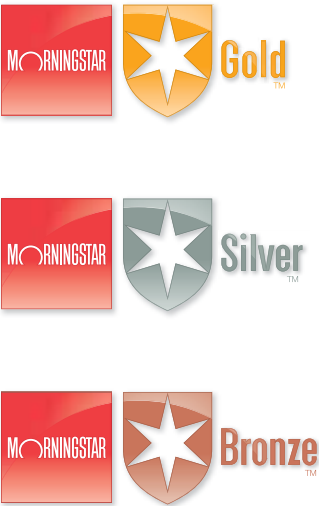
The Medalist Rating involves unknown risks and uncertainties which may cause expectations not to occur to differ from what was expected and are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically.

Recommended Color	With Morningstar Logo	Without Morningstar Logo	Without Morningstar Logo
Our multi-color option, Morningstar red, or black.		Large Format	Small Format
When process colors are not available, please use the black ratings.			<div><div>Please use these only when the shield has a height less than 18mm.</div><div>These are intended to preserve the integrity of the horizontal lines.</div></div>   
			
			

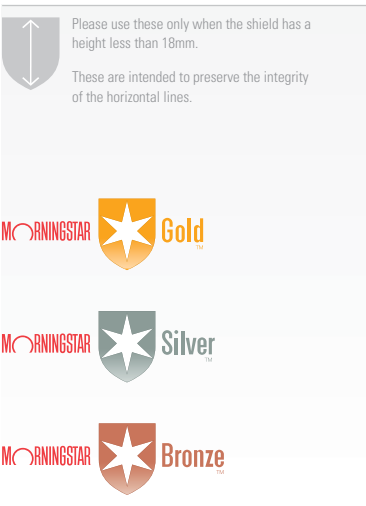
Recommended Color	Words for Other Ratings
Use Morningstar red when color is needed.	
When process colors are not available, please use the black ratings.	
	

Fill in the appropriate information for the items highlighted in red.	Required Data Points
	When displaying the Morningstar Medalist Rating, the following data points must also be displayed in close proximity to the Medalist Rating.
<div><div>Morningstar Medalist Rating™</div></div>	<div><div>Analyst-Driven %</div><div>[Insert value]</div><div>Data Coverage %</div><div>[Insert value]</div></div>

With Morningstar Logo  
Standard Format






With Morningstar Logo  
Small Format



Without Morningstar Logo



	<b>Morningstar Red</b>		<b>Gold</b>		<b>Silver</b>		<b>Bronze</b>
Process RGB	0c-91m-76y-0k 249-30-53	Process RGB	0c-41m-99y-0k 250-164-29	Process RGB	15c-0m-11y-42k 139-155-151	Process RGB	17c-62m-66y-4k 200-116-90



## Displaying the Morningstar Medalist Rating™ Artwork

### Morningstar Medalist Rating™ Artwork for Essentials

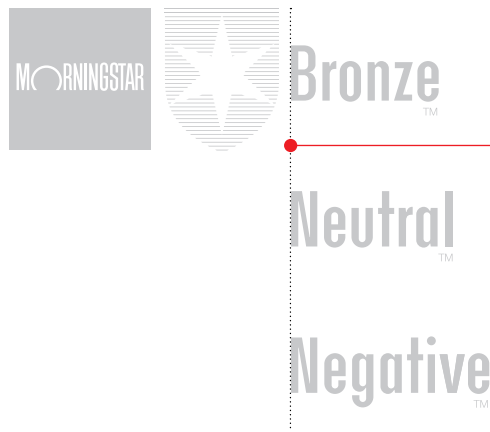
#### Recommended Color

Use Morningstar red when color is needed.

When process colors are not available, please use the black ratings.

#### Clear Space

Maintain around the rating, with measurements as shown.



#### Text Alignment

Align Neutral, Negative, Under Review, and Not Ratable with Gold, Silver and Bronze words if used in a list or table on the same page.

## Required Morningstar Medalist Rating™ Disclosure

Fill in appropriate information for items highlighted in red.

### Morningstar Data

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### Quantifying Statement

#### *Correct Usages*

The Morningstar Medalist Rating™ for Fund XYZ's Australian Equities strategy is 'Gold' as of dd-mm-yyyy.

Fund XYZ Australian Equities strategy has a Morningstar Medalist Rating™ of 'Bronze' as of dd-mm-yyyy.

Fund XYZ's Australian Equities strategy received a Morningstar Medalist Rating™ of 'Silver' on dd-mm-yyyy.

#### *Incorrect Usages*

Fund XYZ was awarded Morningstar's highest Medalist Rating!

Fund XYZ won Gold Medalist Rating from Morningstar!

## Suggested Morningstar Medalist Rating™ Disclosures

When you want to provide your audience with a definition of the Morningstar Medalist Rating™ you must quote the definition provided in its entirety and without edits. Please note that the final paragraph must be bold type.

### Morningstar Medalist Rating Disclosure

The Morningstar Medalist Rating is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to <http://global.morningstar.com/managerdisclosures>.

**The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.**

## Important Things to Know

**The report date of the Medalist Rating must be clearly labelled in the collateral and in close proximity to the rating. You may only publish the most recent Morningstar Medalist Rating.**

Note that the date may not always be equal to the most recent quarter or month end. Medalist ratings may change periodically as opposed to always being updated at month end.

When a rating is changed for a fund or it is placed Under Review, it is expected that the new Medalist Rating and appropriate report date will be updated as quickly as possible.

**The phrase Morningstar Medalist Rating™ must always be designated with the proper Trademark identifier.**

When displaying the Medalist Rating, qualifying data points—Analyst-Driven % and Data Coverage %—must accompany it.

**Any reference to the Morningstar Medalist Rating™ must use the term ‘Rating’ as opposed to ‘Ranking.’**

The Medalist Rating is not to be confused with a ‘Ranking.’

**If you are displaying the Medalist Rating with other data providers’ analysis or data, each provider must be clearly labelled.**

The Medalist Rating may not be displayed in connection with, or in close proximity to any information or data furnished by any of Morningstar’s direct competitors in a manner in which attribution is unclear, including the following entities:

- ▶ Mercer (Australia) Pty Ltd
- ▶ Lonsec Limited
- ▶ Zenith Investment Partners

**If you are referencing the Flagship Fund Medalist Rating, it should be labeled as Morningstar Flagship Fund Medalist Rating™ rather than Morningstar Medalist Rating™.**

**The Medalist Rating must always be included if displaying any of the pillars.**

If displaying any of the pillars, you need to include the pillar name and its associated score, denoting whether it is quantitatively derived (superscript Q).

**If you wish to excerpt a section or quote from a Morningstar Fund Research Report, you must seek Morningstar’s approval prior to doing so.**

The official report name and publication date must be referenced.

**All use of the Morningstar Medalist Rating™ within marketing materials and advertisements must be submitted to Morningstar for review.**

Morningstar requires that you obtain written approval prior to your proceeding with publication. Please direct requests to Client Services at 1800 348 628 (AU) 0800 888 361 (NZ) or [consents.au@morningstar.com](mailto:consents.au@morningstar.com)

## Sustainability and Carbon

# Morningstar Sustainability Rating™

The Morningstar® Sustainability Rating™ is intended to measure how well the issuing companies or countries of the securities within a fund's portfolio are managing their financially material environmental, social and governance, or ESG, risks relative to the fund's Morningstar Global Category peers. Morningstar rates funds from High to Low by combining a portfolio's Corporate Sustainability Rating and Sovereign Sustainability Rating proportional to the relative weight of the (long only) corporate and sovereign positions. When available, the Morningstar

Sustainability Rating™ must be the featured sustainability rating. The individual Environmental, Social, and Governance scores may also be illustrated, but the Morningstar Sustainability Rating must be featured with them.

For example, if a fund's Environmental Risk Score vs. Category is High, but its Morningstar Sustainability Rating is Below Average, the Environmental Risk Score vs. Category cannot be shown in isolation.

Fill in appropriate information for items highlighted in red.

## Required Morningstar Sustainability Rating Disclosures

Sustainability Rating as of [insert date of Sustainability Rating]. Corporate and Sovereign Sustainability Score and Investment Style as of [insert date of Sustainability Rating]. Morningstar's Sustainability Score incorporates Sustainalytics' company and country-level analysis.

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Fill in appropriate information for items highlighted in red.

#### Required Accompanying Statement for the Morningstar Sustainability Rating

Out of [insert number of funds] [insert name of global category] funds as of [insert date]. Based on [insert percent of eligible corporate AUM] of eligible corporate AUM and [insert percent of eligible sovereign AUM] of eligible sovereign AUM. Data is based on long positions only.

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#### Morningstar Sustainability Rating in Text

Fund XYZ received a Morningstar Sustainability Rating™ of 

Fund XYZ received an Above Average Morningstar Sustainability Rating™

Fund XYZ received a Morningstar Sustainability Rating™ of Above Average

# Morningstar Sustainability Rating™ Artwork

## Morningstar Sustainability Rating Artwork

Rating Icon

Descriptive Rank



High



Above Average



Average



Below Average



Low

## Displaying the Morningstar Sustainability Rating Artwork

### Recommended Color

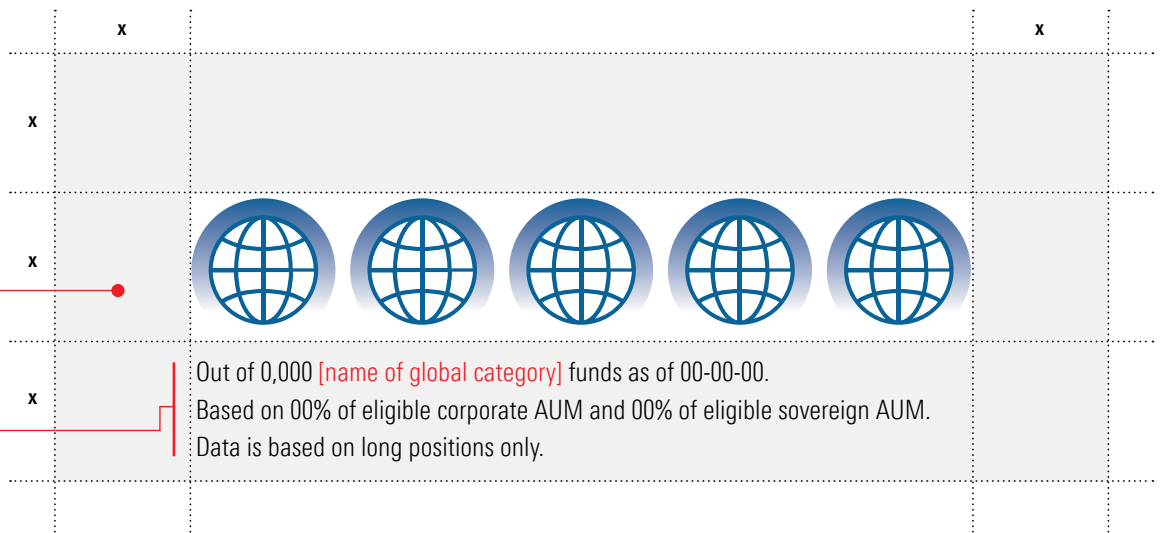
Blue.

### Clear Space

Maintain around the rating, with measurements as shown.

### Accompanying Statement

Always display with the rating.





## Suggested Morningstar Sustainability Rating™ Disclosure

This text may be used as an investor-friendly description of the Sustainability Rating.

### Morningstar Sustainability Rating

The Morningstar® Sustainability Rating™ is intended to measure how well the issuing companies or countries of the securities within a fund's portfolio are managing their financially material environmental, social and governance, or ESG, risks relative to the fund's Morningstar Global Category peers. Morningstar assigns Sustainability Ratings by combining a portfolio's Corporate Sustainability Rating and Sovereign Sustainability Rating proportional to the relative weight of the (long only) corporate and sovereign positions.

The Morningstar Sustainability Rating calculation is a five-step process. First, the Corporate Sustainability Score and Sovereign Sustainability Score are both derived. Funds require at least 67% of corporate assets be covered by a company-level ESG Risk Score from Sustainalytics to receive a Morningstar Portfolio Corporate Sustainability Score. Funds require at least 67% of sovereign assets be covered by a Country Risk Score from Sustainalytics to receive a Morningstar Portfolio Sovereign Sustainability Score. The Morningstar Corporate and Sovereign Sustainability Scores are asset-weighted averages of company-level ESG Risk Scores for corporate holdings or Country Risk Scores for sovereign holdings. Both scores range between 0 to 100, with a higher score indicating that a fund has, on average, more of its assets invested in companies or countries with high ESG Risk.

Second, the Corporate and Sovereign Historical Sustainability Scores are weighted moving averages of the respective Portfolio Corporate and Sovereign Sustainability Scores over the past 12 months, to reduce volatility. The Historical Corporate and Sovereign Sustainability Scores range between 0 to 100, with a higher score indicating that a fund has, on average, more of its assets invested in companies or countries with high ESG Risk, on a consistent historical basis.

Third, the Morningstar Corporate Sustainability Rating and Sovereign Sustainability Rating are then assigned to all scored funds within Morningstar Global Categories. In order to receive a Corporate Sustainability Rating or Sovereign Sustainability Rating, at least thirty (30) funds in the Category receive a Historical Corporate Sustainability Score and a Historical Sovereign Sustainability Score respectively. The Ratings is determined by each fund's Corporate and Sovereign Sustainability Score rank within the following distribution:

1. Sustainalytics, a Morningstar company, is an independent ESG and corporate governance research, ratings, and analysis firm.

- ▶ High (highest 10%)
- ▶ Above Average (next 22.5%)
- ▶ Average (next 35%)
- ▶ Below Average (next 22.5%) and
- ▶ Low (lowest 10%)

Both the Corporate and Sovereign Ratings rely on distribution of scores within a Morningstar Global Category. In cases where there is little to no distribution for sovereign or corporate scores within a peer group, Morningstar defaults from the middle outwards, so that if there was no distribution, all portfolios in the peer group would receive an 'Average' rating assignment, and if there was very limited distribution, all portfolios may only fall under some of the five rating groups. Morningstar applies an absolute value breakpoint buffer to ensure breakpoints meet a minimum requirement of distribution. This value is assessed on an annual basis and will represent 10% of the standard deviation for all Sovereign Sustainability Scores for the Sovereign Sustainability Rating assignments, and 10% of the standard deviation for all Corporate Sustainability Scores for the Corporate Sustainability Rating assignments.

Fourth, because the distribution rules are applied within global categories, portfolios exposed to high ESG Risk could still receive favorable Sustainability Ratings. For example, portfolios within the energy category exhibit high ESG Risk levels. Therefore, as a final ratings check, we impose requirements on the level of ESG Risk.

- ▶ If Portfolio Corporate or Sovereign Sustainability score is above 40, then the fund receives a Low Corporate or Sovereign Sustainability Rating
- ▶ If Portfolio Corporate or Sovereign Sustainability score is above 35 and preliminary rating is Average or better, then the fund is downgraded to Below Average for the respective Corporate or Sovereign rating
- ▶ If Portfolio Corporate or Sovereign Sustainability score is above 30 and preliminary rating is Above Average, then the fund is downgraded to Average for the respective Corporate or Sovereign rating
- ▶ If Portfolio Corporate or Sovereign Sustainability score is below 30, then no adjustment is made

Fifth, the Portfolio Sustainability Rating is determined by combining a portfolio's Corporate Sustainability Rating and Sovereign Sustainability Rating proportional to the relative weight of the (long only) corporate and sovereign positions, rounding to the nearest whole number. In order to receive a Portfolio Sustainability Rating, a fund must have both a Corporate Sustainability Rating and Sovereign Sustainability Rating, unless one of either the Corporate or Sovereign portion of the fund is less than 5% of the fund.

The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. Since a Sustainability Rating is assigned to all funds that meet the above criteria, the rating is not limited to funds with explicit sustainable or responsible investment mandates.

Morningstar updates its Sustainability Ratings monthly. The Portfolio Corporate and Sovereign Sustainability Scores are calculated when Morningstar receives a new portfolio. Then, the Historical Corporate and Sovereign Sustainability Scores, the Corporate and Sovereign Sustainability Ratings, and the overall Sustainability Rating are calculated one month and six business days after the reported as-of date of the most recent portfolio. When deriving the Sustainability Rating, Morningstar uses the portfolio with same effective date as the rating, and if this is not available, will defer to the most recent portfolio up to nine months back. This is in order to accommodate varying disclosure requirements across different markets and managed portfolio types.

Please click on <http://corporate1.morningstar.com/SustainableInvesting/> for more detailed information about the Morningstar Sustainability Rating methodology and calculation frequency.

This disclosure applies to any data point ending in "–Surveyed" such as *Sustainable Investment Overall–Surveyed*

#### **Surveyed Data Points**

This data point is self-reported by the investment provider and is not verified by Morningstar through prospectuses, offering documents, or regulatory filings.

# Morningstar Low Carbon Designation™

The Morningstar® Low Carbon Designation™ is assigned to portfolios that have low carbon-risk scores and low levels of fossil-fuel exposure. The designation is an indicator

that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy.

Fill in appropriate information for items highlighted in red.

## Required Morningstar Low Carbon Designation Disclosures

Carbon Metrics as of [insert Carbon Date]. Based on [insert Carbon Risk Percentage of Eligible Portfolio Covered] percent of eligible portfolio covered. Data is based on long positions only.

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Fill in appropriate information for items highlighted in red.

## Required Accompanying Statement for the Morningstar Low Carbon Designation

As of [insert Carbon Date].

## Morningstar Low Carbon Designation Artwork



## Suggested Morningstar Low Carbon Designation™ Disclosure

This text may be used as an investor-friendly description of the Style Box.

Sustainalytics is an independent ESG and corporate governance research, ratings, and analysis firm. Morningstar, Inc. holds a non-controlling ownership interest in Sustainalytics.

### Morningstar Low Carbon Designation

The Morningstar® Low Carbon Designation™ is intended to allow investors to easily identify low-carbon funds across the global universe. The designation is an indicator that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy.

The designation is given to portfolios that have low carbon-risk scores and low levels of exposure to fossil fuels. To determine carbon-risk scores and fossil fuel involvement, Morningstar uses Sustainalytics' company-level data<sup>1</sup>. The Morningstar® Portfolio Carbon Risk Score™ measures the risk that companies in a portfolio face from the transition to a low-carbon economy. The Morningstar® Portfolio Fossil Fuel Involvement™ percentage assesses the degree to which a portfolio is exposed to thermal coal extraction and power generation as well as oil and gas production, power generation, and products & services.

To receive a Morningstar Portfolio Carbon Risk Score, at least 67% of portfolio assets must have a carbon-risk rating from Sustainalytics. The percentage of assets covered is rescaled to 100% before calculating the score.

To receive the designation, a portfolio must meet two criteria:

- ▶ A 12-month trailing average Morningstar Portfolio Carbon Risk Score below 10
- ▶ A 12-month trailing average exposure to fossil fuels less than 7% of assets, which is approximately a 33% underweighting to the global equity universe

Funds receive the Low Carbon designation based on the most recent quarterly calculations of their 12-month trailing average Morningstar Portfolio Carbon Risk Scores and Morningstar Portfolio Fossil Fuel Involvement. Funds holding the Low Carbon designation that no longer meet the criteria will not receive the designation for the subsequent quarter. All Morningstar Portfolio Carbon Metrics, including the Morningstar Portfolio Carbon Risk Score, Morningstar Portfolio Fossil Fuel Involvement, and the Morningstar Low Carbon Designation, are calculated quarterly. Portfolio carbon metric calculations will be completed on the sixth business day in February, May, August, and November.

Please visit <http://corporate1.morningstar.com/SustainableInvesting/> for more detail information about the Morningstar Low Carbon Designation and its calculation.

## Additional Graphs and Ratings

# Morningstar Risk, Return, and Category % Rank Artwork

Morningstar Return determines an investment's excess return over the risk-free rate. Morningstar Risk assesses the variation in an investment's monthly returns with greater penalties for downside variation. Both are measured for three, five, and 10 years against other investments in the same Morningstar Category, and then the time periods are combined to produce an overall measure.

Morningstar Category % Rank is a fund's total-return percentile rank relative to all funds in the same category. The highest (or most favorable) percentile rank is one and the lowest (or least favorable) percentile rank is 100.

**Recommended Color**  
Morningstar red or black.

If seals are used for multiple proprietary statistics they must all be from the same time period.

## Morningstar Risk Seal

**Morningstar  
Risk**  
3 Year

—Avg

TM

**Morningstar  
Risk**  
5 Year

Low

TM

**Morningstar  
Risk**  
10 Year

+Avg

TM

**Recommended Color**  
Morningstar red or black.

If seals are used for multiple proprietary statistics they must all be from the same time period.

## Morningstar Return Seal

**Morningstar  
Return**  
3 Year

High

TM

**Morningstar  
Return**  
5 Year

Avg

TM

**Morningstar  
Return**  
10 Year

—Avg

TM

**Recommended Color**  
Morningstar red or black.

If seals are used for multiple proprietary statistics they must all be from the same time period.

## Morningstar Category % Rank Seal

**Morningstar  
Category % Rank**  
3 Year

7 Best=1 Worst=100

TM

**Morningstar  
Category % Rank**  
5 Year

5 Best=1 Worst=100

TM

**Morningstar  
Category % Rank**  
10 Year

11 Best=1 Worst=100

TM

## Required Disclosure

Fill in appropriate information for items highlighted in red.

### Morningstar Data

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Fill in appropriate information for items highlighted in red.

### Quantifying Statement

[Insert time period] [insert ranking type: absolute, percentile, quartile] ranking out of [insert number of funds] [insert name of category funds] as of [insert date].



## Usage Examples

Advertisement Sample Usage

The XYZ Growth Fund



- Include the Morningstar Rating label with trademark
- Label time periods, and feature the Overall rating
- Use plain, solid, two-dimensional, black stars
- Use the same time period for seals of multiple proprietary statistics
- Maintain clear space around the seal
- Include the quantifying statement
- Include the suggested disclosure for Morningstar Rating (suggested explanation text also available)
- Include the required disclosure for all Morningstar data

Morningstar Rating™			
OVERALL	3 YEAR	5 YEAR	10 YEAR
★★★★	★★★★	★★★★	★★★★
<div>Morningstar Return 3 Year</div> <div>+Avg</div> <div>TM</div>		<div>Morningstar Risk 3 Year</div> <div>Low</div> <div>TM</div>	
Out of 00 Category funds, as of 00-00-00			

**Focused on the Long Term.**

The XYZ Growth Fund takes a long-term approach to investing. We utilize a team approach to management of the fund and all of our managers and analysts are focused on finding the investments that they believe will provide the greatest appreciation over time. While the market fluctuates day-to-day, we are dedicated to our approach of choosing fundamentally sound stocks that are poised for long-term growth.

This approach has led to consistently high ratings from Morningstar. The XYZ Growth Fund has been rated four stars in the large growth category for the overall, 3-year, 5-year and 10-year time periods. And because it has outperformed most other most other large growth time and again, it has earned an overall high return rating from Morningstar.

Call your advisor today to find out more about how the XYZ Balanced Fund can help you reach your retirement goal.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. The XYZ Growth Fund was rated against the following numbers of U.S.-domestic Category funds over the following time periods: 00 funds in the last three years, 00 funds in the last five years, and 00 funds in the last 10 years. With respect to these Category funds, XYZ Growth Fund received a Morningstar Rating of 4 stars, 4 stars and 4 stars for the three-, five- and 10-year periods, respectively.

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Please read the prospectus carefully before you invest or send money. To obtain a current prospectus, additional information about the XYZ Funds, or to open an account, contact your investment professional or call 888-555-5555.



# Fact Sheet Sample Usage

## XYZ Growth Fund



### Investment Objective

The investment objective of this fund is to produce long-term growth of capital, with a secondary goal of current income. The fund will normally be fully invested as practicable in a diversified portfolio of common stocks and securities convertible into common stock of U.S. companies that have the potential for capital appreciation. Market capitalizations of issues selected will be primarily in excess of \$2 billion.

### Who Should Invest

Investors with long-term growth objectives, such as saving for retirement or for children's college education. The XYZ Growth fund offers investors a diversified, professionally-managed portfolio of quality stocks. While investing in stocks offers the potential for capital appreciation, investors must be willing to accept fluctuations and the possible loss of principal.

### About the Advisor

The DEF Company, a registered investment adviser and independent subsidiary of TrustBancorp, serves as investment adviser to the XYZ Company.

The DEF Company manages \$3.6 billion in assets for institutional and individual investors. TrustBancorp, the parent company of The DEF Company, is a bank holding company with total assets of \$50 billion.

### Fund Statistics

Ticker: XYZGX  
Inception Date: 12-31-04  
Net Asset Value: \$34.35  
Total Net Assets: \$297,613,630  
Qtr's Income Distrib: \$0.008

### Fund Features

Minimum Initial Investment:  
• \$1,000/\$5,000 if investing in qualified retirement plans  
• Automatic Investing Plan  
• Available for IRAs

### Investment Philosophy

Our goal is to help you build the assets you have worked hard to accumulate. Our investment strategy is designed to emphasize and deliver quality investments to shareholders, manage risk and deliver consistent performance.

### Morningstar Rating™

	Morningstar Return	Morningstar Risk	Morningstar Category Rank	Morningstar Rating™	Funds in Category
3-Year	Above Average	Low	18	★★★★	1391
5-Year	Above Average	Below Average	20	★★★★	1103
10-Year	Above Average	Average	21	★★★★	456
Overall	Above Average	Average	18	★★★★	1391

Morningstar Category: Large Growth  
As of 12/31/2006

### Top 10 Holdings (% Weight in Portfolio)

General Electric Company	4.0%
Procter & Gamble Company	3.5%
Pepsico Incorporated	3.3%
GlobalSantaFe Corporation	3.1%
Citigroup	3.1%
Amgen Incorporated	3.0%
Dell	3.0%
Microsoft Corporation	2.9%
Goldman Sachs Incorporated	2.8%
Halliburton Company	2.8%

### Morningstar Style Box™

			Large
			Mid
			Small
Value	Blend	Growth	

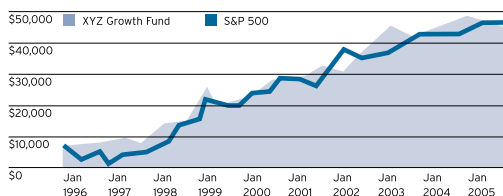
### Industry Breakdown

Chem and Allied Prods	14.9%
Elec and Elec Equip	10.8%
Oil and Gas Extraction	9.8%
Business Services	8.7%
Depository Institutions	7.8%
Ind Mach and Eqmt	6.4%
Ins Carriers	4.7%
Food and Rltd Prod	3.3%
Communications	3.2%
Wlse Trade-Dur Goods	3.0%

### Total Returns

Current Quarter:	4.23%
Year to Date:	0.65%
1-Year:	7.76%
Annualized 3-Year:	12.46%
Annualized 5-Year:	9.08%
Annualized Since Inception:	2.53%

### Growth of \$10,000



### Contact Info

The XYZ Company  
12345 Main Street  
Anywhere, AW 10001  
888-555-5555  
investinformation@xyzfunds.com  
www.xyzfunds.com

NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For more current information including month-end performance, please call 888-555-5555 or visit [www.xyzfunds.com](http://www.xyzfunds.com).

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

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This information must be preceded or accompanied by a current prospectus for the XYZ Funds. Please read the prospectus carefully before you invest or send money. To obtain additional information about the XYZ Funds, or to open an account, contact your investment professional or call 888-555-5555.

Include the Morningstar Rating label with trademark

Label time periods, and feature the Overall rating

Use plain, solid, two-dimensional, black stars

Include the quantifying statement

Include the suggested disclosure for Morningstar Rating (suggested explanation text also available)

Include the required disclosure for all Morningstar data

## Review Process

All use of the Morningstar Rating, Morningstar Medalist Rating, Morningstar Style Box and Sustainability and Carbon Ratings must be submitted to Morningstar for review. Morningstar bases its review of fund company use in advertising and marketing material on the guidelines contained herein. The disclosure of these guidelines in no way replaces the need for fund companies to send advertisements and marketing materials to Morningstar for review of usage of Morningstar's proprietary data. Morningstar does not require that you obtain written approval prior to your proceeding with publication. However, to ensure that future use follows these guidelines, we may require you to revise your use of the Morningstar material at a later date. Upon notification, you must comply with any requested changes prior to publishing, producing or disseminating any future materials. Morningstar's review guidelines are subject to change at Morningstar's discretion.

Material can be submitted to [consents.au@morningstar.com](mailto:consents.au@morningstar.com). When submitting a piece to Morningstar for review, include a description of the piece (i.e., state the type of piece and its intended distribution). Please confirm whether the piece is being used for third-party advertising or is a marketing piece (e.g., website, share-holder communication, press release, flyer, brochure, etc.) If known and easy to summarise, please give the name of the newspaper, television station, or magazine and the date the advertisement will start running.

If you have any questions, please contact our friendly client services team at **1 800 348 628 (AU) 0800 888 361 (NZ)**



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