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The following Investor Questions and Answers are responses to selected questions primarily received by the Company between January 1, 2025 and December 5, 2025. Responses are as of the date indicated above each respective question. We undertake no obligation to update responses to reflect new information and/or events occurring subsequent to the applicable response date.

#### Use of Non-GAAP Measures

Some of the following Investor Questions and Answers may reference non-GAAP financial measures, including but not limited to, adjusted operating income, adjusted operating margin, and free cash flow. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies. Reconciliation of non-GAAP financial measures can be found [here](#).

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The Investor Questions and Answers may include forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995. These statements are based on our current expectations about future events or future financial performance. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as "aim," "committed," "consider," "future," "is designed to," "maintain," "will," "would," "determine," "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "prospects," "continue," or the negative thereof, and similar expressions. These statements involve known and unknown risks and uncertainties that may cause the events we discuss not to occur or to differ significantly from what we expect. A more complete description of these risks and uncertainties can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. If any of these risks and uncertainties materialize, our actual future results and other future events may vary significantly from what we expect. We do not undertake to update our forward-looking statements as a result of new information or future events, or otherwise, except as may be required by law.

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## Artificial Intelligence

November 25, 2025

### **1. Where does the firm think the largest areas of opportunity exist for the firm given the continual development of AI capability?**

As described in our Q3 25 CEO letter and responses to investor questions shared Nov. 5, 2025, our AI strategy is focused in three areas: delivering our differentiated data and intellectual property (IP); accelerating speed-to-insights in our products; and boosting the operational excellence of our teams.

We have a long history of creating IP and combining it with hard-to-replicate data; we believe that leveraging these capabilities alongside the latest AI technologies will position us as a winner. We plan to continue to harness technology to up our game with calculations, ratings, and other proprietary methodologies.

- On the data and IP delivery front, we are focused on meeting investors and those who serve them wherever they choose to work with the Morningstar Model Context Protocol (MCP) server connections with Anthropic's Claude, Microsoft Foundry, Microsoft Copilot Studio, and coming soon to Microsoft 365 Copilot. We recently announced that PitchBook subscribers will also be able to access proprietary data and insights through ChatGPT following an upcoming integration with OpenAI, expanding on existing relationships with Anthropic, Perplexity, Rogo, and Hebbia.
- We continue to enhance our products with AI features, with this month's launch of PitchBook Navigator, a generative AI experience within the PitchBook platform that offers private capital market insights through simple, natural-language prompts.
- Finally, we are experimenting with flexible consumption, enterprise, and seat-based revenue models in accordance with these delivery channels as we seek to match price to value.

November 5, 2025

### **2. AI's potential impact on information services businesses is a key focus area for investors. We would like to know how management thinks Morningstar scores on an AI framework around both threats & opportunities to the business, including in the following areas: quality of data, industry structure, workflow/mission criticality, revenue model, ability to use AI to improve products and operations, and impact to end market. Please specifically address your more desktop or workflow-based products like PitchBook or Morningstar Direct, and explain what it is that you think still provides advantages and relevance for these products as AI competition rises.**

In his Q3 25 shareholder letter, CEO Kunal Kapoor shared his thoughts on what we believe AI will mean for Morningstar and our use of AI technologies in three important areas: delivering our data and IP; accelerating speed-to-insights in our products; and boosting the operational excellence of our teams.

Kunal addressed many of the issues raised in your question, including the quality of our data, industry structure, revenue model, and ability to use AI to improve products and operations. We also address our data moat and revenue model in separate questions filed as part of this 8-K response. We share a few additional thoughts below on topics not covered elsewhere.

- Workflow/mission criticality

Software products such as Morningstar Direct, Morningstar Advisor Workstation and its successor, DAS, provide clients with key client reporting, due diligence, and proposal capabilities that are essential parts of the workflow. Please see a related question this month that addresses Morningstar Direct Platform's "stickiness" with clients.

We believe that PitchBook is deeply embedded in the daily operations of private market professionals, supporting use cases from deal sourcing and due diligence to benchmarking and portfolio monitoring. Our acquisition of Lumonic expands our capabilities in private credit portfolio monitoring, while our integration of LCD and DealX data and analytics strengthens our credit analytics and structured finance coverage. These moves position us to serve a broader set of workflows and deepen our value across client segments. More broadly, our strategy is to deliver data, research, and technology across multiple distribution channels, including the PitchBook platform, direct data feeds, and emerging LLM interfaces, supporting client workflows wherever they operate.

- Impact on end market

AI is emerging as both a disruptor and a source of competitive advantage in our industry. We expect that customers will license and build AI tools to accelerate time and resource-consuming administrative tasks, while executing core workflows and tasks using AI, allowing them to deliver against their business objectives more quickly and efficiently. LLMs can process large data streams and produce complex deliverables and artifacts, but accuracy and provenance remain critical. We believe that those who harness AI responsibly, with defined use cases and trusted partners (technology, data, research, etc.) are positioned to lead. Finally, it is our view that the combination of AI and human insight can deliver superior outcomes. Indeed, we see many builders of AI tools increasingly focused on incorporating authoritative data and research from respected sources into their products.

November 5, 2025

- 3. Is there a level of usage-based revenue within Morningstar Direct Platform? Does AI pose a risk to a seat-based revenue model? How much of your revenue is seat-based vs enterprise license? Does it make sense to focus more on enterprise revenue and reduce seat-based exposure over time?**

“Usage-based revenue” refers to income a company earns by charging customers based on how much they actually use a product or service. Currently, we do not follow a “usage based” model in Morningstar Direct Platform.

We follow varying revenue models in different areas of the business. For example, Morningstar Data is predominantly priced by use case, as opposed to how much clients use either the software or data. Morningstar Direct is licensed on a per-seat basis; Morningstar Advisor Workstation follows a hybrid seat-based/enterprise approach. For the PitchBook platform, we utilize seat-based licenses as a foundational pricing model. Over time, many of our clients move to an enterprise-wide model. This gives us elastic upside for high-value users/clients and positions us for strategic bundling of data products.

Overall, we’d note that commercial models are still evolving with the growth of AI, but we’re confident that the pairing of our IP with data – including hard-to-access data – offers a compelling value proposition. That means experimenting with flexible consumption- and seat-based revenue models as we seek to match price to value.

November 5, 2025

**4. How much are you spending on AI and can you maintain/improve margins while concurrently spending on AI?**

We are using AI technologies in three important ways in our business: to deliver data and IP; to accelerate speed-to-insights in our products; and to boost the operational excellence of our teams. We will allocate investment towards AI where we see high potential for positive returns. While these returns may not always materialize in the first year, we believe that we can continue to expand our adjusted operating income (AOI) and AOI margins over time, building on the progress we have made in recent years.

We don’t disclose AI costs separately, but they are included within compensation, professional fees, and infrastructure & other categories as shown in the Adjusted Operating Income walk of our quarterly supplemental deck available on our [IR website](#).

November 5, 2025

**5. How is Morningstar incorporating AI into the Direct Platform? What has been the customer feedback thus far? How many desktops is “Mo” deployed on today?**

AI has been integrated across key product lines within the Direct Platform business to enhance both internal operations and client-facing solutions. We were early to launch in-product AI features in 2023 with Mo, our digital research assistant offering conversational responses from our extensive research library in products like Morningstar Investor and Morningstar DAS. Based on continual review of usage data and user feedback we have evolved the Morningstar Intelligence Engine—the brains behind Mo—to remove friction from product workflows, including assisting advisors in creating investment proposals, supplying investor-ready talking points for proposed portfolio changes, populating and running investment screens, and answering product support questions. These features enable clients to leverage AI-driven insights and tools directly within their workflows.

Mo is available to all users of DAS, Direct Compass, the new Direct experience, and Morningstar.com Premium. (Morningstar Direct's new experience lets users create, edit, and analyze investment collections, all backed by independent research, in a workspace that's designed to be intuitive and unified and streamline workflows. Clients can also access Morningstar Direct's new experience via their web browser, making it easy to work from any computer, anywhere.)

Additionally, we offer AI solutions through our Direct Web Services APIs, which are marketed under the Direct AI Solutions umbrella and included in Morningstar Data revenue. These include:

- Morningstar Agent
- Morningstar MCP Server
- Direct AI Insights

These solutions can be licensed independently to power the AI applications our clients are building, or the AI tools our clients' employees are using. Many of our clients use third-party AI platforms for building and/or using AI applications, so we are additionally working with these platforms to provide turnkey access to Morningstar's AI-ready data and research.

November 5, 2025

**6. Which LLMs, or new AI driven financial analysis subscriptions, such as Claude for Financial Services or Hebbia, do you supply data to? How do you minimize the risk of clients who are consuming your bulk/ API data from accidentally leaking (e.g., loose permissions on buckets) your proprietary databases and other assets? What is the data sharing model with your AI platform partnerships (e.g., Claude)? That is, (i) do you share entire databases for them to query or (ii) do they send specific queries (potentially AI generated) into Morningstar's data warehouse and Morningstar respond with aggregated results?**

Morningstar is focused on making our AI-ready data, research, and capabilities available in the AI platforms our clients are using to build applications, and the AI tools their employees are using. Examples include Morningstar and PitchBook's relationships with LLM providers like Anthropic, which enable entitled users to access Morningstar's content within Claude for Financial Services through our investment in AI-optimized Model Context Protocol (MCP), and Perplexity, where users will find the quality and accuracy of Morningstar and PitchBook reports. In addition, PitchBook has also announced strategic collaborations with leading enterprise LLMs and AI-powered tools including Rogo, Hebbia, Finster, Model ML, and Farsight.

We are focused on implementing contractual safeguards to protect our data and proactively adapting to new legal standards, especially as they relate to AI and internet scraping. We have formed multi-disciplinary forums that include representatives from legal, compliance, and product teams to assess the latest trends, risks, and legal precedents arising from the rapid growth of AI. We have always sought to protect our data in client agreements and have adapted to include additional restrictions and protections related to AI use cases over the past two years.

In AI-oriented agreements and third-party AI platform integrations, we're focusing on MCP, Agentic, and traditional API delivery methods. These delivery mechanisms provide robust entitlement, observability, and usage reporting mechanisms that support our agreement frameworks. Importantly, these delivery methods provide AI-ready data for specific queries rather than requiring full copies of entire data sets. Use cases tied to traditional data feed delivery are subject to additional restrictions and requirements in our agreements.

September 26, 2025

**7. If you had to rank on a spectrum from -5 (large potential for disruption by AI) to 5 (large potential beneficiary from AI), where would you place Morningstar overall? What about PitchBook?**

We acknowledge that AI is inherently disruptive and is changing how the world approaches technology and engages with information and believe that it will be a key factor shaping the workforce of the future. Disruptive technologies (personal computing, internet, mobile and most recently AI) tend to magnify the outcomes for both successful and unsuccessful adopters. We have a long history of leveraging advances in technology to drive growth. Today, we are investing with the goal of positioning Morningstar and PitchBook's data, research, and intellectual property to succeed as workflows and customer preference evolve to incorporate AI. While AI will challenge older technologies, we also expect it to offer growth opportunities as we work to expand upon what we do best.

In particular, our teams are focused on making our data and other capabilities AI-ready so that they can be leveraged internally and externally for AI feature development. To that end, we recently launched the Morningstar model context protocol (MCP) server, built on the Intelligence Engine. Our MCP server is designed to make it easy for our clients to connect the AI tools they are using and AI applications they are building to our AI-ready data, research and capabilities.

For example, we have an integration with Anthropic to offer licensed users a convenient, conversational way to get quick answers and access our data while working within an AI environment.

Meanwhile, within our product suite, we continue to introduce new AI features designed to remove friction and make our products easier to use. Earlier this year, for example, we launched AI Insights in Direct Advisory Suite, which provides quick analysis of investment lists and portfolios based on our proprietary research.

For more detail specific to PitchBook and AI, please see a response to a related question this month.

September 26, 2025

**8. Claude: How does the economics work on this for Morningstar and its customers? In the early days, how have initial signs been on this partnership as a customer acquisition tool for Morningstar or PitchBook? How significant do you think this could be over time?**

We continue to develop our relationships with AI platforms such as Claude as we iterate on models that can drive the best blend of usage and pricing. This integration is designed to complement and amplify the capabilities of Morningstar Direct and offers licensed users a convenient, conversational way to get quick answers and access our data while working within an AI environment. We have already seen opportunities to support our clients' AI strategies

through collaborations like this. We anticipate the trend will accelerate and we are exploring new ways to add value and offer access to a broader customer base, including offering trial access to AI-enabled solutions.

May 7, 2025

## **9. Could you give us a product roadmap for Gen AI (no major announcements after 'Mo') and PitchBook?**

One of our four strategic goals is to leverage advances in artificial intelligence to drive innovation across internal and external products and services. We're focused on three primary use cases: using AI as a tool to improve our team's productivity, using AI to improve the quality and efficiency of our operations, and using AI to get better, faster, and targeted insights and experiences to our clients.

On the product side, we've seen particularly interesting use cases in Morningstar Direct Platform and PitchBook.

Further detail is provided below.

### **Morningstar Direct Platform**

Since launching Mo in the spring of 2023, we've continually introduced new generative AI capabilities in our key products in Direct Platform. Many of these capabilities—including generative AI-powered product support, natural language screening, and latest research summaries on investment lists—are available in multiple products. Additionally, we've started introducing product-specific capabilities. As an example, within Direct Advisory Suite, advisors can upload and run account statements through our Intelligent Import service, which finds holdings and matches them to securities in our database to automatically create a portfolio. From there, advisors can use Mo to create an investment proposal for a client, including talking points customized to the proposal.

Key upcoming generative AI projects on our roadmap include:

- Introducing AI-ready content and services (like the Morningstar Agent) so that our clients can more easily leverage our data, research, and capabilities within their AI platforms
- Expanding Mo's knowledge base (e.g., summaries of documents beyond our analyst research reports) and skillset (e.g., being able to answer user questions that require detailed understanding of our data sets, natural language report construction)
- Continuing to automate widely used workflows within select products like Direct and Direct Advisory Suite

### **PitchBook**

PitchBook has an extensive roadmap to integrate artificial intelligence and machine learning capabilities across both the user experience and internal operations to drive productivity, accuracy, and scalability. Our approach has been grounded in real customer workflows.

Recent enhancements to products since the beginning of 2024 include:

- AI Earnings Call Transcripts: This tool automatically summarizes key takeaways from public company earnings calls, helping users quickly surface the most relevant insights without parsing lengthy transcripts.
- AI Company Profile Summaries: We now provide AI-generated summaries of key information in our company profiles—such as executive teams, investors, and funding history—along with direct links to more in-depth

detail. This introduction streamlines navigation and saves time.

We continue to invest in embedding generative AI technology within the platform experience to deliver insights faster. We'll continue to roll out AI features in a measured, customer-informed way—prioritizing use cases that deliver real value and productivity gains.

More broadly, PitchBook's holistic product roadmap includes ongoing investment in expanding and enhancing its core data, research, software, and IP. We're seeing recent enhancements drive engagement on the PitchBook Platform, which reached an all-time high for monthly active usage in April.

March 25, 2025

**10. Please provide more detail on how you see your clients using AI and additional examples of value-added enriched data that MORN provides that would be difficult for AI to recreate based on web-scraping, public information, etc. More broadly, how does management think about the proprietary enrichment layer vs. commoditized data underneath it and how do they think about enhancing the moat in this critical area over time as technology and data becomes more easily available?**

Many of our clients are actively embracing AI to support activities including portfolio construction, risk assessment, automated proposal generation, portfolio summarization and research report generation, and we are working with them in a collaborative fashion. We view the adoption of AI as a driver of growth for our data sets and the intellectual property (IP) we create.

Our early adoption of AI has enabled us to offer data sets in a format that is ready to be consumed by AI applications. One barrier to entry for clients to adopt AI is the work required to prepare data for use by models. Our offerings of "AI ready" data sets enable clients to adopt the technology faster and have their implementations powered by Morningstar.

We continue to work to enhance our moat by creating hard to reproduce IP, such as the Morningstar Medalist Rating, which uses a combination of raw data and historical proprietary data sets collected over the past 40 years. We believe that our breadth of data assets and historical data sets provide a unique advantage for us to develop IP that cannot be replicated.

## Asset-Based Products

April 28, 2025

**1. Wealth and Retirement AUM/AUMA have been accelerating in recent quarters against tougher comps. What's been driving that and how much of it is market driven vs. inflows into your accounts?**

For both Morningstar Wealth and Morningstar Retirement, strong market performance and net inflows contributed to increases in assets under management and advisement (AUMA).

Morningstar Retirement AUMA increased 19.7% to \$275.9 million as of Dec. 31, 2024, compared to the end of FY 23. The growth was driven by increased AUMA in traditional and Advisor Managed Accounts, fiduciary services, and custom models. Roughly three-quarters of the increase was driven by market performance, with the remainder driven by net flows. Advisor Managed Accounts in particular was a significant contributor to positive net flows.

Morningstar Wealth AUMA increased 12.3% to \$210.9 million as of Dec. 31, 2024. Roughly 60% of the increase was driven by market performance, with the remaining 40% driven by net inflows, primarily to Morningstar Model Portfolios on third-party platforms especially outside the U.S. and to the International Wealth Platform.

## Capital Allocation

November 25, 2025

- 1. What flexibility does the company have in terms of utilizing liquidity and what is its comfort with taking on additional leverage in order to be more opportunistic for larger capital allocation? What is your philosophy on funding buybacks from incremental debt? With the CRSP acquisition closing in Q4, the current opportunity to repurchase shares that Kunal references in the Q3 letter comes at a time when you have limited free cash flow. Would you consider drawing down on the revolver to fund repurchases in excess of free cash flow after M&A spend?**

We are focused on maintaining a strong balance sheet to provide flexibility for the business. While we do not share a target leverage ratio, we would note that we have considerable headroom under our debt agreements and have been comfortable with the leverage ratios that you have seen in recent years. When we see opportunities to deploy capital consistent with our capital allocation priorities, we will continue to do so. (For a summary of our capital allocation priorities, please see our response to a related question in early November.)

Share repurchases represent an important component of our approach to capital allocation, and we have demonstrated that we opportunistically repurchase shares when we believe that valuations are attractive relative to our assessment of intrinsic value. We have actively repurchased shares in 2025. In our Q3 25 reporting, we shared that we had repurchased 1,873,729 shares YTD through Oct. 28, 2025, totaling \$487.0 million and representing 4.4% of our shares outstanding as of Dec. 31, 2024. Our board has authorized an additional \$1 billion in share repurchase authority over the next three years, representing 4.8 million shares at our share price as of Nov. 24, 2025, or 11.6% of our shares outstanding as of Oct. 24, 2025.

November 5, 2025

- 2. Data and analytics companies/info services have fallen out of favor with investors. Morningstar and similar high-quality companies are trading at historical discounts to their long-term trading multiples. How has this changed your approach to capital allocation? Does it make sense to flex up buybacks opportunistically in the current environment? How did management think through the tradeoff between allocating capital to this acquisition compared with share buybacks given the valuation of**

**Morningstar's business? How does management think through the tradeoff between allocating capital to acquisitions (such as CRSP) compared with other uses of capital (e.g. buybacks, etc.)? What is the funding for the CRSP acquisition (cash/debt)?**

As you saw in our recently reported Q3 25 results, we agree with your thesis that it has been a good time to accelerate share repurchases. For the year-to-date through Oct. 28, 2025, we repurchased 1,873,729 shares for a total of \$487.0 million, completing the share repurchases authorized under the three-year \$500 million program effective Jan. 1, 2023. Our Board of Directors has approved a new, three-year \$1 billion repurchase program effective Oct. 31, 2025.

Similarly, when we make acquisitions, we consider the return potential of those acquisitions relative to other uses of capital. In the first 10 months of 2025, we acquired Lumonic and DealX and announced our pending acquisition of CRSP.

More broadly, our long-term capital allocation priorities remain consistent:

- We seek to preserve a strong balance sheet to maintain flexibility;
- We prioritize funding organic growth and consider acquisitions where we see opportunities to generate long-term shareholder value;
- We aim to maintain and increase our dividend over time commensurate with company financial results; and
- We look to repurchase shares when we have available cash and will accelerate that activity opportunistically when we believe that our shares are undervalued.

Finally, we plan to finance the CRSP acquisition primarily through our new credit facility. On Oct. 31, we announced that we had entered a new Credit Agreement with borrowing capacity of up to \$1.5 billion, including a five-year, \$750 million revolving credit facility, a five-year term facility of up to \$375.0 million, and a three-year \$350.0 million term facility. For more detail, please see the 8-K filing dated Oct. 31, 2025.

November 5, 2025

**3. It seems that stock you buy back is not cancelled and remains as treasury stock. Why have you decided to keep treasury stock? Are you planning to cancel it?**

Our share repurchase activity is guided by our focus on long-term value creation for our shareholders. Consistent with common practice, we treat our repurchased stock as treasury shares, which are not considered outstanding.

June 27, 2025

**4. I'm curious to better understand your capital allocation strategy through a couple of different lenses: a) where are the capex dollars going between maintenance vs. investment capex? b) based on recent divestitures, I'd be curious if there's a framework to think through this (i.e. ROIC failing to meet a goal after a certain number of years)? Tying the two questions above together, how much money are you investing in Sustainalytics and Wealth and would there be a point where you'd consider strategic alternatives for these or other underperforming assets?**

In 2024, roughly three quarters of our capital expenditures were for external and internal use software development. Within these categories, we are focused on ensuring that our development of products and services is creating value by driving growth and adoption of our solutions.

As you've seen from our track record, if we come to the conclusion that an activity is non-core, we may exit or deemphasize those activities to enable our teams to focus on our strategic priorities. For example, we have been refocusing Morningstar Wealth on Morningstar Model Portfolios distributed on third-party platforms and our International Wealth Platform in the UK after selling our customer assets on our turnkey asset management platform to AssetMark as part of a broader strategic alliance in 2024. In 2025, we announced that we would be sunsetting Morningstar Office. In 2024, we also sold our Commodity and Energy Data business, which was part of Morningstar Direct Platform.

Specific to Morningstar Sustainalytics, our teams are always working to better align our product suite with client demand, and we will continue to evolve our solutions to support that aim.

May 7, 2025

- 5. You repurchased shares for the first time since early 2023 at an average price of \$348 in the quarter, which was as high as it has been in the past 24 months. Does this signal any change in your philosophy around capital allocation? Will you be more aggressive in buying shares at lower levels given the sell-off post 4Q24 earnings? Can you explain why you restarted share repurchases when the shares are at a multi-year high and how management thinks about shareholder returns going forward? What are your capital allocation priorities? How should we think about buyback and debt paydown plans in 2025?**

Broadly, our capital allocation priorities are to preserve a strong balance sheet to maintain flexibility; prioritize funding organic growth and consider acquisitions where we see opportunities to generate long-term shareholder value; maintain and increase our dividend over time commensurate with company financial results; and repurchase shares when we have available cash.

During 2024, operating and free cash flows increased by 87% and 127.5%, respectively, or 45.7% and 56.4%, respectively, excluding cash used to repurchase our brand in Japan and several other items. We have operated with an intermediate-term focus on paying down debt given the increase in our leverage following the 2022 LCD acquisition. For 2025, we increased our quarterly dividend by 12.3% to 45.5 cents per share. With the significant reduction in our leverage levels, we also repurchased 33,300 shares for \$11.6 million in Q4 24.

When we make the decision to repurchase shares, we consider the return potential compared to other uses of capital based on our internal assessment of value. We may accelerate share repurchase activities opportunistically when we believe that valuations are attractive relative to our assessment of intrinsic value. You saw us do that in Q1 25, when we increased our repurchase activity, buying back 368,199 shares for \$109.6 million in shares at an average price of \$297.68.

May 7, 2025

**6. You plan to repatriate some foreign cash in 2025 – what’s driving this and what do you anticipate the use of this cash to be? How do you anticipate this will impact your financials? Do you expect to repatriate the full \$142M and what are your plans for this cash?**

As noted in our 2024 10-K, roughly 76% of our cash as of Dec. 31, 2024 was held by operations outside the US. As of our 2024 year-end, we determined that \$142.0 million of foreign subsidiary earnings was not permanently reinvested. We plan to bring these earnings back to the US during 2025. A deferred tax liability of \$7.1 million, which reflects the income tax effects of the expected repatriation of these earnings, was recorded on our balance sheet.

Our use of this cash will be consistent with the capital allocation priorities described in a response to another question filed in an 8-K dated May 7, 2025.

May 7, 2025

**7. Morningstar continued to pay down debt in Q4 24. As of Dec. 31, 2024, your leverage ratio was below 1.0x. Is this now at a point where you can refocus more on M&A and buybacks or will Morningstar look to continue to pay down debt?**

As you note, in 2023 and 2024, we were focused on paying down debt following the 2022 acquisition of LCD. As of Dec. 31, 2024, our consolidated funded indebtedness to EBITDA ratio as defined in our debt agreements was 0.9x, which was at the lower end of our recent range of leverage levels. Given our leverage levels, we are taking a more balanced approach to capital allocation across the priorities outlined in a related question this month. In Q4 24, we repurchased \$11.6 million in shares. For 2025, we increased our quarterly dividend to 45.5 cents per share. In Q1 25, we announced two smaller acquisitions, Lumonic and DealX, and repurchased \$109.6 million in shares.

April 28, 2025

**8. Morningstar’s dividend payout in 2024 was 15.4% of annual free cash flow. This was 32.4% in 2023 and 36.5% in 2022. Why has Morningstar decided to slow the pace of free cash flow payout over this period?**

Between 2022 and 2024, free cash flow increased from \$168.3 million to \$448.9 million, representing a 166.7% growth rate. We’d note that both 2022 and 2023 represented relatively low levels of free cash flow due in part to a decline in adjusted operating income and cash earnings compared to earlier years, as discussed in prior responses. In addition, in 2023 operating and free cash flows were negatively impacted by certain items including the repurchasing of our brand in Japan and the transition of our China operations.

We made steady annual increases to our dividend between 2022 and 2024. In 2024, we paid \$69.3 million in dividends, up from \$61.5 million in 2022, which represented a 12.7% increase. In addition, in 2023 and 2024, we also

prioritized paying down debt given the increase in leverage following the 2022 acquisition of Leveraged Commentary & Data and the subsequent increase in borrowing rates.

While we do not target a specific cash flow payout, we would note that over the past five years, our average dividend as a percentage of free cash flow was in the low 20% range.

## Capital Structure

January 31, 2025

- 1. Is the interest on your term loan based on SOFR or the lender base rate plus a margin? It appears it is at the company's option to pick. Which SOFR is used? There is spot SOFR, 30-day Term SOFR and 90-day Term SOFR?**

As you note, we have the option of paying interest based either on the applicable Secured Overnight Financing Rate (SOFR) plus a margin or the lender base rate plus a margin. To date we have opted to pay interest based on 1-month SOFR plus a spread based on our consolidated leverage ratio, to preserve prepayment flexibility.

## Cash Flows

April 28, 2025

- 1. Working capital has been a bigger drag on CFO YTD 2025 than in prior periods. Is there anything different about the cash flow dynamics of the TAMP business/AssetMark relationship that we should consider when thinking about working capital or CFO going forward?**

Cash provided by operating activities declined 22.9% to \$190.0 million in H1 25, compared to the prior-year period, while free cash flow decreased 32.8% to \$121.2 million. There were two specific items which largely drove the decline:

- Cash paid for income tax payments, which increased by \$49.6 million in H1 25 compared to the prior-year period. Please see our response to a related question in an 8-K from August 2025 for more detail.
- Higher bonus payments, which increased by \$39.6 million in H1 25 compared to the prior-year period. The bonus payments reflected strong company performance compared to targets in 2024.

The sale of customer assets from the US Morningstar Wealth Turnkey Asset Management Platform did not have a meaningful impact on cash flow from operations.

August 29, 2025

- 2. What are the trends in underlying operating cash flow excluding the cash tax payments in terms of free cash flow conversion?**

Free cash flow conversion, calculated as free cash flow divided by consolidated adjusted operating income, decreased in H1 2025 by 31.1 percentage points from 74.6% to 43.5%. The two primary drivers of the decline were cash paid for bonus and income taxes, which increased by \$39.6 million and \$49.6 million, respectively, in H1 2025 compared to the comparable prior-year period. The higher bonus expense reflected strong company performance compared to targets. Please see related responses this month for more detail on our bonus program and the drivers of the increased cash payments for income taxes.

## Compensation and Benefits

November 5, 2025

- 1. Morningstar equity analysts have long used ROIC to evaluate a company's economic moat and management's capital allocation effectiveness. In 2024, executive bonuses were based on revenue growth and adjusted operating income, but ROIC was not included as an incentive metric. As a shareholder, it would be encouraging to see management held accountable for capital use through ROIC. Could you explain why ROIC is not currently used in the bonus matrix?**

Our annual company-level incentive program, which also applies to executives, is designed to reflect our focus on increasing revenue and adjusted operating income (AOI) as a driver of long-term value creation. In 2025, we have assigned a 50% weight to revenue performance and a 50% weight to AOI performance relative to targets.

We would highlight that our executive compensation program is designed to align our executives' interests with long-term shareholder interests. This is accomplished through, among other items, a significant portion of CEO and NEO compensation being driven by Total Shareholder Return (TSR) through our market stock units (MSUs), as well as meaningful executive stock ownership requirements which are described in more detail at [shareholders.morningstar.com/governance](https://shareholders.morningstar.com/governance). MSUs are earned based on Morningstar's "absolute" TSR, which includes the impact of both stock price appreciation and dividends and is not determined relative to a peer group. If Morningstar's TSR increases over the performance period, that translates into increased value to our shareholders and increased shares ultimately earned by MSU participants (and the inverse is true). We believe this motivates value creation, including accretive capital allocation, and further aligns executive compensation with the shareholder experience.

We actively monitor our return on invested capital (ROIC) and view it as a useful measure of long-term capital efficiency and value creation. We'd note that outside of acquisitions our business is not capital-intensive so increases in margins and profitability have a direct impact on ROIC.

Overall, we believe our compensation philosophy supports accountability and performance across the business, with a focus on driving revenue growth and profitability in the annual bonus and ultimately enhancing shareholder value through the long-term MSU incentive.

August 29, 2025

**2. How does management appropriately balance growing free cash flow to shareholders with incentives to the employee base (with respect to year-end cash bonuses)?**

We design our incentives for continued profitable growth and margin expansion.

In order to maintain an aggregate bonus pool amount that is appropriately aligned with profits, we monitor the “sharing ratio” expressed as a projected bonus payout as a percentage of AOI each quarter. The Compensation Committee has the discretion to limit the bonus if the sharing ratio is not aligned with expectations.

Consistent with the bonus plan for named executive officers detailed in our 2025 Proxy Statement, the bonus program is weighted 50% for revenue performance and 50% for adjusted operating income (AOI) performance. The upside opportunity to our bonus program is 5% payout for every 1% increase in revenue above target, and 2.5% payout for every 1% increase in AOI above target. So, in percentage (but not dollar) terms, we expect the bonus pool to grow faster than profit if the 100% target is reached. Revenue and profit growth are required each year to reach the target bonus.

May 7, 2025

**3. Total compensation expense was \$836.1 mil in 2024 vs \$775.5 mil in 2023, can you allocate that increase of \$60 mil between: bonus, merit, stock-based compensation from accelerated vesting from employees departing, and commissions. Across Morningstar, what was the average level of merit increases in 2024?**

Footnote #6 to our 2024 10-K, Segment and Geographical Area Information, provides revenue by type for each reportable segment as well as compensation cost, other segment items, and adjusted operating income (loss). Compensation cost for our reportable segments increased \$61.1 million in 2024 compared to 2023. At a consolidated level (including the impact of corporate and all other), total compensation cost increased \$42.7 million.

Note that in 2024, we moved certain teams from central functions to Morningstar Direct Platform. In 2023, compensation costs associated with these teams would have been largely allocated to Morningstar Direct Platform and reflected in “other segment items”; in 2024, these expenses were reflected in the compensation we reported for Morningstar Direct Platform. This change contributed to the increase in compensation for Morningstar Direct Platform and for the total compensation for reportable segments, but did not have an impact on total company compensation.

The companywide increase in compensation costs was primarily driven by higher bonus expense:

- Bonus expense increased by \$46.2 million in 2024 compared to 2023. For FY 2024, meaningful outperformance in Morningstar Credit and relatively disciplined spending against targets contributed to higher bonus expense.
- 2024 merit increases were comparable to the prior year and offset by lower headcount.
- Stock-based compensation increased by \$1.9 million, with the treatment of stock-based compensation related to employees who departed the firm contributing to the increase, largely offset by lower stock-based

compensation related to the now terminated PitchBook management bonus plan. (For more detail on the treatment of stock-based compensation related to employees who departed from the company, please see the response to a related question filed in an 8-K dated May 7, 2025.)

These increases were offset by lower severance expense, which declined by \$5.5 million, compared to 2023 when the company recorded \$9.0 million in severance expense related to targeted reorganizations in certain parts of the business, and a \$3.7 million decline in commissions.

May 7, 2025

- 4. What was the total bonus expense for 2024 across Morningstar? Can you break out bonus expense by segment for 2024? What portion of the bonus came from Morningstar Credit? How did that compare to the prior year period? What is a normalized level of bonus expense over the past five years as a percentage of revenue for overall Morningstar and Morningstar Credit? Was there any bonus accrual across overall Morningstar or for Morningstar Credit in Q1 or Q2? In general, should investors expect similar levels of bonus expense growth going forward, or was the increase in 4Q more of a normalization off of a low base from 2023? You noted that compensation costs increased \$31.4 million in the fourth quarter, \$20.4 million of which came from bonus expense. We understand this year's bonus payments are an outlier to some extent and want to see what historical bonus payments look like and try to gauge what we should expect going forward.**

Total bonus expense for 2024 was \$179.7 million, compared to \$133.5 million in 2023. We accrue bonuses over the course of the year based on our internal forecasts of performance versus targets and accruals were made for Morningstar Credit, our other segments, and the broader business in each quarter of the year. To the extent actual performance differs from our internal forecasts, we true-up the accrual based on the expectations for full-year performance. Each year our targets are reset.

We do not disclose bonus expense at the segment level. We have noted that higher bonus expense for Morningstar Credit in Q4 24 was the primary driver of higher bonus expense in the quarter. For FY 2024, meaningful outperformance in Morningstar Credit and relatively disciplined spending against targets contributed to higher bonus expense.

May 7, 2025

- 5. Please provide more color on the increase in stock-based compensation in Q4 24. Of the \$15.9 million in stock-based compensation expense in Q4, how much was from accelerated vesting due to employees who have left the firm? Of the \$54.7 million in stock-based compensation expense in 2024, how much was from accelerated vesting due to employees who have left the firm? Why did corporate SBC go up so much while the reportable segments SBC decreased? Is this simply a reallocation? What drove this change?**

The primary driver of the companywide increase in stock-based compensation in Q4 24 was the treatment of stock-based compensation related to employees who left Morningstar, which accounted for roughly a third of total stock-based compensation in Q4 24. For the full year, the treatment of stock-based compensation for employees who left the company accounted for roughly 10% of total stock-based compensation. This treatment was primarily related to the departure of our former CFO. As previously disclosed, in connection with his departure, our former CFO's awards were modified to allow for vesting or continued vesting following his departure. We recorded the incremental fair value associated with the modification in Q4 24, which contributed to higher stock-based compensation in corporate and all other.

March 25, 2025

**6. Regarding executive compensation, I see that the long-term incentive compensation target has been increased from 3-year 10% absolute TSR to 20%. How was this number decided upon (any benchmark data would be helpful) in the first place and why does the Board believe it is an adequate incentive given many peers have seen 40%+ 3 year TSR over various periods historically and there is still some incentive given even if TSR returns are negative in the current framework from my understanding (happy to be corrected if incorrect)?**

We believe that a 100% payout target for delivering 20% TSR (Total Shareholder Return) is appropriate. Our compensation committee reviews and approves all executive compensation practices. Our goal is to have pay structures that align pay with performance, and the committee works closely with an external consultant and considers industry benchmarks and peer practices to determine what's best for Morningstar. In 2020, we increased our TSR hurdle from 10% to 20%, due in part to shareholder feedback.

Aligning management incentives with shareholder returns is an important part of our compensation philosophy. Our stock-based compensation for 2024 consisted of both market stock units (MSUs), which vest based on three-year TSR, and restricted stock units (RSUs). Given that TSR is based on absolute rather than relative return, compensation is directly tied to the shareholder experience and is somewhat dependent on broader market activity. We split the annual MSU award into two grants each year to help smooth the effect of short-term market volatility. This practice results in grants at various prices over time. Historically, MSUs have been earned above the 100% target and below the 100% target. As noted in our proxy for our 2024 annual shareholders' meeting, MSUs vest at 0% if TSR is negative 13.33% or lower.

Our compensation committee's independent consultant has compared our short- and long-term goal setting to that of the executive compensation peer group and has concluded our goals are challenging and support shareholder value creation. Further, it concluded that the actual compensation delivered for realized performance outcomes has been reasonable relative to peers and strongly aligned with the shareholder experience in recent years.

## Competitive Advantage

November 5, 2025

- 1. Over the past year, what has Morningstar done to widen its moat? I'd appreciate if your response includes the economic moat source that was impacted. How is Morningstar responding to competitive challenges from successful fintech startups in order to maintain (and ideally increase) its relevance with its wealth and asset management clients?**

Through the first 10 months of 2025, we have taken a number of deliberate steps designed to fortify our economic moat by strengthening core sources of competitive advantage, particularly intangible assets, switching costs, and network effects.

- Deepening Intangible Assets Through Data Expansion and Ratings Innovation

Our teams are focused on continually expanding our data and analytical frameworks, including those that bring transparency to historically opaque private markets. For example, PitchBook has nearly doubled its private company coverage over the course of 2025 through early November and continues to expand its credit data with the expansion of its collateralized loan obligation (CLO) data. Earlier this year, our manager research team introduced Medalist Ratings for Semiliquid Funds, which provide qualitative assessments on vehicles in a fast-growing segment that sits between mutual funds and private markets. These ratings are now being used by advisors and asset managers to evaluate interval and tender-offer funds with the same rigor as traditional vehicles.

We also announced our plan to acquire The Center for Research in Securities Prices (CRSP), which brings access to more than 65 years of high-quality equity data. This acquisition is expected to enhance our ability to deliver AI-ready, structured datasets to clients, whether directly, in Morningstar products, or through third parties.

- Increasing Switching Costs Through Workflow Integration and Platform Upgrades

We recognize the appeal of niche fintech platforms with targeted functionality. Our response has been to double down on user-first design, delivering intuitive, workflow-specific tools that combine the depth of our data with the usability of modern software.

We have made significant progress on the rollout of our Direct Advisory Suite (DAS), which now features a modernized interface and advanced analytics built on a common Direct Platform foundation. This unified experience allows advisors to seamlessly analyze public and private exposures, benchmark portfolios, and generate proposals within a single application.

DAS is more than a user interface refresh—it is a strategic move to embed Morningstar deeper into advisor workflows, making it harder to switch away without losing efficiency and insight.

Our acquisition of Lumonic has enabled us to digitize covenant reviews and compliance workflows in private credit, a notoriously complex asset class. By combining Lumonic's granular monitoring tools with PitchBook's market data, we are expanding into more parts of the workflow and positioning PitchBook as a more comprehensive analytical environment for general partners, wealth managers, and institutional consultants.

- Building Network Effects Through Public-Private Convergence

Morningstar is focused on equipping investors of all kinds, from individuals to institutions and the intermediaries who serve them, with the tools they need to navigate the convergence of public and private markets. Drawing on data from PitchBook, including Leveraged Commentary & Data (LCD) datasets, and Morningstar Credit, we aim to deliver transparency and comparability across asset classes to support better portfolio decisions. Our approach integrates four connected capabilities: actionable data, including expanded data coverage on private companies and semiliquid funds; standardized analytics including standardized categories, liquidity-adjusted risk scores, and percent-private exposure; differentiated intellectual property (IP) such as the new Medalist Rating for Semiliquid Funds and benchmarks like the Morningstar PitchBook Unicorn 30 and the Morningstar PitchBook Modern Market 100 Index, the first to bridge public and private equity exposure in a single index; and unified workflow tools like DAS and the addition of Lumonic's private credit monitoring alongside PitchBook's best-in-class private markets reference data and analytical suite. Together, these capabilities can enable professionals to construct, monitor, and explain portfolios with greater precision, supporting our mission of empowering investor success across the investing ecosystem.

Finally, we'd note that we provide data to many fintech firms and that client segment has been a source of growth for our business.

November 5, 2025

**2. What makes it difficult to synthesize Morningstar's data into a competitive product? Why have competitors (including startups) failed to match the depth and breadth of Morningstar data? How does Morningstar protect its research, IP, and data from competitive disintermediation? Please also address what you are doing to protect MORN from AI as a competitive risk.**

We believe that Morningstar's data moat is built around several key factors:

- Credibility and Industry Acceptance:

We set the industry's shared language of investing for managed investments and are working to do the same for private market investments.

Our proprietary frameworks—including categorization, calculation methodologies, the Style Box, and the Morningstar Rating—are deeply embedded in our products and widely recognized across the industry. We believe that these systems transform raw data into actionable insights that investors can understand and trust, and that would be difficult for competitors to recreate. These widely used research-driven tools serve as “benchmark-like” standards that can enhance our clients’ ability to find, evaluate, and communicate investment ideas.

- Systematic Data Collection:

We believe that we have an edge in systematic, scalable data collection. While collecting data is relatively easy, doing it in systematic, consistent ways with scalable technology systems is not. We believe that we have an edge in ingesting high volumes of data and processing and categorizing it into systems, languages, and products that investors can understand. This process has been refined over decades and is supported by robust technology that we believe makes it difficult for others to match our depth and breadth. We also collect data that is not always required to be disclosed by regulation, making it difficult to obtain and highly differentiated. Finally, Morningstar’s datasets—especially survivor-bias-free fund data—aim to enable more credible back testing and long-term analysis. This depth of information is difficult to replicate and becomes embedded in client workflows, making products including Morningstar Direct indispensable for rigorous investment research.

- Data Enrichment & Differentiated IP:

We continue to invest in what differentiates us: our unique, highly valuable IP layered on top of our data.

While we agree that basic reference data and investment details will be further commoditized in an AI-first world, we believe that our differentiation comes from the data that we collect and enrich with our standard-setting categorizations, calculations, and methodologies. We have built a broad and deep collection of differentiated IP including company- and portfolio-level ratings, sustainability and risk scores, proprietary modeling, scenario analyses, and tools such as the VC Exit Predictor. We continue to expand that edge, including with the CRSP acquisition, which brings us a first-rate market database with more than 65 years of high-quality equity data. As markets evolve, our analyst teams are producing new research and IP designed to support investment decision-making which can further expand our moat.

- Strong Governance:

We have established a dedicated Responsible AI Council and a governance framework designed to protect our data in client agreements and are regularly reviewing how legal action is evolving related to AI. We are focused on implementing contractual safeguards to protect our data and proactively adapting to new legal standards, especially as they relate to AI and internet scraping.

While AI presents new challenges and uncertainties, we believe our proprietary frameworks, systematic and scalable data processes, unique IP, and governance practices create a high barrier to entry. We believe these elements collectively make it difficult for competitors to synthesize a truly competitive product or replicate the breadth of our research and data. We continue to invest in innovation and work to safeguard our data contractually with the goal of keeping our data secure and protecting our moat.

Please see a response dated Sept. 2025 for a detailed discussion of more specifics related to PitchBook's moat.

November 5, 2025

**3. How much of Morningstar's revenue is driven by proprietary data? What proportion of data in PitchBook is publicly available/sourced on the internet? In Morningstar Data, what is the proportion of sales from ratings (where data is used to form an opinion or analysis), or pure data?**

License-based data accounted for 71.4% of Morningstar revenue in 2024. At this time, we don't disclose the percent of revenue directly tied to proprietary data: however, we would share the following observations about the value of the data that we provide:

- Data powers the full Morningstar Direct Platform product suite (including our Morningstar Data key product area). This includes data, calculations, and analytics based on Morningstar IP as well as returns data, holdings data, and portfolio statistics that are collected, processed, normalized, and derived using consistent Morningstar methodologies, and which enable clients to compare investments on an apples-to-apples basis and often come in historical time series. We believe that this is not easy to replicate.
- PitchBook's data moat is built on years of investment in proprietary infrastructure, analyst expertise, and rigorous verification processes. Our network effects and trusted relationships across the private markets enable us to source non-public, hard-to-access information directly from market participants through rigorous primary research and self-reported processes.
- Many of the leading large language models (LLMs) and AI-powered tools recognize the strength of our data and are working with us to provide this data to their users. For example, Morningstar Direct Platform has entered into a relationship with Anthropic that enables entitled users access to our content within Claude for Financial Services. In late October, we built on this relationship with PitchBook's announcement that its private market data is now available within Claude for licensed PitchBook users. PitchBook users are now able to query proprietary data directly using natural language prompts while maintaining high standards for data security, accuracy, and compliance. This launch builds on PitchBook's growing network of collaborations with leading enterprise LLMs and AI-powered tools including Perplexity, Rogo, Hebbia, Finster, Model ML, and Farsight.

For more on Morningstar's data moat, please see a related question this month and a similar question specific to PitchBook's moat from Sept. 2025.

## Divestitures

May 7, 2025

**1. In 2024, you divested certain of your US TAMP assets and sold your Commodity and Energy Data business. How much did each of those businesses contribute to revenues and adjusted operating**

## **income in 2024? How much revenue and operating income did the Commodity and Energy Data business roughly contribute to Morningstar in 2024?**

As you note, in 2024, we sold our Commodity and Energy Data business. The Commodity and Energy Data business was not material relative to Morningstar Direct Platform (formerly known as Morningstar Data and Analytics). We started excluding associated revenue from organic revenue growth calculations in Q4 24 and have noted that the divestiture has been slightly dilutive to Morningstar Direct Platform margins.

During 2024, we also sold customer assets from the US Morningstar Wealth Turnkey Asset Management Platform (TAMP) to AssetMark. Morningstar Wealth organic revenue growth excludes platform revenue from the US TAMP from the prior-year period starting Dec. 1, as well as interim service fees received from AssetMark associated with the sale of the US TAMP. For more detail on the anticipated financial impact from the transaction, please refer to the response to a related question filed in an 8-K dated April 28, 2025, and the FAQ updated July 24, 2024.

We do not intend to disclose additional details related to the financial impact of these transactions.

## **ESG**

March 25, 2025

- 1. Wolters Kluwer (WK) and Workiva share prices came under pressure after Bloomberg reported that France is preparing to release a formal proposal to limit the scope of ESG reporting requirements. Workiva's business drivers include tax complexity, increased regulations, and reporting retirements as companies need WK's solutions to comply with them. Equally, an important driver of growth for their Corp. Performance & ESG division is the phased introduction of Europe's CSRD. However, the French and German governments are lobbying to rein in the scope of CSRD. How should I think about these topics for MORN? Presume there is an element of Sustainalytics which could be impacted here?**

As you note, the EU's sustainable finance agenda is evolving rapidly. Earlier this month, the European Union presented its "Omnibus" proposals on sustainability reporting and due diligence, which would significantly streamline sustainability reporting requirements for EU-based companies, including those related to the Corporate Sustainability Reporting Directive (CSRD).

In particular, the proposed changes would reduce the number of firms reporting on CSRD. While this directly impacts reporting providers, the impact on our business is not as significant. We expect that companies will continue to be required to assess material issues related to their business, and we are still well-prepared to help firms do this work and collect reported data as it becomes available.

While the proposed changes in other areas could impact reported data, we do not expect material changes in 2025. We will continue to monitor the regulatory environment and engage with clients and the markets accordingly.

## License-Based Products

January 31, 2025

- 1. I am assuming most of your segments are seat/user-based (PitchBook), but can you quantify your exposure to enterprise licenses by segment if possible or holistically.**

Our license-based revenue model varies by product, as detailed below for our largest product areas.

For PitchBook, we offer both unlimited (enterprise) licenses and seat-based contracts. In an earlier response, we noted that as of early July 2023 PitchBook's unlimited license contracts accounted for roughly 20% of total annual contract value related to active PitchBook accounts, while individual seat-based contracts accounted for roughly 80% and that breakdown has not changed materially as of December 31, 2024. PitchBook also has a small but growing direct data business which is not seat-based.

In the Morningstar Data and Analytics segment, our approach varies based on product. Morningstar Direct follows a seat-based license model, while Morningstar Data pricing is based on the data package being licensed, the level of distribution, and the use case. Morningstar Advisor Workstation is primarily sold through an enterprise contract, and we can license single seats for individual advisors as well.

The Morningstar Sustainalytics pricing model is built around the Morningstar Data and Analytics approach for licensing data and research with pricing differentiated based on the content being licensed and the expected use case.

Our revenue model for Morningstar Wealth and Morningstar Retirement segments is primarily based on fees paid based on assets under management and advisement, although Morningstar Wealth revenue also includes licensed-based revenue for Morningstar Investor and software products including Morningstar Office, and transaction-based advertising revenue. Morningstar Credit primarily has a transaction-based revenue model.

## M&A

November 5, 2025

- 1. Please provide more detail on the announced acquisition of CRSP, including the rationale. Specifically, where do you see operational synergies, from a cost, efficiency, and revenue cross-sell potential, between CRSP and Morningstar Indexes. How would you rank the different revenue synergy opportunities by revenue and near-term probability? What were the contractual limitations of the business historically and what potential is there in terms of growth and profitability as part of an enlarged Indexes division under Morningstar? How does CRSP differ from your existing Indexes business and how will it be integrated into the existing portfolio? How valuable/replicable is the CRSP data set? How is Morningstar maintaining the Vanguard relationship and how much does that represent of the \$55 million annual sales base?**

Our planned acquisition of CRSP represents an important step in scaling our Morningstar Indexes business and will position us as one of the largest index providers for public US equity index funds. CRSP brings market share and scale in US beta equity indexes, strengthening our overall global offering. These core beta benchmarks are often a competitive differentiator in the business and complement our current capabilities, which include significant assets tracking dividend and strategic beta capabilities. Finally, CRSP is known for its high-quality and comprehensive historical US equity and index data, which it started building more than 65 years ago. Its data capabilities are well-known and well-respected in the investment and academic communities, and its indexes are designed to be replicable for use in passive products.

As we integrate CRSP into Morningstar Indexes, its products will be supported by our marketing, product, and sales function and our broader, commercially focused global enterprise. Morningstar Indexes is excited to expand the distribution and use cases for the CRSP US Market Series.

Morningstar currently has a strong relationship with Vanguard, and we look forward to continuing to expand that relationship across an even broader set of capabilities and connection points.

November 5, 2025

- 2. Please discuss the expected financial impact of the CRSP transaction. What is the revenue breakdown today between AUM-based fees, subscription fees, and other? How profitable has CRSP been historically and what are your expectations for future profitability? How much of your rationale for acquiring the business is about improving operating margins prospectively? Do you expect the transaction to be accretive or dilutive? The incremental sales pro forma takes Indexes from \$87.5 million LTM to \$142.5 million – theoretically providing incremental scale to your US public equity indexes. How much operating cost is Morningstar taking on for CRSP?**

We have shared that CRSP generates \$55 million in revenue annually. We believe we can bring a stronger commercial focus to grow the franchise over time and to support the scaling of Morningstar Indexes. We expect the CRSP transaction to be accretive to adjusted operating margin in 2026. We do not disclose detailed revenue breakdowns beyond the key product area (revenue) or adjusted operating expense beyond the reportable segment level.

November 5, 2025

- 3. What will your approach to pricing be with the acquisition of CRSP? Do you anticipate any meaningful shifts in the strategy from how the business operates today?**

We have positioned Morningstar Indexes as a disruptor in the index space for a number of years and intend to continue to play this role. We seek to provide value-based pricing for our core index capabilities.

September 26, 2025

**4. Is management evaluating further divestitures or winding down other unprofitable divisions/products? Is large-scale M&A currently a capital allocation priority?**

Our capital allocation priorities are as follows:

- We seek to preserve a strong balance sheet to maintain flexibility;
- We will prioritize funding organic growth and consider acquisitions where we see opportunities to generate long-term shareholder value;
- We aim to maintain and increase our dividend over time commensurate with company financial results; and
- We look to repurchase shares when we have available cash and will accelerate that activity opportunistically when we believe that our shares are substantially undervalued.

In the past year, we have made several important moves to better align our product portfolio, including exiting the investment platform business in the US, with the sale of customer assets in our Turnkey Asset Management Platform (TAMP) and the announcement of our intent to wind-down Morningstar Office. We also recently announced our plans to acquire the Center for Research in Security Prices (CRSP). With the transaction, we expect to acquire the CRSP Market Indexes, which are the benchmarks for more than \$3 trillion in US equities, providing meaningful scale for Morningstar's index capabilities.

At this point, we believe that we have a good set of capabilities. We remain opportunistic around additional M&A, with a focus on strategic fit and reasonable prices.

May 7, 2025

**5. Can you please provide some color on the rationale and financial impact for recent M&A transactions? What will be the contribution of Lumonic and DealX to your sales and operating income in 2025? Where do they fit into the business?**

In early March 2025, Morningstar acquired Lumonic and DealX.

Lumonic offers a proprietary platform which automates covenant compliance, financial tracking, and AI-driven portfolio analytics for private credit lenders. With this acquisition, PitchBook is now able to compete in the portfolio monitoring space, as investment professionals in the growing private credit markets can now manage and analyze their portfolios alongside PitchBook's industry-leading private capital data. Lumonic now operates as a subsidiary of PitchBook.

DealX brings extensive expertise in clean, standardized US CMBS and global CLO data, strengthening Morningstar's analytics capabilities in the structured finance sector. Previously a strategic partner of Morningstar Credit, DealX played a significant role in launching CRE Analytics, a platform offering investors centralized insights into loan and bond trends across CMBS deals and commercial real estate lending more broadly, supported by Morningstar's credit assessments. As part of Morningstar Credit, we expect that DealX will bolster our position as a leader in CMBS analytics while expanding its reach to private credit and leveraged loan markets.

In Q1 25, we paid \$38.5 million, net of cash acquired, related to the acquisitions of Lumonic and DealX. We are optimistic that over time, these capabilities will become meaningful growth drivers for PitchBook and Morningstar Credit.

March 25, 2025

- 6. Regarding M&A, I know there have been some questions previously answered around the qualitative criteria you use to evaluate deals, but I think it would be helpful to dive a bit deeper. Outside of the basic criteria regarding cultural/strategic fit and IRR exceeding cost of capital, I'd be curious what incremental end-market areas are most attractive and what guard rails management has on completing deals? I ask because data has become pervasive across financial markets and it seems reasonable to acquire into areas as broad as derivatives to crypto to proxy services, etc. which all likely have different growth, margin, return profiles and could line up with existing MORN capabilities differently so better understanding the M&A framework and how "adjacent areas" is truly defined would be helpful.**

When we pursue M&A, we focus on transactions that align with our mission of empowering investor success; build our investment databases, research capabilities, technical expertise, or customer groups faster or more cost effectively than we could if we built them ourselves; and offer a good cultural fit with our entrepreneurial spirit and brand leadership. As you note, we prefer areas that have natural adjacencies to our portfolio. While we don't comment on our plans for future M&A, in the past we've found these adjacencies where an acquisition had the potential to enhance the data or technology of an existing part of our business. For example, the 2022 LCD acquisition allowed us to add comprehensive coverage of leveraged loans, high-yield debt, investment-grade bond issuance, distressed debt, corporate bankruptcies, middle-market transactions and collateralized loan obligation fundraising to the PitchBook platform. More recently, our acquisitions of Lumonic, a private credit portfolio monitoring and management platform, and Dealview Technologies, a provider of standard U.S. commercial mortgage-backed security and collateralized loan obligation data, are expected to strengthen our private credit and structured finance offerings.

While we actively evaluate M&A opportunities, we generally favor organic investments and maintain a high hurdle for completing transactions with a focus on evaluating long-term returns relative to other potential uses of cash. We assess overall cash-on-cash and internal rates of return based on the price we are paying and the value we expect to realize over time.

## Management Transitions

September 26, 2025

- 1. Is there any more insight you can provide re: the pending departure of James Rhodes, President of Direct Platform, disclosed in your 8K filing on August 29, 2025? Was there any disagreement with the company leading to his departure? Will there be a formal process to find his replacement?**

After a successful career with Morningstar, James Rhodes, President of Direct Platform, left the company effective Sept. 12, 2025, to pursue other interests. James joined Morningstar in 2016 and prior to being named President of Direct Platform, he served as our Chief Technology Officer and Chief Data Officer. James was a pivotal contributor to the company, driving innovation and delivering value across the firm.

When we announced his departure on Aug. 29, 2025, we also shared that Frannie Besztery, Chief Operating Officer of Direct Platform, would serve as interim head until a permanent successor is appointed.

We have retained Russell Reynolds, an executive search firm, to formally assist us with the search process to secure our next President of Direct Platform. We are actively considering both internal and external candidates.

April 28, 2025

**2. With Michael Holt having taken over as CFO, what are his plans for Morningstar? What does he plan to do differently, or what does he think can be improved as compared to Jason Dubinsky's tenure as CFO?**

Michael Holt's priorities as CFO are consistent with our ongoing focus on sustainable revenue growth and creating value for shareholders. Specifically, he is focused on growing adjusted operating income (supported by higher adjusted operating margins) and free cash flows over time.

Consistent with Morningstar's historical approach to capital allocation, under Michael we continue to preserve a strong balance sheet to maintain flexibility; prioritize funding organic growth and consider acquisitions where we see opportunities to generate long-term shareholder value; maintain and increase our dividend over time commensurate with company financial results; and repurchase shares when we have available cash. Michael will provide more detail on his priorities at our upcoming Annual Shareholders' Meeting on May 9.

January 31, 2025

**3. Morningstar recently appointed Michael Holt to CFO of the business. Can you share some examples of Michael's impact on Morningstar during his career, specifically achieved outcomes that make him well suited to be the CFO? Please shed some more light on the CFO selection process. Did Morningstar interview candidates from outside of the company? Given the stated objective to grow revenues faster than expenses, please explain why Morningstar selected Michael Holt to become the next CFO.**

We followed a rigorous selection process in choosing Michael Holt as our next CFO, which included interviewing both internal and external candidates. Michael brings expertise in a number of key areas, including company strategy and analysis, as well as deep insight into Morningstar's operations. In his 15-plus years at Morningstar, he's built a track record of managing high-performing teams and working across Morningstar to drive results.

Michael has been Morningstar's chief strategy officer for the past seven years and was president of the Research and Investments group for the past two years, where he oversaw a 400-person team responsible for Morningstar's equity

and managed investment analysis and ratings as well as portfolio construction for the company's investment management capabilities. During his tenure here, Michael centralized and scaled our Research & Investment capabilities; drove our M&A strategy leading the DBRS, Sustainalytics, and LCD acquisitions; and has been instrumental in reframing our approach to the Wealth space culminating in the AssetMark transaction. Additionally, Michael was a key partner to Kunal and our former CFO, Jason Dubinsky, in allocating investment and implementing and driving a focus on growing our adjusted operating income and margin improvement.

Michael has a master's degree in business administration from the University of Chicago Booth School of Business, and a bachelor's degree in business from Indiana University.

## Margin and Expense Trends

September 26, 2025

- 1. The management team has begun to prioritize profitability over the past couple of years. Is the cost focus mainly driven by desire to protect EPS in a weaker demand environment? Or can we expect similar cost discipline even if demand stabilizes or slightly improves? Is there any more low-hanging fruit from a cost optimization perspective, e.g. unused office space, unnecessary T&E, duplicate positions, etc.?**

Our management team is focused on creating value. As our Chief Financial Officer Michael Holt noted at our annual shareholders' meeting in May, we believe a company's ultimate value is a function of the free cash flow that it generates. We view adjusted operating income (AOI) as a good proxy for that. To achieve long-term AOI growth, we are focused on growing revenue at a faster pace than adjusted operating expense over time, which requires us to balance investment in the business to support growth with careful attention to expenses. We will continue to drive for profitable growth.

September 26, 2025

- 2. Into which products are you investing incremental S&M and R&D?**

We continue to invest across multiple areas of the business. Investments include the following priorities:

- Development of Morningstar Credit's ratings and licensed data products.
- Platform and operational enhancements for PitchBook to streamline workflows and help clients more quickly access data and insights, including new AI-powered tools.
- Modernizing interfaces for our other major products, including Direct Platform, to remove friction from client workflows, while leveraging AI-powered tools.
- Scaling our Morningstar Indexes business with the recently announced acquisition of the Center for Research in Security Prices (CRSP).
- Database expansion and investment in research and analytics to create intellectual property built around our data, including tools that span public and private investments.

August 29, 2025

**3. Please address the trend in the contribution of Corporate and All Other to consolidated operating income in Q2 25? Why did Corporate and All Other expenses rise so much? Should we expect this type of increase to continue? Was there anything seasonal or one-off that impacted this?**

The impact of Corporate and All Other on consolidated operating income was negative \$54.6 million in Q2 25, compared with negative \$46.6 million in the prior-year period. Corporate and All Other includes unallocated corporate expenses as well as adjusted operating income (loss) from Morningstar Sustainalytics and Morningstar Indexes. As noted in our Q2 25 earnings release, we recorded \$4.9 million of compensation costs related to a targeted reorganization in Morningstar Sustainalytics which was the largest driver of the increased negative contribution from Corporate and All Other to consolidated adjusted operating income. We'd also note that Morningstar Sustainalytics revenue declined by \$1.9 million (6.5% on a reported basis and 9.8% on an organic basis) compared to Q2 24.

In Q2 25, unallocated corporate expenses increased 8.7% to \$50.1 million compared to \$46.1 million in the prior-year period driven by higher marketing costs from increased brand spend and higher technology costs. There were not any significant one-off items that impacted the trend.

As we've noted previously, unallocated corporate expenses include cost pools that we deem to be largely outside of the control or discretion of our segment leaders. Expenses in this bucket include finance, human resources, legal, and other management and shareholder-related costs that are not considered when segment performance is evaluated. We remain committed to driving efficiency and scale in our corporate and unallocated expenses and reducing these costs as a percentage of revenue over time.

April 28, 2025

**4. In Kunal's 4Q24 shareholder letter, he referenced Morningstar's goal of continuing to expand operating margins, a change from previous commentary on meeting / exceeding the historical peak margin. Was this an intentional change in approach? Do you still believe you can reach / exceed your historical peak margin? If so, over what timeframe? Morningstar's management team has successfully increased full-year adjusted operating margins back to a low-20% level. Where does Morningstar think margins can expand to, and over what time frame?**

While we don't provide guidance, we continue to focus on increasing adjusted operating income as a driver of long-term value creation. Continued margin expansion over the long-term is central to these efforts. In 2024, we generated \$493.8 million of adjusted operating income, an increase of more than 50% from 2023.

April 28, 2025

**5. Morningstar's expense growth in 4Q resulted in adjusted operating margins declining both year over year and quarter over quarter. Please share some more information on the drivers of this growth.**

In Q4 24, our adjusted operating margin was 20.6%, a decline from 21.0% in Q4 23 and 22.9% in Q3 24. In Q4 24, revenues grew 9.7% compared to the prior-year period. Operating expense grew 9.6% and adjusted operating

expense, defined as operating expense less intangible amortization, M&A-related expenses and gains and expenses related to the reduction and shift of our China activities in 2023), increased \$43.6 million, or 10.2% compared to the prior-year period.

The primary driver of the Q4 24 increase in operating expense was a \$31.7 million increase in compensation costs driven by a \$20.4 million increase in bonus expense. This increase was due in large part to higher bonus expense for Morningstar Credit due to favorable performance versus plan targets and a comparison to relatively low bonus expense in the prior-year period. Higher compensation costs also included the impact of a \$4.8 million increase in stock-based compensation, primarily due to the treatment of our former CFO's equity awards upon his departure. Other non-compensation drivers of higher expenses included a \$5.1 million increase in depreciation primarily due to higher capitalized software costs for product enhancements in prior periods, as well as the impact of accelerated depreciation related to the sale of customer assets on the US Morningstar Wealth Turnkey Asset Management Platform (TAMP) to AssetMark, and a \$3.5 million increase in advertising and marketing costs primarily due to higher advertising spending for PitchBook.

We remain focused on growing revenue faster than expenses over the long-term and driving increases in adjusted operating income and adjusted operating margins.

## Market Environment

August 29, 2025

- 1. Given MORN's Chief US Economists' view of Fed cuts in the next 2.5 years, how would Morningstar Credit issuance volumes react under further rate cuts under that scenario given the current/underlying TTM mix of the business today? How would PitchBook sales growth trajectory change assuming interest rates continue to decline?**

Morningstar Credit's business is impacted by a number of factors, including interest rates, economic conditions, M&A activity, investor demand, and regulatory policy. Historically, in periods of easing Federal Reserve monetary policy, we've observed both increases in debt issuance and refinancing activity.

PitchBook's performance is tied to private market activity, which is influenced by a range of macroeconomic factors, including the level of interest rates. In lower-rate environments, we've historically seen increased engagement especially from smaller corporates, particularly as capital becomes more accessible and deal flow accelerates. As we have noted in prior communications, softness in our corporate client segment has contributed to slower growth; however, our core institutional client base, whose priorities are more strategic and less rate-sensitive, has remained more resilient. Overall, we'd expect higher engagement across our client base if private market activity increased meaningfully.

January 31, 2025

- 2. Please share some thoughts on how the recent U.S. Federal elections are expected to impact Morningstar's businesses. Please touch on PitchBook (given industry-wide commentary on increasing**

## **capital markets activity), Credit (given impact on interest rates), and Sustainalytics (given ESG stance of the incoming Administration).**

There are a number of unknowns surrounding the economic and policy impacts of the recent U.S. federal elections. We've shared a few thoughts on the potential impact of the issues you raise.

### PitchBook

PitchBook sales tend to correlate to fundraising, M&A activity, and private capital trends. Should private market deal activity accelerate, that could create more use cases for PitchBook's offering, which could translate into increased sales opportunities. If long-term interest rates continued to increase as they have since the election, that could have a dampening effect on market activity and potentially result in fewer new opportunities.

### Morningstar Credit

Markets are projecting another strong year of issuance in areas including U.S. structured finance, and, in particular, asset-backed securities (ABS). We also expect to see continued activity in private credit, especially in areas including asset-based lending, commercial real estate, infrastructure, and non-investment grade corporates. If we do see higher inflation and a corresponding continued increase in interest rates, that could have a negative impact on issuance on a short-term basis.

### Morningstar Sustainalytics

While we've noted headwinds in the U.S. for several years, we believe a focus on assessing financially material ESG risks will continue to be an important driver across markets. We also expect that focus will drive increased maturity in the sector as investors seek to better understand what risks are material and how those align with client preferences. Finally, we'd note that we serve a global client base and remain committed to providing our clients the data and research to serve the specific needs of investors across geographies.

## Morningstar

November 25, 2025

### **1. How would management assess the moat and pricing power of the data (on a scale of 0-10)? Which products would rank best on this scale?**

We believe that we have a significant data moat across our business. As described in responses to similar questions in September (for PitchBook) and early November (for the broader business), we believe that our moat is built around credibility and industry acceptance, our edge in collecting data in a systematic, scalable manner, the enrichment of our data and our differentiated IP, and governance that is designed to protect our data via client agreements. We further address how we think about the value and competitive advantage of PitchBook data sourced via non-public sources in a separate response this month. We review prices regularly and make adjustments based on the added value provided and input costs.

August 5, 2025

**2. Can you quantify the level of cross-sell between Morningstar segments? What percentage of customers buy products from multiple segments, and where is the crossover greatest?**

We follow an integrated coverage model for clients who are purchasing multiple products from Morningstar across segments. We partner a lead strategic account executive with product sales specialists from our different solution areas who contribute expertise on specific products. The lead account executive is responsible for growing strategically with the client while account planning is integrated across our different segments, driving opportunity identification and relationship management.

We have found the greatest crossover exists with firms who leverage our data and research platforms across our licensed products in Morningstar Direct Platform, PitchBook, and Morningstar Sustainalytics, most notably large multi-segment asset and wealth management firms. We do not disclose metrics on cross-selling.

June 27, 2025

**3. Can you share any metrics around success in growing your products/customer and/or the wallet share? I know management has spoken about seeing cross-product synergies but on the surface, it seems more like a house of financial data brands, which isn't a bad thing but we wanted to better understand how you view the company's resource allocation and decisions around structure based on cross-product synergies?**

Where appropriate, we are structured to leverage a combined market where clients are shared across our segments. To that end, in 2025, we broadened our approach to integrated sales for clients who buy multiple products from Morningstar with an account executive collaborating with product-focused sales teams to grow strategically with the client. Specific to our resource allocation process, we invest in cross-product opportunities when we believe that by doing so we can create value. For example, at our recent Annual Shareholders' Meeting, we discussed the opportunity we see in the accelerating convergence of public and private markets and specifically addressing investor demand for better data and insights into portfolios that incorporate exposure to both public and private market holdings. That said, we would not currently attribute a significant portion of revenue to cross-product synergies. We don't disclose metrics related to our percentage of customer wallet share.

June 27, 2025

**4. According to a Schedule 13-G filed on Dec. 10, 2024, Daniel Mansueto had 2.3 million shares beneficially owned for which he has sole voting power, 56,250 shares with shared voting power and 56,250 shares with shared dispositive power. Please explain the nature of his holdings.**

Pursuant to SEC rules, Daniel Mansueto is deemed to beneficially own (i) 56,250 Morningstar shares because he serves as the trustee of a trust associated with Joe Mansueto and (ii) 2.3 million Morningstar shares because he serves as the voting agent of certain grantor retained annuity trusts (GRATs) for the benefit of Joe Mansueto's children. Joe Mansueto is also deemed to beneficially own these shares under SEC rules.

June 27, 2025

**5. Why has Morningstar decided to introduce a change of control provision. Is Morningstar trying to protect against a hostile takeover as the free float gets bigger? Does this mean anything for the pace of Joe Mansueto's sell down?**

In an 8-K filed on May 14, 2025, Morningstar disclosed the adoption of a new executive severance policy. Our Compensation Committee regularly reviews best practices in the marketplace in consultation with our executive compensation consultants. As such, the driver for adoption was to formalize an executive severance policy in alignment with current market executive compensation practices to support our ability to attract and retain top-notch talent. In keeping with market practices, this policy includes customary provisions for what would happen in the event of a termination of employment without cause or in connection with a change-in-control.

May 7, 2025

**6. How do you strengthen and maintain your leading positions in your core products (Direct, Wealth offerings, PitchBook) in the medium-term?**

As we work to strengthen our competitive position across the business, we are focused on putting our customers front and center. To do this, we seek to anticipate and address trends shaping the investment landscape, notably the steep growth in investment products and associated data and the accelerating convergence of public and private markets. Supporting this work, we're using artificial intelligence to innovate and create products that simplify and streamline customer workflows.

For PitchBook, we are focusing on differentiating and enhancing our competitive moat by growing the breadth and depth of our data sets and creating actionable insights through research and easy-to-use software. We also look to fuel growth by serving new customer use cases and developing intellectual property and software that helps venture capital, private, and public market participants reduce friction in their workflow.

For Morningstar Direct Platform, we are growing our core products including Morningstar Direct, managed investment data in Morningstar Data, and Direct Advisory Suite. We believe that building a platform that provides a seamless experience for our clients to discover, analyze, and extract data will help strengthen our competitive position as we're able to sell more comprehensive solutions that span customers' evolving portfolios.

Finally, for Morningstar Wealth, we are building on a trusted brand with investors, providing differentiated model portfolios that leverage Morningstar data, research, and analytics. To reach more advisors, we're distributing our product on many of the largest platforms in the US, while focusing our advisor distribution strategy on the fastest-growing managed account programs. Outside the US, we are meeting the growing demand for Morningstar Model Portfolios and have seen increasing success in directing more flows from the International Wealth Platform (IWP) to our Morningstar Model Portfolios. With IWP, we're focused on offering tools that help advisors better serve clients, reduce time spent on administrative tasks, and scale their businesses more effectively.

We'd encourage you to attend our Annual Shareholder Meeting on Friday, May 9, to learn more about how we're building the business for growth. For more detail on Morningstar Direct Platform and our strategy in that space, please see Kunal's Q1 25 quarterly shareholder letter available at [shareholders.morningstar.com](https://shareholders.morningstar.com).

May 7, 2025

**7. What are the key investment priorities for management in the next 12-18 months?**

Our strategy is to deliver insights and experiences that make us essential to the investor workflow. Across the business, we are investing in data, research, and analytics that meet the modern investor's needs, driving operational scale across our capabilities, and developing our talent.

As we look ahead, we are developing new and enhancing existing data sets and insights on illiquid and semi-liquid investments, modernizing our software experience, and creating tools to help investors navigate an evolving investment landscape. Several of our segments aim to create investment solutions that leverage our insights to cater to investors at various stages of their unique investing journeys. Additionally, in Morningstar Credit and Morningstar Indexes, we are building momentum and fostering the adoption of our solutions that credibly challenge traditional providers.

We encourage you to attend our Annual Shareholders' Meeting on Friday, May 9, to learn more about how we're building the business for growth. For more detail on Morningstar Direct Platform and our strategy in that space, please see Kunal's Q1 25 quarterly shareholder letter available at [shareholders.morningstar.com](https://shareholders.morningstar.com).

May 7, 2025

**8. Your unallocated corporate expenses were \$181.4M in 2024, up from \$154M in 2023 and \$136M in 2022. These expenses represented 8% of total Morningstar revenue, up from 7.3% of total Morningstar revenue in 2022. What is driving the de-leverage on this corporate expense line, and when should we expect to see more operational leverage here? Are there benchmarks you can point to for where you think you can drive these corporate expenses as a percentage of revenue over time?**

As you note, unallocated corporate expenses increased by 18.2% and 13.0%, respectively, in 2024 and 2023 compared to the prior-year period, increasing as a percentage of revenue from 7.3% in 2022 to 7.5% in 2023 and 8.0% in 2024.

In 2023, the primary drivers of the increase included higher compensation costs compared to the prior-year period (including the impact of an increase in bonus expense), and higher marketing costs due in part to increased expenditures related to brand investment.

In 2024, the increase in unallocated corporate expenses compared to the prior-year period was driven in part by the increase in stock-based compensation expense related to the treatment of our former CFO's equity awards; increased bonus expense also contributed, reflecting strong company performance compared to plan targets. Excluding these two items, unallocated corporate expenses as a percentage of revenue were only slightly higher than in 2023. Higher

marketing expenses (including from brand-related activities), and increased professional fees also contributed to higher unallocated corporate expenses in 2024.

Different competitors take different approaches to allocations, so it is difficult to point to a clear benchmark. Our approach reflects the way we evaluate the business and view costs internally. Unallocated corporate expenses include cost pools that we deem to be largely outside of the control or discretion of our segment leaders. Expenses in this bucket include finance, human resources, legal, and other management and shareholder-related costs that are not considered when segment performance is evaluated. We remain focused on driving efficiency and scale in our unallocated corporate expenses and reducing these costs as a percentage of revenue over time.

May 7, 2025

**9. Please explain how Morningstar Credit's strong performance impacted margins in the other segments in Q4 24.**

Morningstar Credit's strong performance relative to plan targets resulted in higher bonus expense and thus higher compensation costs for the segment. Under our bonus plan, participants are measured against group-specific targets and also have exposure to overall company performance. Hence, the outperformance in Morningstar Credit contributed to strong overall company performance, which in turn led to increased bonus expenses across Morningstar. This connection to the overall company's performance can cause variations in bonus expenses across the organization each year. Bonus targets are reset annually.

April 28, 2025

**10. What are the important differences between (A) Revenues Related to Contract Liabilities and (B) your total license-based revenues that could cause them to diverge? Was there anything out of the ordinary to call out in 2024 results on this front?**

Footnote #5 to our 2024 10-K provides both a disaggregation of revenue as reported on our Consolidated Statements of Income by revenue type (license-based, asset-based, or transaction-based) as well as detail on our future contract liabilities. License-based revenue totaled \$1,625.1 million in 2024, while contract liabilities for 2025 and subsequent years totaled \$1,461.5 million. We do not report revenues related to contract liabilities in our financial statements.

License-based revenue includes revenue generated by our research, data, and proprietary platforms which are accessed via subscription services that grant access on either a per user or enterprise-basis for a specific period of time. In 2024, license-based revenue included the revenue generated by Morningstar Data and Analytics and the majority of PitchBook and Morningstar Sustainalytics revenue. Morningstar Wealth, Morningstar Credit, and Morningstar Indexes revenue also include license-based revenue, while roughly 1% of Morningstar Retirement revenue was license-based. License-based revenue accounted for 71.4% of 2024 consolidated revenue.

Contract liabilities include deferred revenue, which is recorded when we bill a client, as well as future billings under multiyear contracts. Contract liabilities are created when we sign contracts related to our license-based activities described above, or when we sign contracts related to Morningstar Credit surveillance activities. (Morningstar Credit surveillance-related revenues are reported as transaction-based revenues.)

March 25, 2025

**11. Now that Morningstar has scaled to ~\$15B market cap and added new product offerings in credit and private markets, I'd be curious to hear what senior management's vision is in terms of what they expect the company to look like in 5-10 years? Some areas that could be helpful to better understand include: aspirational end-market exposures; growth vs. margin balance; and whether you expect more of a "portfolio of brands" vs. full integration approach with more M&A?**

First and foremost, we are focused on our mission of empowering investor success. We have established four company strategic goals: delivering insights across asset classes to public- and private-market investors; leveraging advances in artificial intelligence to drive innovation; driving operational excellence and scalability to support growth targets; and building an amazing culture that supports exceptional talent.

We operate in large and growing markets across our business and see continued runway for profitable growth. We are working to expand our moat in our current business and will consider moving into adjacencies where we believe that we are well-positioned to serve investors. When we see these opportunities, we determine if it is more efficient to build, buy, or partner. That said, we do not believe that we require significant acquisitions to grow over the next few years. Broadly, we seek durable growth, with increases in adjusted operating income, adjusted operating margin, and free cash flow over the long term.

Every transaction we enter into has a detailed integration plan which is tailored to the capabilities we are acquiring and the strategy we are pursuing. The degree of integration differs depending on the capability. With DBRS, for instance, we acquired a credit ratings business in Canada and Europe which did not exist at Morningstar. Therefore, the focus was on combining our U.S. methodologies and operations where we had some overlap as a result of the 2019 acquisition of DBRS. Following our 2022 acquisition of Leveraged Commentary & Data, we integrated LCD's data, research, and news onto the PitchBook platform and have successfully transitioned roughly 90% of LCD clients to the platform. Across all acquisitions, we work to leverage our corporate functions where appropriate (finance, information technology, HR, sales, etc.) in our integration plans to drive efficiencies which allow us to further scale.

From a brand perspective, we generally transition acquired brands to Morningstar using a phased endorsement strategy. So, for example, we have transitioned DBRS to Morningstar DBRS. This approach, informed by ongoing assessments of brand equity and differentiation, helps us identify exceptions, minimize business risk, and maximize long-term value. We've made strong progress consolidating our portfolio to fortify the Morningstar brand while continuing to clearly communicate our capabilities to the market.

January 31, 2025

**12. In 2022, Morningstar updated its pledging policy as stated in its insider trading policy, such that employees and board members are prohibited from pledging more than 15% of the total number of Morningstar securities held by them. Please explain the rationale for the current pledging policy and how the audit committee gets comfortable with Joe Mansueto's current pledging activity under the policy.**

While Morningstar's insider trading policy generally restricts insiders from engaging in derivative or speculative transactions involving Morningstar stock, Morningstar has elected not to completely prohibit pledging, as it allows shareholders flexibility in financial planning without reliance on selling shares, further aligning the interests of management with those of our shareholders.

We believe that the policy includes sufficient protective measures, such as the 15% cap, to mitigate risks of downward price pressure on Morningstar's stock or inadvertent violation of our insider trading policy, in either case due to any forced sale of any pledged securities.

Under our policy, any permitted pledging activity must be reported to the chief legal officer, or her designees, for monitoring. The audit committee reviews any pledges that have the potential to have a material impact on Morningstar or its shareholders. As of January 27, 2025, the only executive officer or director with a pledge is Joe Mansueto. Joe's pledge is reviewed on an annual basis with the audit committee. The audit committee considered the following factors in 2024 in concluding that Joe's pledging arrangement did not pose significant risk to Morningstar and its shareholders:

- Declining number of pledged shares. The number of shares pledged is currently 1 million shares, a decrease of two thirds from the initial pledge of 3 million shares in 2021, and Joe's intention is to continue to reduce the pledged amount over time. We'd also note that:
  - This amount represents 6.5% of Joe's current total beneficial ownership, and roughly 2.3% of Morningstar's total shares outstanding, as of January 27, 2025;
  - It would take approximately seven days to unwind the pledge based on three-month average daily trading volume of 140,152 shares; and
  - Joe remains in compliance with Morningstar's stock ownership policy, excluding the pledged shares from the calculation.
- Flexible Pledging Arrangement. The shares are pledged pursuant to a long-standing bank credit agreement to provide liquidity and diversification, under which no amounts were drawn as of January 27, 2025, and for which it is unlikely that the pledged shares would ultimately be called due to the following factors:
  - The agreement includes a 30-day grace period to cure any defaults prior to the pledge being called;
  - The agreement permits asset substitution and restructuring in the event of any default; and
  - Indebtedness may be repaid without recourse to the pledged securities.
- Maintains ownership and alignment. Joe pledged his shares because he did not want to reduce his ownership and weaken his alignment with the Company's shareholders.

Please also refer to our prior response on this topic in August 2022.

## Morningstar Credit (DBRS)

November 25, 2025

- 1. Credit revenues improved sequentially, yet margins declined 5.1% compared to Q2. Can you explain the decline? It looks like sequential expense growth was quite high.**

In Q3 25, Morningstar Credit reported revenue of \$91.1 million, adjusted operating income of \$28.1 million, and an adjusted operating margin of 30.8%, compared to revenue of \$85.0 million, adjusted operating income of \$30.5 million, and adjusted operating margin of 35.9% in Q2 25. The sequential decline in AOI margin and adjusted operating income you note was primarily due to higher bonus expense, reflecting particularly strong performance compared to targets. To the extent actual performance differs from our internal forecasts, we true-up the bonus accrual based on expectations for full-year performance. In Q4 24, for example, this true-up resulted in a relatively high bonus expense for Morningstar Credit, similar to what you've observed for Q3 25. We would also note that we continue to invest in Morningstar Credit to support growth.

September 26, 2025

- 2. What area are you gaining more market share? Are you winning more share in private credit ratings due to your PitchBook database?**

Morningstar Credit continues to increase market coverage in areas where we are investing, including in private credit ratings sectors such as aviation and data center transactions. More broadly, we would note that according to the SEC's January 2025 Staff Report on Nationally Recognized Statistical Rating Organizations (NRSROs), taken together smaller and medium sized credit ratings agencies have picked up roughly 1% of addressable market coverage per year over the past five years through 2023. The growth of our licensed data product, which grew at a rate of roughly 25% in 2024 compared to the prior year, is also a positive indicator of our increased market acceptance.

September 26, 2025

- 3. Regarding Morningstar Credit's \$80m of transaction-based revenues, are there any one-offs? Does Morningstar recognize surveillance/recurring revenues as licensed based or transaction based? In a previous 8-K MORN provided the split of revenues between traditional ratings, surveillance and data but that is as of 2024 and not dynamic i.e. we don't know what is growing/shrinking. Your annual report mentioned about a quarter of credit revenue is in private-market ratings. Is this referring to private credit? Is the right way to think about revenue mix here as 61% structured finance, 25% private credit, 9% corporates, and 5% data licensing?**

Morningstar Credit revenue is comprised of transaction-based recurring revenue and transaction-based new issuance revenue, which are both included in transaction-based revenue reported for the segment, as well as license-based revenue related to our data licensing product. Transaction-based revenue is comprised of structured finance and fundamental ratings revenue. Please see our response to a related question in August 2025 for more detail on the composition of our transaction-based new issuance revenue.

In Q2 25, we disclosed that recurring revenue, which is derived primarily from surveillance, research, and other transaction-related services, represented 39.4% of total Morningstar Credit revenue. Recurring revenue included license-based revenue of \$5.0 million, and \$28.5 million of recurring revenue included within Morningstar Credit's total transaction-based revenue. We plan to provide a breakdown of transaction-based new issuances, transaction-based recurring, and license-based revenue for Morningstar Credit starting with our Q3 25 reporting. We have provided these figures for H1 25 compared to H1 24 below for your reference:

Morningstar Credit Revenue by Fee Type\*

	H1 25	H1 24
Transaction-Based: New Issuance	94.2	80.6
Transaction-Based: Recurring	54.2	49.4
License-Based	9.6	7.9
<b>Total</b>	<b>158.0</b>	<b>137.9</b>

\* amounts in \$millions

We also provide a breakdown of Morningstar Credit transaction-based revenue by asset class in our quarterly supplemental presentation. (Please see slide 22 in our Q2 25 presentation available at [shareholders.morningstar.com/financials-stock-info/key-financials/default.aspx](https://shareholders.morningstar.com/financials-stock-info/key-financials/default.aspx).) In Q2 25, structured finance ratings revenue, which includes ratings revenue for asset-backed securities, commercial mortgage-backed securities, and residential mortgage backed-securities accounted for 62.9% of Morningstar Credit revenue. Fundamental ratings revenue, including corporate, financial institutions, sovereign, and other, accounted for 31.1%, and data licensing revenue accounted for 6.0%. Please refer to the 2024 Morningstar Credit revenue diversification as referenced in slide 105 of our 2025 annual shareholder's meeting presentation (available at <https://shareholders.morningstar.com/shareholder-meeting/default.aspx>) for more detail on the composition of our revenue in 2024.

Finally, private credit ratings accounted for roughly a quarter of Morningstar Credit's transaction-based revenue in 2024. This included private credit ratings of both fundamental and structured finance transactions.

August 29, 2025

- 4. Could you please provide the sales dollar (\$) breakdown of Morningstar Credit's transactional revenue by type for the trailing 12 months ended 6/30/25, full year 2024 and full year 2023? (Please refer to April 5, 2023, response for the same format which disclosed this data for 2021 and 2022, and kindly provide a comparable table). It would be useful for shareholders to understand the composition of product mix (even directionally) in as much detail as possible (to the extent that there are no competitive reasons not to disclose the data). How much of the product mix on TTM Q2 25 basis is commercial mortgage-backed securities (CMBS) and how does it compare to the prior 2021 peak?**

**Morningstar Credit Transaction-Based New Issuance Revenue**

	TTM - Jun 25	FY 2024	FY 2023
Structured Finance	137.2	123.2	75.5
Fundamental Ratings	48.4	48.8	31.9
<b>Total Transaction Revenue - New Issuance</b>	<b>185.6</b>	<b>172.0</b>	<b>107.4</b>
<b>% of Total Revenue</b>	<b>60%</b>	<b>59%</b>	<b>50%</b>
<b>Morningstar Credit Total Revenue</b>	<b>311.2</b>	<b>291.1</b>	<b>215.4</b>

\* amounts in \$millions

As noted in the Morningstar Credit presentation at the 2025 Annual Shareholders' Meeting, global CMBS new issuance and recurring revenue accounted for 19% of total Morningstar Credit revenue in 2024. While we don't disclose detailed time series revenue at the asset class level beyond what we've provided above for structured finance and fundamental ratings, we would note that in 2021, CMBS new issuance and recurring ratings revenue accounted for a significantly larger share of Morningstar Credit revenue than in 2024.

August 29, 2025

- 5. I believe that CMBS and ABS issuance was down more than 10% in Q2. However, Morningstar DBRS's structured finance revenues were up +14% in Q2 25. Could you help me understand where this gap come from (share gains, mix shifts to high value issuance, or more private transactions that market statistics do not fully capture)?**

Morningstar Credit structured finance ratings revenue increased 13.8% in Q2 25 compared to the prior-year period, reflecting increases in ratings-related revenue for asset-backed securities, residential mortgage-backed securities, and commercial mortgage-backed securities.

In reconciling Morningstar Credit's results with what you observe in the public markets, you're correct that Morningstar Credit's structured finance revenues included the impact of private market asset-backed securities. In general, we find that issuers in certain subsectors of the asset-backed securities market where we're active, such as data centers and aviation, tend to access the private markets for their financing needs, while issuers in other subsectors rotate between the public or private markets depending on market dynamics. In addition, our larger competitors have significant exposure to collateralized loan obligations (CLOs) in their asset-backed securities business and issuance in this sector tends to track the leveraged loan market, which was weak in Q2 25. We do not have significant exposure to CLO ratings.

August 29, 2025

- 6. If private credit is roughly one-quarter of Morningstar Credit today, what was the private credit mix at TTM trough issuance volume and TTM prior peak around 2021?**

Private credit ratings accounted for roughly a quarter of Morningstar Credit's transaction-based revenue in 2024, an increase from 2021, when that level was slightly less than a fifth of transaction-based revenue. The percentage of transaction-based revenue related to private credit ratings fell in this range in both 2022 and 2023. We'd note that market conditions have an impact on the mix of public and private credit ratings activity in any given period.

August 29, 2025

**7. How large was the impact from each of US private credit aviation and data center transactions? How has credit revenue from data center transactions grown in recent quarters and how much of segment revenue did it represent?**

In our Q2 25 earnings release, we noted that increased credit ratings revenue from asset-backed, residential mortgage-backed, and commercial mortgage-backed securities was the primary driver of revenue growth for Morningstar Credit in Q2 25 compared to the prior-year period. In his Q2 25 CEO letter, Kunal shared the examples of private credit aviation and data center transactions to provide additional context on growth drivers, including those in areas where we've made recent investments. Both sectors represent growing parts of the business. For competitive reasons, we do not disclose revenue breakdowns by rating type beyond the detail on structured finance and fundamental ratings shared in our supplemental quarterly presentation, which can be found [here](#).

August 29, 2025

**8. Did DealX inorganic contribution impact Structured Finance? If so, what was Structured Finance organic growth?**

Morningstar Credit Analytics (formerly DealX) did not have an impact on Morningstar Credit's structured finance ratings revenue.

August 5, 2025

**9. What percentage of structured finance and fundamental ratings revenue is recurring in nature?**

As we discussed at our 2025 Annual Shareholders' Meeting, Morningstar Credit revenue is comprised of:

Ratings fees on new issuance (classified in our financial reporting as transaction-based revenue);

Recurring revenue from surveillance and program fees related to these transactions (also classified as transaction-based revenue); and

Data licensing revenue (classified as license-based revenue).

In 2024, ratings fees related to new issuance accounted for 59% of Morningstar Credit revenue, recurring transaction-based revenue accounted for 35% of revenue, and data licensing accounted for the remaining 6% of revenue. Roughly 30% of the structured finance transaction-based revenue was recurring; for fundamental ratings, roughly 50% was recurring.

June 27, 2025

**10. A June 2024 NAIC report noted that smaller credit ratings (a group that includes Morningstar DBRS) are providing an increasing share of private credit letter ratings and these ratings were several notches higher than those assigned by the NAIC's Securities Valuation Office (SVO), with smaller credit ratings agencies on average providing higher ratings compared to SVO. It appears to us that the SVO may have the ability to challenge private credit ratings beginning in 2026. Why are the ratings so much lower and what credit rating agency is driving the gap? Will increased scrutiny from the NAIC SVO positively or negatively impact your business?**

NAIC retracted the June 2024 report that you reference in 2025 primarily due to data quality issues.

Without commenting on our competitors' ratings methodologies, we'd underscore that Morningstar DBRS follows the same analytical processes, using the same criteria, methodology, policies, and procedures to rate private market transactions that it uses to rate public market transactions. In addition, Morningstar DBRS includes public and private credit ratings in its transition and default studies. As of Dec. 31, 2024, more than 500 Morningstar DBRS credit rating analysts and analytical support staff participate in Morningstar DBRS credit rating activities across asset classes and public and private transactions globally.

The SVO has annual meetings with their membership; for more information you can visit their website ([HTTPS://CONTENT.NAIC.ORG/INDUSTRY/SECURITIES-VALUATION-OFFICE](https://content.naic.org/industry/securities-valuation-office)) to see agendas and associated proposed timeline updates.

June 27, 2025

**11. To what extent do you believe that the Big 3 players have been unable to gain share in this market due to overly conservative ratings that are intended to match the public ratings?**

Historically, the larger credit ratings agencies were not focused on the private markets but instead concentrated their efforts on bigger opportunities, including investment-grade corporate credit, where they have dominant positions; that has only recently started to change with the growth in private credit. The private market also provides a more level playing field for smaller ratings agencies to compete, unlike the public markets where issues related to legacy investment mandates and index eligibility can come into play.

Morningstar DBRS follows the same analytical processes, using the same criteria, methodology, policies, and procedures to rate private market transactions that it uses to rate public market transactions.

June 27, 2025

**12. It's our understanding that in structured markets, Morningstar DBRS is often in the lower (riskier) tranches. Why is Morningstar DBRS comfortable participating in areas (e.g., niche areas of private**

**credit or junior tranches) where issuers “rating shop” and the Big 3 decide to act more conservatively?**

When Morningstar DBRS is engaged to analyze a transaction, we typically analyze the entire capital structure. We believe providing coverage across the capital structure adds value to our investor base, some of whom are insurance companies who may buy higher risk mezzanine tranches of these transactions.

June 27, 2025

**13. Of the 25% of Morningstar Credit ratings revenue that comes from private transactions, can you quantify the breakdown between direct lending, asset-based finance, risk transfer and other sub-categories? Which is the fastest growing, and in which do you feel Morningstar has highest market share?**

Roughly a quarter of Morningstar Credit ratings revenue was related to private transactions in 2024. While we don't disclose our private credit ratings by transaction type, the primary drivers of our private credit rating business are credit ratings on feeder funds, asset-based lending, middle-market corporates, and digital infrastructure (including data centers). We only disclose market coverage where we are able to cite independent third-party sources, and we are not aware of any sources that meet this criterion.

June 27, 2025

**14. It was great to see the strong Q1 25 for Morningstar Credit. However, several market forecasts are now projecting a decline in structured finance issuance volumes for the remainder of 2025. How do you think these headwinds will impact Credit's growth in 2025? What operating levers can Morningstar pull to help preserve margins given these potential volume headwinds?**

You are correct that structured finance issuance grew rapidly in 2024 and through Q1 25, due in part to pent-up demand from prior years. That said, while we may see a slowdown from 2024's record issuance, we expect structured finance issuance to remain healthy at more normalized levels.

Over the past few years, we have taken steps to diversify Morningstar Credit's revenue base with the goal of making the business less vulnerable to fluctuations in structured finance issuance, especially in commercial mortgage-backed securities. That's included an expansion of our activities in private and middle-market credit in the US and Europe and the impact of a small-but-growing data business; within structured finance, we've also built out teams and methodologies covering asset-based securities and residential mortgage-backed securities. Taking into account the breadth of our ratings coverage, we believe that we continue to operate in an active debt capital market. As a result, we continue to support that growth and meet demand for our ratings.

May 7, 2025

**15. While I know that management is working to increase fundamental ratings and subscriptions in order to make DBRS more predictable, what percentage of DBRS's current costs is considered to be variable? Could we expect more variable cost structure for DBRS going forward?**

While we don't disclose the exact mix, a significant majority of Morningstar Credit's expenses is fixed. The largest component of operating costs within Morningstar Credit is compensation which is largely comprised of costs that are fixed in the short-term, such as salaries. However, the variable component, which primarily consists of incentive compensation, plays a crucial role in the cost structure. This mix allows Morningstar Credit to maintain a high level of operating leverage, where increases in transactional issuance volumes can significantly boost incremental adjusted operating income. We believe that the current mix of variable and fixed costs for Morningstar Credit is appropriate.

May 7, 2025

**16. Kunal mentioned that roughly a quarter of Morningstar Credit revenues in 2024 came from private transactions. What are these revenues in particular? What specifically are you doing in private credit?**

As you note, roughly a quarter of Morningstar Credit ratings revenue in FY 24 was related to private transactions. This revenue was primarily related to Morningstar DBRS's provision of credit ratings on private transactions with a smaller contribution from surveillance revenue. We rate a wide range of private transactions. These include private and middle-market corporate issuances, asset finance transactions, risk transfer structures as well as asset-backed securities (ABS), and other structured finance transactions. In 2024, this activity included ratings on ABS backed by data centers as well as aviation-backed transactions.

May 7, 2025

**17. You provide the breakdown of revenue by structured finance, fundamental and data in the renewal rate supplemental deck. When it comes to structured finance, can you provide a rough split of what makes up this total? I know CMBS, RMBS, & ABS but rough split would be helpful.**

In 2024, structured finance ratings accounted for 61% of total Morningstar Credit revenue, with fundamental ratings accounting for 34% and the remainder coming from data licensing. In 2024, commercial mortgage-backed securities accounted for 19% of the total, ABS accounted for 18%, residential mortgage-backed securities accounted for 16%, and structured credit accounted for 6%.

## Morningstar Data

August 29, 2025

- 1. What were the key drivers in sequential growth improvement in Morningstar Data product (from quarterly revenue of \$100m in Q1 25 to \$106m in Q2 25)? Can you expand upon the drivers YoY growth in Morningstar Data in Q2 25? Are these factors sustainable sales growth or one-time (such as reallocation from other product areas)? Was there any large deal or 1x item to call out this quarter, or was it more broad-based across customers and delivery methods?**

In Q2 25, Morningstar Data revenue was \$106.2 million, an increase of 12.6%, or 10.1% on an organic basis, compared to Q2 24 and an increase of 6.4% from Q1 25. The primary driver of the increase in revenue was managed products data. Higher revenue for exchange market data and Morningstar Essentials also contributed to the increase on both a year-over-year and sequential basis.

Q2 25 revenue included the impact of the signing of a large data contract (which included a catch-up component for prior months) as well as increased revenue related to updated client usage reporting for redistributor agreements, which can be a source of lumpiness in Morningstar Data revenue. Absent these items, reported growth for Q2 25 compared to the prior-year period was roughly 10%. The reclassification of data distribution revenue from Morningstar Direct to Morningstar Data did not have a significant impact on growth rates in Q2 25.

August 5, 2025

- 2. Can you describe how "investment data" within Morningstar Data is monetized? Do customers subscribe based on asset class (mutual funds, ETFs, etc.) or is there a singular package of "investment data"? To what extent is mutual fund related data revenue (investment data and separately, "Essentials") tied to either the number of outstanding mutual funds and/or mutual fund AUM? To the extent "investment data" is monetized separately, can you provide the revenue mix between mutual fund data and other asset classes and growth trends over the past 3-5 years?**

For the trailing 12 months ended June 30, 2025, managed investment data, including mutual fund, exchange-traded fund (ETF), separately managed account, and model portfolio data, accounted for roughly half of Morningstar Data revenue. Morningstar Essentials, Direct Web Services, Research Distribution, exchange market data, and Equity Data accounted for the vast majority of the remaining revenue in Morningstar Data. Morningstar Data pricing is based on the data package being licensed (which varies client to client), the level of distribution, and the use case. We do not offer a one-size-fits all-investment data package; clients can buy data for the universes and use cases they require, and our larger clients typically combine multiple data universes. For example, it's common for clients to license a combination of open-end fund and ETF data.

In recent years, we have significantly increased coverage on non-traditional universes, including collective investment trusts, separately managed accounts, model portfolios, and active and passive ETFs in response to market trends and asset flows. More recently, we are expanding the depth and breadth of our coverage on semi-liquid funds and other investment vehicles as part of our broader focus on meeting investor needs as public/private market

convergence accelerates. With these new and enhanced data sets, we apply the same licensing model described above.

As one of the core product areas within Morningstar Data, managed investment data has been an important driver of growth in Morningstar Data over the past three years.

August 5, 2025

### **3. How does retention differ for investment data, exchange market data, and Morningstar Essentials?**

Between 2022 and 2024, retention rates were higher in managed investment (including fund) data and Morningstar Essentials and lower in exchange market data, which we view as a non-core product. We've seen similar trends for the year-to-date through June 2025.

## Morningstar Direct Platform

November 25, 2025

- 1. In Morningstar Direct Platform, margins declined year-over-year due in part to compensation costs resulting from merit increases and higher bonus expense reflecting outperformance relative to targets. Organic revenue growth in this segment was 7.4% in 2023, 5.8% in 2024, and 5.6% YTD through 9/30/25. It looks like organic growth is slowing, yet compensation costs are increasing because of outperformance relative to targets. Can you explain this dynamic? Is Morningstar resetting percentage growth targets lower over time? Why is bonus expense increasing at a time of slowing growth?**

In Q3 25, Morningstar Direct Platform adjusted operating margin decreased 1.6 percentage points compared to the prior-year period to 44.4%. We noted three primary drivers of this decline:

- Higher compensation costs, reflecting the annual merit increase and higher bonus expense due to outperformance relative to targets;
- The impact of the sale of our Commodity and Energy Data business; and
- Increased depreciation primarily driven by higher capitalized software costs for product enhancements in prior periods.

Our bonus program is designed to reward execution against clear financial targets aimed at directly supporting the creation of shareholder value. Participants are measured against group-specific revenue and adjusted operating income targets and also have exposure to overall company performance. In Q3 25, we rewarded outperformance relative to these combined metrics.

Our financial targets are reset annually. In the case of Direct Platform, the targets account for several factors that we anticipated would impact growth and adjusted operating income during the year, including slower expected growth for certain deemphasized products, the divestiture of the Commodity Energy and Data business, as well as certain planned investments.

November 5, 2025

**2. Could you please describe how the Direct Platform is “sticky” with existing customers? What % of the data or revenue for Direct segment is proprietary to Morningstar or intertwined/commingled with customers’ data that might drive higher levels of stickiness? What % is proprietary or difficult to source?**

We believe that Morningstar Direct Platform’s “stickiness” stems from three factors: our differentiated data, the depth of client integration, and the high switching costs associated with established workflows. These elements combine to make Morningstar Direct a deeply embedded and difficult-to-replace solution for investment professionals.

Morningstar’s data, analytics, and IP provide an essential foundation for both the platform’s value and its role in clients’ workflows. Morningstar Direct Platform products leverage data that is largely our own, including our databases on managed products (funds), equity fundamentals, sustainability, and private markets. While we supplement with third-party data (such as fixed income securities, equity estimates, and third-party indexes), the platform’s core value is driven by data that we collect, process, normalize, derive, and calculate using consistent Morningstar methodologies as well as our signature IP.

*Morningstar Data*

For clients of our Morningstar Data products distributed via data feed or API, our clients are generally bringing our data into their ecosystems with the intention of displaying it alongside their own data in software products or tools, or for use in creating fact sheets or other materials. We believe that our clients value data points that represent our proprietary methodologies as well as the supporting data that underlies those methodologies.

*Morningstar Direct*

We assess stickiness based on how clients engage with Morningstar Direct, revealing three groups that reflect workflow depth and switching friction:

- Data Users: These users primarily access Morningstar data and IP through tools like Workspace, Data Discovery, and exporting to Excel for further analysis. While this group is more at risk for churn, many remain due to the ease of use, especially among smaller firms without the infrastructure to manage bulk data feeds.
- Capability Users: These users leverage Direct’s analytical tools—Portfolio Analysis, Scorecarding, Investment Discovery, Dashboards, and Interactive Research— to complete various jobs based on routine processes or task-specific usage based on internal or market demands. Their reliance on these capabilities increases switching friction.
- Scaled Users: These clients have deeply embedded Direct into their operations through use of monthly performance reporting, Presentation Studio template creation and distribution, custom portfolio import and analysis, and Excel add-in access. Even if time spent within Direct is minimal, the value delivered is high and difficult to replicate elsewhere.

Data users represent the smallest group of Direct users. Our strategic focus is on moving more users into the second and third tiers, where retention is strongest. This behavioral depth is reflected in our high net revenue renewal rates, as reported annually in our 10-K.

From a reporting standpoint, Direct clients who use Presentation Studio primarily rely on Morningstar data, but they also have the flexibility to import their own custom datasets. This capability enables them to blend proprietary insights with internal data when producing reports, deepening the integration of our tools within their decision-making workflows

We continue to invest in features that deepen integration and reduce friction, including:

- Bulk portfolio import tools
- Customizable reporting in Direct's Presentation Studio

#### *Morningstar Advisor Workstation/Direct Advisory Suite*

In addition to the quality and breadth of our independent data and research, we believe that Advisor Workstation/DAS's stickiness comes from:

- The trust that investors have in the Morningstar brand and IP such as the Star Rating, Medalist Rating, and Portfolio Risk Score, which advisors leverage in their client conversations.
- Our compliant reporting, which we believe sets the industry standard for highly visual, client-facing reporting and is more extensive than our competitors'.

Taken together, we believe what differentiates Morningstar Direct Platform is not just our differentiated data, but how seamlessly our IP is embedded across the entire investment lifecycle—from data selection and analysis to reporting and client communication. This end-to-end integration reinforces product stickiness and positions Direct Platform as a vital part of our clients' decision-making processes.

September 26, 2025

### **3. Sales of Morningstar Direct improved this quarter. Can you give some commentary on the state of the end market clients here, and explain what drove the improvement in revenues? What's the strategy to accelerate growth in Morningstar Direct?**

In Q2 25, Morningstar Direct revenue, which includes Morningstar Direct as well as Morningstar Direct Reporting Solutions, increased 6.0% on a reported and 4.5% on an organic basis compared to the prior-year period. Reported revenue increased 2.9% sequentially compared to Q1 25, a higher sequential growth rate than we have seen in recent prior quarters. The primary driver of the improvement in the sequential growth rate was the timing of renewals and related catch-up revenue that can cause some lumpiness quarter-to-quarter.

The two primary client segments for this business are asset managers and wealth managers including advisors:

- We continue to see trends in the asset management industry consistent with what our CEO Kunal Kapoor shared at the 2025 annual shareholders' meeting. Margin pressure has led to some defensiveness, although we would note that we are observing higher cost sensitivity in the US asset management market, compared to EMEA and APAC where we have seen stronger performance. That said, asset managers are also increasingly thinking about how to better position themselves to take advantage of new trends including the convergence of public-private markets. They are also seeing good growth dynamics in managed product solutions. In recent years, many have also built out data science teams. This creates new use cases for our product which we have supported with product enhancements including Analytics Lab.
- Wealth managers and advisors face an ever-growing number of investment opportunities available to meet their clients' personalized needs. Morningstar Direct Platform combines data, research, and tools to guide the investment process, support investment selection aligned with individual client preferences, and provide reporting solutions informed by our independent research. Enhancing and growing our databases alongside the convergence of public-private markets can help us grow with these clients.

September 26, 2025

**4. Given structural challenges in public asset management, what avenues does Direct have to grow licenses? What's the strategy to accelerate growth in Morningstar Direct?**

As we see the industry evolving, we continue to enhance our databases beyond traditional mutual funds with a specific focus on semiliquid structures (including interval funds, tender offer funds, and business development companies), collective investment trusts, model portfolios, separately managed accounts and exchange-traded products. We believe that these additional datasets will unlock new capabilities and experiences in Direct to grow our user base in adjacent user segments. In addition, we continue to invest in modern user experiences which are more workflow oriented and leverage AI to achieve desired analyses and outputs quicker. We expect that these more tailored experiences will attract a broader range of users, including those focused on specific tasks in addition to the typical current user who is a heavy user with broad familiarity with Direct's capabilities.

As addressed in a related question this month, we are observing higher cost sensitivity in the US asset management market, compared to EMEA and APAC where we have seen stronger performance.

September 26, 2025

**5. Morningstar Direct has managed to grow organic revenue by 9% in 2023 and 11% in 2024 despite only 1% license growth. Can you break down the high single-digit revenue per license growth over the past couple years? How much is driven by pricing and how much is driven by more add-on features? We have seen revenue growth decelerating from high single-digit/low double-digit rates to ~5% in the most recent quarters while license growth remained relatively stable at ~1%. What is the main driver behind this deceleration? Is this all pricing?**

The revenue growth trend relative to license growth that you note for Morningstar Direct for 2023, 2024 and H1 25 was due to the following factors:

- We implemented larger-than-typical price increases for Morningstar Direct starting in Q1 23, which contributed to growth through H1 24. Since then, price increases have been more in line with those implemented in prior years.

- A number of clients entered multi-year contracts as we implemented the price increases, leaving us with fewer opportunities for expansion in 2024.
- In addition, Morningstar Direct growth rates in H2 23 and H1 24 benefited from a new capability that we introduced in 2023 that allowed users to download data from Morningstar Direct. The associated revenue was initially booked to Morningstar Direct, but, starting with new and renewed contracts signed in Q3 24, we started reporting related revenue in Morningstar Data.

Please note that we updated the composition of the Morningstar Direct product area to include Morningstar Direct Reporting Solutions starting in Q1 25.

September 26, 2025

- 6. The pricing comment from your annual report seems to suggest you do not charge for add-ons for Morningstar Direct licenses. Does everyone pay the same price? Our checks suggest you have taken a more proactive approach to Morningstar Direct pricing during Covid driven by both inflation and better capturing report redistribution fees. How should we think about pricing strategy going forward? How much do you raise prices in a typical year? You have made a number of enhancements to the Direct Platform over the past 12-18 months. Is there room to further close price to value gap or should we expect pricing to converge with CPI going forward?**

You are correct that we follow a simplified licensing model with Morningstar Direct pricing based on the number of licenses purchased. That said, we will charge additional fees on top of that license for specific use cases such as distribution or publication. So, for example, we charge separately for report distribution leveraging our data, research and analytics in reports as part of our Direct Reporting Solutions product.

We review prices regularly and make adjustments based on the added value provided and input costs. Starting in 2023, we introduced a larger-than-usual price increase with our annual renewals, reflecting significant enhancements to the product, including new data sets, additional Morningstar IP, and the introduction of Analytics Lab. Since mid-2024, price increases have been more in line with prior years. We do not comment on future price increases.

September 26, 2025

- 7. How does active to passive and the increasing number of actively managed ETFs impact or benefit Morningstar Direct?**

We believe that the ongoing evolution of the asset management industry, including the increased prominence of both passively and actively managed exchange-traded products, presents growth opportunities for Morningstar broadly and Morningstar Direct in particular. As we expand and enhance our datasets and capabilities covering exchange-traded products, we feel well-positioned to reach new users and expand existing client engagement. Today, Morningstar Direct offers comprehensive coverage of the global exchange-traded fund (ETF) universe, with coverage growing by roughly 16% for the year-to-date through August, reflecting the high volume of product launches. Meanwhile, we are investing in and expanding user workflows aimed at delivering insights that align with these investment vehicles. Recent enhancements include new classification datapoints to help clients better screen and understand an ETF's objective and composition. For example, we have introduced tags that identify active, defined-

outcome, and single-stock ETFs, as well as ETF dashboards with liquidity and tracking metrics to support investment selection and ongoing monitoring processes.

Morningstar Direct's analytical capabilities are designed to support our clients in meeting research and regulatory requirements regardless of whether they are constructing portfolios with active or passive vehicles or a combination of both. So, for example, an investor might use a passive ETF as a core strategic holding in a portfolio, potentially alongside active investments, or use an ETF to implement tactical bets. Our intellectual property, including the Morningstar Medalist Ratings, Morningstar Portfolio Risk Score, and Morningstar Style Box, supports the decision of whether to use an active or passive investment to fill a particular role in a portfolio and allows clients to easily compare investments. Clients also use Morningstar Direct to understand potential risk and return contributions from active and passive investments in a portfolio. Finally, our proprietary strategy data links investments that follow the same approach across investment vehicles and domiciles, helping investors identify an option to meet their needs.

September 26, 2025

**8. Morningstar released an update to its Advisor Workstation products. Organic revenue growth in this product has been negative in Q1 and Q2 despite the product refresh. Why are revenues still weak despite the refresh? What are the product delays described in the latest 8K release?**

In H1 25 Morningstar Advisor Workstation revenue was essentially flat with reported growth of -0.6% and organic growth of -0.3% compared to the prior-year period, as our teams were focused on transitioning our clients to our refreshed advisor solution, Direct Advisory Suite. We would expect that revenue associated with Direct Advisory Suite would be recognized in H2 25 and 2026 as more accounts are upgraded, consistent with contract renewals that are on a one-to-three-year cycle. The product delays described in the June 2025 8-K response to investor questions were specific to 2024 delays related to the legacy solution, Advisor Workstation, which had an impact on prior-year sales and H1 25 revenue. We are on track with the planned enhancements and rollout for Direct Advisory Suite.

September 26, 2025

**9. Based on your prior revenue disclosure for Direct Platform, redistribution partners seem to account for ~30% of MORN Data revenue in 2024. How does this compare vs prior years? How much Data growth is driven by alliance and redistribution channels? With data feeds becoming increasingly popular over the past few years, have you seen any major changes in new use cases or increasing growth from any particular customer group over the past couple years? Do you see MORN Data business potentially benefit from increasing AI start-ups / LLMs?**

You are correct that alliances and redistributors are one of Morningstar Data's major client segments, accounting for a little less than 30% of revenue in 2024. Our business with redistributors has been an important contributor to Morningstar Data growth, growing at a faster pace than the overall product area.

We are actively evaluating opportunities with AI start-ups and large language models and believe that Morningstar Data offers tremendous value to platforms in this space.

August 29, 2025

**10. What are the product categories that were reallocated within Direct Platform segment and approximate sizing using 2024 annual data? For instance, we see additional revenue of ~\$85M in Morningstar Data and ~\$57M in Morningstar Direct, respectively. What are their historical organic growth rates in the past 3 calendar years?**

Please see Appendix C to our Q1 25 supplemental quarterly presentation for a summary and FAQ regarding 2025 updates to our Direct Platform key product area reporting. It can be found [here](#).

We do not disclose historical growth rates beyond the key product area level but would note that both Direct Web Services and research distribution, which were added to Morningstar Data product area in the updated reporting, detracted from overall Morningstar Data growth in 2024 and for the first half of 2025, as discussed in prior responses. Morningstar Direct Reporting Solutions, now included in the Morningstar Direct product area, grew at a similar rate to Morningstar Direct in 2024 and for the first six months of 2025.

August 5, 2025

**11. Morningstar is planning to issue Morningstar Medalist ratings for interval funds beginning in Q3 2025. What will the revenue model for these offerings be (per fund, per asset class, etc.)? Will the company also be selling Morningstar Essentials or other data/ratings related to these funds?**

We expect to monetize Morningstar Medalist Ratings for interval funds and related data as an extension of our current offering to asset managers. Use cases include competitive analysis, product development, and the production of fact sheets and ad hoc reports. In addition, we expect to reach additional private investment managers who are targeting retail investors via interval funds with our Morningstar Direct Platform products.

Morningstar Data is priced based on the data package being licensed, the level of distribution, and the use case. We expect to sell Morningstar Essentials licenses on interval funds.

August 5, 2025

**12. Can you describe how data is sourced for compiling fund ratings? Is the collection of data proprietary in any way or do you rely on public sources such as fund holdings and returns?**

Morningstar ratings on managed investments draw on a combination of proprietary data, direct submissions from fund groups, public or centralized sources, and analyst research, depending on the market and rating type. While some inputs are public or standardized, the classification, calculations, and many key metrics are proprietary to Morningstar. Please see below for details on inputs for specific ratings:

The Morningstar (Star) Rating is based on proprietary Morningstar Categories (except in Canada) and performance data (NAVs, distributions), which are sourced from central feeds or, more frequently, directly from fund groups. Risk-adjusted return metrics are calculated in-house. The full methodology can be found at this link:

[HTTPS://WWW.MORNINGSTAR.COM/CONTENT/DAM/MARKETING/SHARED/RESEARCH/METHODOLOGY/771945\\_MORNINGSTAR\\_RATING\\_FOR\\_FUNDS\\_METHODODOLOGY.PDF.](https://www.morningstar.com/content/dam/marketing/shared/research/methodology/771945_morningstar_rating_for_funds_methodology.pdf)

The ESG Risk Rating for Funds (Globes) draws on Morningstar Categories, fund portfolios (collected directly from asset managers or trustees), and Morningstar Sustainalytics' proprietary ESG risk scores on underlying holdings. The full methodology can be found at this link:

[HTTPS://WWW.MORNINGSTAR.COM/CONTENT/DAM/MARKETING/SHARED/RESEARCH/METHODOLOGY/744156\\_MORNINGSTAR\\_SUSTAINABILITY\\_RATING\\_FOR\\_FUNDS\\_METHODODOLOGY.PDF.](https://www.morningstar.com/content/dam/marketing/shared/research/methodology/744156_morningstar_sustainability_rating_for_funds_methodology.pdf)

The Morningstar Medalist Rating is based on a combination of direct and indirect analyst-assigned and algorithm-assigned pillars (People, Process, and Parent). Under our research framework, analysts review the three pillars drawing on a variety of inputs with data gathered from publicly available information and analyst due diligence. Inputs to the Medalist rating (including algorithm-assigned pillars) include Morningstar Categories, manager and team data (from regulatory filings or provided by asset managers), fees (from regulatory filings and other materials provided by asset managers), and derived statistics including alpha, success ratios, and adjusted net expense ratios. The full methodology can be found at [shareholders.morningstar.com/governance/compliance.disclosures/default.aspx](https://shareholders.morningstar.com/governance/compliance/disclosures/default.aspx).

August 5, 2025

**13. Have you provided any market share and TAM estimate for Morningstar Direct or Morningstar Advisor Workstation? Given limited license growth in recent years for Direct, is it fair to assume this is a mature/low growth market?**

We do not currently provide a total addressable market (TAM) estimate for Morningstar Direct Platform or key products in that segment but are looking into providing the Morningstar Direct Platform TAM at a later date.

We view the core market for Morningstar Direct as mature. That said, we have seen success with higher growth rates in recent years due to investments in the underlying data and capabilities on the platform. In particular, we are able to reach more user groups with Morningstar Direct, including data scientists and portfolio managers. Meanwhile, as part of our Direct Platform strategy, we are also bringing in user groups who work with data, research, and capabilities including reporting. This enables broader commercialization of our Direct Reporting Solutions and also captures data distribution use cases (which are now reflected in Morningstar Data revenue.) We also anticipate that we will unlock new user segments as we expand our private market data and analytics offerings in Direct as described in a related question this month. Finally, we expect that a modernized interface and ongoing enhancements to the connectivity between Morningstar Direct and other Direct Platform products will support continued growth.

August 5, 2025

**14. At 225 firms and 170k advisors, how penetrated is Morningstar Advisor Workstation?**

In our 2024 10-K, we disclosed that Morningstar Advisor Workstation served more than 225 firms and 170,000 advisors; we estimate that we serve roughly half of US advisors through the product. While it is a relatively mature market and we're a leader in the space, we believe that the launch of Morningstar Direct Advisory Suite (the next phase of Morningstar Advisor Workstation) positions us to capture new market share in the US, with an improved user experience, expanded AI capabilities, and new digital reporting. Additionally, Direct Advisory Suite is expected to enable us to expand into new geographies in the future, as noted in our announcement press release, available at [newsroom.morningstar.com](https://newsroom.morningstar.com), offering new opportunities to grow our advisor footprint.

June 27, 2025

**15. Could you please quantify the impacts of the Morningstar Direct Platform organic growth rate deceleration from 8% in 2022 to 5.8% in 2024? What was the growth rate of the underlying "core" products when excluding one-time impacts & de-emphasized products in 2024 and Q1 2025? Could you please clearly quantify the one-time impacts (such as the large research distribution client that took research in-house), the impact of "de-emphasized" products (such as the exchange market data product within Morningstar Data), pricing (more challenging comparison for multi-year contracts not up for renewal) and any other factors to help bridge the organic growth rate delta? Could you please specify the underlying "core" products organic growth rates within Morningstar Direct Platform segment for each of the past 3 years? We are looking to better quantify the specific reasons behind the organic growth rate in this segment and better understand underlying organic "core" growth to ensure that growth rates remain healthy.**

You're correct that Morningstar Direct Platform organic revenue growth slowed from 8.0% (4.4% reported) in 2022 compared with 2021 to 5.8% (5.5% reported) in 2024 compared with 2023.

The slowdown has been driven by the combination of flat-to-declining revenue trends for non-core products in the segment as well as slower growth in certain core products.

We don't disclose revenue time series or quantitative detail beyond the key product areas in this segment. That said, all the revenue generated by the Morningstar Advisor Workstation key product area and the vast majority of revenue generated by the Morningstar Direct Product area are considered to be core. Within Morningstar Data, products we consider to be core grew at a meaningfully higher average rate than the average rate for non-core products in 2024 and Q1 25 compared to prior-year periods. (This response refers to the new product area classifications introduced with our Q1 25 reporting.)

The four most significant drivers of the slowdown in Morningstar Direct Platform revenue between 2022 and 2024 were:

Slower license growth in Morningstar Direct, as discussed in more detail in a related question this month, contributed to slower revenue growth in 2024 compared to 2022. Morningstar Direct annual license growth slowed from 6% compared to the prior-year period in 2022, to 1% in 2023 and 2024.

The impact from slower license growth was partially offset by increases in revenue from Morningstar Direct Reporting Solutions; in many cases reports and analyses are shared more widely across large firms even as license counts have

stagnated or declined. With the updated Morningstar Direct Platform product areas introduced in Q1 25, Morningstar Direct Reporting Solutions revenue is now included in the Morningstar Direct product area.

The slowdown was further offset in the Morningstar Direct product area due to the introduction of a new capability in 2023 that allowed clients to create data feeds via Morningstar Direct. Associated revenue was initially booked to Morningstar Direct. For contracts signed or renewed starting in Q3 24, revenue is now being booked to Morningstar Data. The treatment of revenue for data distributed via Morningstar Direct had no impact on overall Morningstar Direct Platform segment revenue.

Starting in Q3 24, the loss of a large research distribution client contributed to a decline in revenue for that product, with a negative impact on Morningstar Data and the broader segment revenue growth. Research distribution is a non-core product in our Morningstar Data product area.

Morningstar Advisor Workstation growth slowed from 5.1% on an organic basis in 2022 compared to 2021 to 1.2% in 2024 compared to 2023. Slower growth in 2024 was due in part to lower revenue associated with AppHub, a two-sided digital marketplace initially introduced into Morningstar Advisor Workstation in 2022 that allowed clients to access additional third-party applications. The approach did not deliver as we expected. We transitioned to a strategic partnership approach with a focus on building relationships and integrations with firms aligned to more common advisor workflows, which resulted in a decline in associated revenues starting in Q3 24. In addition, we experienced product delays, which slowed the delivery of Direct Advisory Suite and negatively impacted renewals and new client acquisition.

In 2024, we overhauled and modernized our Direct Web Services product (non-core), which led to an anticipated increase in customer churn and weighed on the growth rates for Morningstar Data and the broader segment. Please see our Q1 25 CEO shareholder for more details on changes we made to Direct Web Services.

Other contributors to slower growth for Morningstar Direct Platform included the larger-than-typical price increase implemented in early 2023 through early 2024, which has contributed to slower growth compared with the prior-year period in recent quarters as we return to more normalized price increases; further, the signing of multi-year contracts when we implemented these increases subsequently reduced expansion opportunities. In addition, the shift in our focus from revenue growth to profitability for exchange market data contributed to slower growth in 2024 and Q1 25 for Morningstar Data.

Going forward, our teams are focused on executing on growth opportunities in our core Morningstar Direct Platform products, including Morningstar Direct, core products within Morningstar Data, and Morningstar Advisor Workstation/Direct Advisory Suite. Our vision for Morningstar Direct Platform is described in more detail in our Q1 25 CEO shareholder letter.

June 27, 2025

**16. Sales outside of disclosed products (namely, Morningstar Data, Morningstar Direct, Advisor Workstation), were \$42m in Q1'24, \$43m in Q2'24, \$40m in Q3'24 and \$37m in Q4'24. What led to the**

**sequential decline in Q3 and Q4 (\$3m each quarter)? Please quantify each of the factors. What would this “other” sales look like in Q1’25?**

Several different products including Morningstar Direct Reporting Solutions, Direct Web Services, research distribution and the Commodity and Energy Data business were included in the Morningstar Direct Platform segment, but not in a key product area as we reported key product areas in 2024. The revenue trend you observe is driven in large part by the divestiture of the Commodity and Energy Data business which closed on September 30, 2024; the loss of a large client in our research distribution business in Q3 24; and the softness we’ve observed in the Direct Web Services product.

We have provided historical data for the updated Morningstar Direct Platform key product areas introduced in Q1 25. We do not plan to provide additional updates on the key product areas as previously defined.

June 27, 2025

**17. Can you please give historical revenues for Direct Platform by line item (new breakout) for the last few quarters. You have given growth rates but not revenues. Given the restated sales allocation/segmentation of Morningstar Data, Morningstar Direct and Morningstar Advisor Workstation products’ historical organic growth rates in the supplemental presentation, could you please provide the historical quarterly sales \$ figures for each of these 3 products within Morningstar Direct Platform segment from Q1 2022 to Q1 2025?**

Yes, we plan to provide this data with our Q2 25 supplemental quarterly deck.

June 27, 2025

**18. Direct product licenses in the U.S. have not grown materially since 2021 (9,096 in ’24 vs. 9,020 in ’21). What are the main factors constraining Direct product license growth in the U.S.?**

As you note, Morningstar Direct US license counts were relatively flat between 2021 and 2024, due to several different factors. We instituted a larger-than-typical price increase starting in early 2023, and, as a result, some larger asset managers, especially in the US, reduced their licenses. In addition, mergers and acquisitions activity in the asset and wealth management customer segments, and workforce reductions and other cost saving efforts at some of our larger clients have negatively impacted license counts.

The addition of new smaller asset managers and private wealth clients has helped offset this trend. In addition, in some cases, we have seen revenue gains from report distribution as reports and analyses are shared more widely across large firms even when license counts have stagnated or declined. Morningstar Direct Reporting Solutions revenue has increased substantially since 2021, and with the updated Morningstar Direct Platform product areas introduced in Q1 25, is now included in the Morningstar Direct product area.

June 27, 2025

**19. You have provided very helpful disclosures in the past to help investors understand the revenue mix by customer for PitchBook. Could you please provide a rough breakdown of the revenue by customer type for the Direct segment?**

In 2024, the advisor and wealth manager customer segment accounted for a little over 40% of total Morningstar Direct Platform revenue while asset managers accounted for a little more than a 35% of revenue. Alliances and redistributors accounted for a little less than 15% of 2024 Morningstar Direct Platform revenue. Through our partnerships in the alliances and redistributors customer groups, we are focused on expanding Morningstar's reach and partnerships with financial organizations and technology providers to distribute Morningstar's data, research, software, and investment products through strategic alliances and redistribution agreements. The remaining revenue was associated with retirement market participants and other, smaller, customer segments including asset owners.

June 27, 2025

**20. You have provided disclosures in the past to help investors understand the build up to the PitchBook TAM (# of potential firms, # of licenses, \$/license, etc.). Can you provide a similar buildup for how you think about the TAM for the Direct segment today?**

We align with industry practices by not publishing a specific total addressable market (TAM) figure for Morningstar Direct Platform. This decision reflects the complexities inherent in accurately defining a TAM for products that serve such a broad and diverse audience, spanning multiple industries and use cases. The team regularly evaluates the size and potential of the markets we serve to identify growth opportunities and address the evolving needs of our existing clients. This is achieved through the analysis of numerous proprietary and third-party datapoints to develop a comprehensive understanding of our market potential. Additionally, the methodologies we use to evaluate the market opportunity are reviewed and refined on a regular basis. This enables us to remain agile in how we respond to emerging trends and client expectations.

That being said, with roughly \$44.3 billion in global spend on financial data and analysis in 2024, we see ample room for growth both in our current client segments, and as we continue to consider new potential client segments.

May 7, 2025

**21. You talked about a large client bringing research distribution in house in Q3 24 and in your December 2024 8-K you noted that this was a large global bank and that research distribution represented roughly 5% of overall Morningstar Data and Analytics (now Morningstar Direct Platform) revenue – can you quantify the customer loss as well as the impact on renewal rates?**

You are correct that Morningstar Direct Platform revenue has been negatively impacted by the decision of a large global bank to bring its research in house. We don't disclose the size of individual client contracts, but we shared the relative size of the research distribution product in a prior response to provide context on the impact. Research

distribution was not included in the annual revenue renewal rates for any of our key product areas and had a small negative impact on companywide renewal rates.

May 7, 2025

**22. Why are margins declining in Morningstar Data and Analytics in 2024 versus 2023 and in 4Q24 vs. 3Q24? Can you quantify the items you called out as to why the margins declined: 1. Higher compensation (broken out between headcount increase and merit increase) 2. Increased sales & marketing spend? Why did compensation expense increase 24% YoY in Data and Analytics year over year when the business is only growing organic revenue in the low single digits?**

As you note, Morningstar Direct Platform's (formerly known as Morningstar Data and Analytics) adjusted operating margin declined 0.4 percentage points to 45.1% in FY 24. While we don't typically quantify expense drivers at the segment level, we'd note that in order of magnitude the biggest drivers of higher expenses in 2024 compared to 2023 were increased compensation costs; the sale of the Commodity and Energy Data business; and increased sales and marketing costs.

In 2024, the 24% year-over-year increase in Morningstar Direct Platform compensation costs were driven in large part by the reorganization of certain teams from central support functions into Morningstar Direct Platform. In 2023, a significant portion of the compensation for these teams was allocated to Morningstar Direct Platform and reflected in "Other segment items" in footnote #6 to our 2024 10-K. In 2024, the compensation costs related to these teams was directly reported in compensation expense. While the reorganization was the biggest driver of higher compensation costs, it was offset in large part by reduced allocations to Morningstar Direct Platform for services provided by these teams in prior years, limiting the impact on adjusted operating margin. In order of magnitude, the other key drivers of increased compensation costs included merit increases and increases in headcount not related to the reorganizations.

In Q4 24, Morningstar Direct Platform adjusted operating margin was 43.6%, compared to 46.0% in Q3 24. The biggest driver of the decline in margin between Q3 24 and Q4 24 was the sale of the Commodity and Energy Data business.

May 7, 2025

**23. Morningstar Data and Analytics depreciation expense grew 22% in 2024 after growing 32% in 2023 - what is driving that outsized growth, and do you expect it to continue at that rate?**

As you note, Morningstar Direct Platform (formerly known as Morningstar Data and Analytics) depreciation expense increased 32% in 2023 compared to 2022 and 22% in 2024 compared to 2023. Capitalized software development costs are the primary driver of Morningstar Direct Platform capital expenditures and the increases in depreciation expense you note were largely due to increased capitalized software development costs in prior-year periods for product

enhancements including the introduction of Direct Lens. This included the impact of merit increases for the teams doing this work.

We do not provide guidance as to future expense trends.

May 7, 2025

**24. Morningstar Data's renewal rate dropped to 100% versus 104% in 2023 – what caused that significant drop in the renewal rate? You noted that the annual renewal rate now includes exchange market data – what would the renewal rate look like on a comparable YoY basis? Why did you historically not include exchange data in that calculation and what caused you to make the change? What are the gross retention rates at Morningstar Data? Similarly, can you provide logo retention across your product portfolio?**

As you note, Morningstar Data's renewal rate dropped to 100% in 2024 from 104% in 2023. The decline was driven by several factors:

- As noted in responses to related questions filed in an 8-K dated April 28, 2025, we instituted a meaningful price increase in 2023, and in 2024, price increases were more in line with earlier years. This contributed to the lower renewal rates while the large number of clients who signed multiyear contracts in 2023 resulted in more limited opportunities for expansion in 2024.
- In addition, equity data had a particularly strong 2023, making for a more difficult comparison to 2024.
- Finally, as you note, exchange market data was not included in the 2023 annual revenue renewal rate for Morningstar Data but was included in the 2024 annual revenue renewal rate. The exclusion of exchange market data from the annual revenue renewal rate in 2023 was due to an oversight in our calculation. If you exclude the exchange market data product from the 2024 annual revenue renewal rate calculation, the rate was roughly 101%.

We do not disclose gross or logo retention.

April 28, 2025

**25. Why is organic growth decelerating in Morningstar Data and Analytics? Organic revenue growth in Morningstar Data fell to 4.8% in 4Q 2024. Can you provide some detail on what drove this?**

You're correct to note the slowdown in organic revenue growth in 2024 for Morningstar Data and Analytics and the Morningstar Data product area. In FY 24, Morningstar Data and Analytics revenue grew 5.5%, or 5.8% on an organic basis, compared to 2023. Year-over-year revenue growth slowed from 9.4% (8.9% organic) in Q1 24 to 1.7% (3.6% organic) in Q4 24. In Q4 24, Morningstar Data revenue increased 4.9% or 4.8% on an organic basis compared to the prior-year period, at a slower pace than its 6.6% organic growth rate for FY 24.

Slower growth has been driven in part by softness in areas outside our core products in Morningstar Data and Analytics (such as Morningstar Direct and managed investment data in Morningstar Data), including in areas where we've shifted our approach. For example, we are managing the exchange market data product (included in

Morningstar Data) for profitability rather than revenue growth, and revenue for that product declined over Q4 and FY 24. In 2024 we also changed our model for Direct Web Services to one that we believe is more scalable and have seen an expected increase in churn as a result. Finally, in 2024 we lost a large research distribution client that decided to take its research in-house and softness in research distribution contributed to slower growth in Q3 24 and Q4 24.

While our core products generally outperformed the broader Morningstar Data and Analytics segment, growth did slow in parts of this group as well. So, for example, managed investment (fund) data, grew at a slower rate organically in 2024 compared to 2023. Morningstar Direct grew at a slightly higher rate organically in 2024 compared to 2023, but did experience a slowdown in year-over-year growth in Q4 24 relative to earlier quarters. The slowdown in these core products was driven in part by two factors, as addressed in more detail in related questions this month. First, we rolled out larger than typical price increases starting in Q1 23 that contributed to growth through the first half of 2024. (For Morningstar Data, we saw this impact in a particularly strong Q4 23, impacting the Q4 24 comparable.) Since then, price increases have been more typical of prior years. Second, a number of clients entered into multi-year contracts as we implemented the price increase, leaving us with fewer opportunities for expansion in 2024. (For more detail on the Morningstar Direct trend, please see a related question this month.)

Finally, we were delayed in launching new functionality in Morningstar Advisor Workstation in 2024, contributing to weak growth. In January 2025, we launched Direct Advisory Suite, which represents the next generation of Morningstar Advisor Workstation.

April 28, 2025

**26. How do you ramp up growth particularly in Advisor Workstation and Morningstar Data? What is your strategy and leadership approach in this business line as you have also had several leaders in this group depart?**

We see good opportunities for growth as we work to realize our long-term vision for Direct Platform, which we'll be communicating updates on in the very near term. Specifically, we see the opportunity to better serve clients and drive growth as we're able to sell comprehensive solutions that span the entire lifecycle of an investor by offering a connected, seamless user experience that links our capabilities on one platform allowing clients to discover, analyze, and extract data. Direct Advisory Suite, the next generation of our advisor offering, is an important part of Direct Platform. In addition, we plan to offer Direct Advisory Suite globally, targeting both the broker/dealers who have traditionally been Advisor Workstation clients as well as independent registered investment advisors, expanding our serviceable obtainable market. Finally, we continue to see strength in our core Morningstar Data products and expect to capitalize on trends such as the convergence of private and public markets.

While there has been turnover in the leadership of Morningstar Advisor Workstation in recent years, James Rhodes, President, Direct Platform, has led this segment since January 2022.

April 28, 2025

**27. For Morningstar Direct: Why the big slowdown in organic revenue growth? Last year there was an uplift in Q1 vs. Q4 is that a seasonal impact? Morningstar provides the licence counts which have been growing 0-1% so most of the growth seems to have come from pricing. Can MORN drive through similar price benefits in 2025?**

In Q4 24, Morningstar Direct grew 9.4% or 9.3% on an organic basis compared to the prior-year period. That represented a slowdown from Q1 to Q3 24 when Morningstar Direct was growing at an 11.0% or higher rate on an organic basis compared to the prior-year periods.

The slowdown in growth was driven in part by a change in how we report revenue between Morningstar Data and Morningstar Direct. In 2023, we introduced functionality that allowed users to download Morningstar Data from Morningstar Direct. The associated revenue was initially booked to Morningstar Direct, but, starting in Q3 24, we are now reporting the revenue as part of Morningstar Data. The shift had a negative impact on Morningstar Direct revenue starting in Q3 24, but the impact was more pronounced in Q4 24, and it was a driver of the decline in Morningstar Direct reported and organic growth rates for that quarter compared to prior quarters.

In addition, as noted in related responses this month, Morningstar Direct's 2024 growth trajectory was impacted by the timing of price increases, with a larger-than-typical price increase implemented in 2023, and more limited expansion opportunities with clients who entered multi-year contracts at that time.

We review prices with adjustments made based on the added value provided and increased input costs. In 2024, price increases were more typical of prior annual increases. We do not comment on future price increases.

April 28, 2025

**28. How should we think about the headwinds and tailwinds for growth for Morningstar Data in 2025?**

We see several secular tailwinds for Morningstar Data, including growth of investor choice and increasing demand for personalization, as well as the accelerating convergence of public and private markets. Headwinds include industry consolidation and continued pressure on fees, especially in more challenging markets. We are also keeping a close eye on recent volatility in the market. We continue to see strength in our core Morningstar Data products and expect to capitalize on trends such as those mentioned above. For the exchange market data product, which has been a driver of softer growth, the focus is on contributions to profitability, not increasing revenue.

March 25, 2025

**29. Can you please explain the Direct Advisory Suite? Is this part of Morningstar Direct or Morningstar Advisor Workstation? How do you intend to go-to-market with Direct Advisory Suite? At first glance, this looks like a way to clean up all the different editions of Advisor Workstation and perhaps level**

**set/increase pricing – especially with the inclusion of Mo? If so, how should investors think about the pricing impact during 2025 and into 2026?**

In January 2025, we launched Direct Advisory Suite, which represents the next generation of our advisor offering. Direct Advisory Suite's modern interface offers a connected suite of tools spanning proposal creation, investment research, and portfolio analysis. It is built on the Direct Platform, a common foundation of investment data, analytics, and research. We plan to offer Direct Advisory Suite globally, capturing both the broker/dealers who have traditionally been Advisor Workstation clients as well as registered investment advisors.

All Morningstar Advisor Workstation clients are expected to be enabled and updated to Direct Advisory Suite in 2025 and 2026 so that they can take advantage of these enhanced capabilities. As you noted, Direct Advisory Suite gives users access to our latest capabilities, including our AI-powered investment research assistant, Mo, and a new Insights tool, which provides the latest from our research teams on a list of securities or a portfolio, delivered in a concise summary. Direct Advisory Suite is a web-based platform that will allow us the flexibility to quickly share our latest capabilities so that clients can have access to the latest data, research, and insights available to empower investors.

Direct Platform connects our core investment applications (including Direct Advisory Suite and Morningstar Direct, which is the Platform's asset- and wealth-management focused application) to unified data, analytics, and research. The Direct Platform gives users a consistent data experience, no matter their use case or how they connect with us, from data feeds and APIs to Morningstar Direct and our advisor applications.

In general, we seek to continuously enhance the value of products and services to meet our clients' needs, and we generally expect to be compensated for the value we provide to our clients via pricing. We review our pricing strategy annually to ensure that it reflects the value we deliver to customers. Given the increased capabilities of Direct Advisory Suite, we will consider price increases at renewal.

## Morningstar Employees

November 25, 2025

- 1. Morningstar returned to net headcount growth in Q3 2025, adding a sequential 90 FTEs. How much of this was related to inorganic actions, if any? Headcount control has been one of the levers management has used to improve margins - how much more room is there to reduce this further and deliver the high revenue growth rates that shareholders have been accustomed to over the long term?**

You are correct that Morningstar headcount increased by 90 positions in Q3 25. The increase was primarily driven by higher headcount in Morningstar Credit and PitchBook to support growth in those segments, offset by lower Morningstar Wealth headcount related to the completed transition of assets from our US Turnkey Asset Management Platform (TAMP) to AssetMark and the ongoing sunseting of Morningstar Office.

We do not provide guidance around future headcount. We continue to invest with a focus on driving profitable growth.

April 28, 2025

**2. Morningstar reduced net headcount again in 4Q 2024. In what areas of the business did this occur? Does Morningstar now expect to start growing headcount again in 2025 as it reinvests for growth or is there further refinement to be done? How has the recent headcount reduction (10% of total workforce in the last 24 months) affected internal culture?**

As of Dec. 31, 2024, Morningstar headcount was 11,085, which represented a decline of 2.2% from Dec. 31, 2023. The 2024 decline in headcount was driven in part by lower headcount in Morningstar Wealth, where we've taken steps to refocus the business as we seek to improve profitability, and Morningstar Sustainalytics, which saw a 0.8% decline in revenue for the full year. In addition, PitchBook headcount declined as we continue to balance revenue growth opportunities with a focus on increasing adjusted operating income and margins and driving efficiency.

We are committed to creating an amazing culture for our teams and actively monitor and review engagement surveys. We did see a softening of our average engagement score over the course of last year from 69% to 64%. However, the trend over the year was positive, with stabilization in the second quarter and rising metrics in the second half of the year in response to actions by management and improving business performance.

Our people and culture team in partnership with our executive leadership team remain committed to monitoring feedback and implementing changes to support employees. During 2024, for example, we enhanced our educational and career development programs to ensure ongoing growth opportunities for all colleagues across levels, job fields, and locations. This included the introduction of a new Manager Academy and a High Performer Program which offers individuals personalized development programs in a cohort setting as they grow into leadership positions. We also rolled out enhanced parental benefits and announced a new wellness stipend for all employees in response to feedback from our employees.

In regard to future forecasts, we don't share guidance on expected headcount trends.

## Morningstar Founder

November 5, 2025

**1. Is there a target % ending ownership for Joe Mansueto's stake each year? What will Joe Mansueto's pro forma stake be at the end of 2025 based on publicly disclosed data?**

Joe Mansueto does not have a target percent ownership in Morningstar stake each year.

Joe Mansueto historically has entered into 10b5-1 plans on an annual basis to sell a portion of his Morningstar shares to diversify his investments. These annual plans have allowed for trading to begin on May 1st, several months after

the release of our 10-K and year-end earnings. The plans have been designed to spread sales evenly over the next four quarters. His current sales plan covers 400,000 shares, or sales of 100,000 shares per quarter.

In our Q3 25 10-Q, Morningstar reported 41,129,198 shares outstanding as of Oct. 24, 2025. Also as of that date, Joe Mansueto's ownership stake in Morningstar was 36.5%. Using the number of shares outstanding as of Oct. 24, and assuming that 100,000 shares are sold under Joe Mansueto's 10b5-1 plan in Q4 25, his year-end ownership stake would be 36.3%.

## Morningstar Indexes

September 26, 2025

### **1. Why did license-based revenue decline QoQ? Shouldn't that be stable / growing on a YoY basis?**

You are correct that there was a sequential decline in license-based revenue for Morningstar Indexes in Q2 25 compared to Q1 25. This category is primarily comprised of licensed data but also includes our indexes services product. The decline you observe was driven by lower revenue for our index services product, due in part to the recognition of a one-time consulting-related transaction in Q1 25.

August 28, 2025

### **2. Why did revenues decline 1.3% y/y if asset value linked to Morningstar Indexes grew 6.5% y/y? Why did Indexes experience outflows and lower AUA for higher margin products in Q2 25? What are the key factors that would lead to resumption of growth in Indexes revenue?**

The 1.3% decline in Morningstar Indexes organic revenue was due to lower investable product revenue, partially offset by growth in licensed data revenue. The decline in investable product revenue was related to outflows and lower assets under management (AUM) in certain higher margin products even as overall Morningstar Indexes AUM increased.

Key drivers of the outflows differed depending on the product but included both broader category trends as well as performance. For example, the VanEck Morningstar Wide Moat ETF (MOAT) underperformed its benchmark and category in 2024 and for the first six months of 2025; it was also in a category that experienced outflows during the trailing 12 month period. Invesco Senior Loan ETF (BKLN) and FlexShares Morningstar Global Upstream Natural Resources Index Fund (GUNR) were in categories that experienced outflows over the same period.

Please see a related question this month for more detail on where we see opportunities for growth.

August 28, 2025

### **3. You have previously said that Morningstar Indexes' asset-based revenue accounted for roughly 80% of total Morningstar Index revenue in 2022, while license-based revenue accounted for roughly 20% of total revenue. Could you please provide updated figures for 2023 and 2024? Are license-based**

**revenues still growing faster than asset-based revenues? Do you expect this trend to continue over the coming years? What are the key factors that would lead to the resumption of growth in Indexes revenue?**

In 2022, 2023, and 2024, investable product (asset-based) revenue consistently accounted for roughly three-quarters to 80% of overall Morningstar Indexes revenue, with license-based revenue, primarily licensed-data revenue, accounting for the remaining share.

In 2023, license-based revenue increased at a faster pace than investable product revenue, compared to the prior-year period, due in part to the impact of the 2022 acquisition of Leveraged Commentary & Data (LCD), which supported faster licensed data growth; in 2024, investable product revenue grew at a faster pace than license-based revenue, as AUM benefited from strong market performance. License-based revenue grew at a faster pace than asset-based revenue in H1 25, as addressed in a related response this month.

We remain focused on growth in both our investable and licensed data products. In our investable products business, we continue to leverage Morningstar research and analysis, including in public-private market convergence. We also see opportunities to continue to grow our licensed-data business especially in the equity beta, leveraged loan, and multi-asset investment categories.

April 28, 2025

**4. Why were assets linked to Morningstar Indexes down sequentially in 4Q 2024 when markets rose during the period? Can you break out the sequential movement by flows and market impact for Q4 2024 and in reporting going forward? Did Morningstar lose a big contract in Q4?**

As of Dec. 31, 2024, assets linked to Morningstar Indexes totalled \$210.9 billion, an increase of 19.4% compared to Dec. 31, 2023, but a decrease of 7.6% compared to Sept. 30, 2024. The sequential decrease was driven in part by outflows related to the loss of a client contract. The overall market impact on Morningstar Indexes assets was negative for Q4 24 compared to Q3 24.

We'd note that fees on investable products tied to Morningstar Indexes vary depending on the type of investment and that the products referenced above charged relatively low fees. Morningstar Indexes revenue increased to \$22.2 million in Q4 24, an increase of 22.0% compared to Q4 23 and an increase of 1.4% compared to Q3 24.

We appreciate your feedback on additional disclosures related to Morningstar Indexes. We don't at this point have plans to disclose the impact of flows and market impact on AUM.

January 31, 2025

**5. How much of the asset value linked to Morningstar Indexes is attributable to ETFs, mutual funds, or other products? Do you have a list of all the products which are linked to Morningstar Indexes?**

As of September 30, 2024, assets linked to and tracking Morningstar Indexes totaled \$228.2 billion, an increase of 37.5% over the prior-year period. (This does not include actively managed assets benchmarked to a Morningstar index.)

Roughly 70% of assets linked to a Morningstar index are in exchange-traded funds (ETFs), a little less than 30% are in open-ended funds, and the remaining small percentage is held in collective investment trusts, separately managed accounts, and derivatives. In total, there are more than 300 products linked to Morningstar Indexes. To review the ETFs and open-end funds on this list, you can create a search in Morningstar Direct to track the various products. Select the universe "Funds (Open End and Exchange-Traded Funds)" and use the following parameters:

- Primary Prospectus Benchmark Contains "Morn"
- Index Fund = "Yes"
- Oldest Share Class = "Yes"

Note that this search will capture the vast majority of assets in investable products that track Morningstar Indexes, although there are a few products that do not report holdings to Direct.

## Morningstar Retirement

November 25, 2025

### **1. What drove the sequential decline in AUMA related to custom models and collective investment trusts (CIT) in Q3 25?**

We reported AUMA of \$45.5 billion for our custom models/CIT products in Q3 25, compared to \$50.4 billion in Q2 25, a decrease of 9.7%. The decline was driven by one CIT client moving from a basis point revenue service to a flat-fee arrangement. As part of this change, the revenue is now recognized as part of our Fiduciary Services business instead of our CIT business. This change had a noticeable impact given the small AUM in our CIT business. We would note our custom models product saw AUM increase in Q3 2025 compared to Q2 2025.

September 26, 2025

### **2. What are the higher new investments in Retirement? When should we expect payback from those investments?**

In our Q2 25 earnings release, we noted that higher expenses in Morningstar Retirement were primarily due to increased marketing expenses, including costs related to campaign tracking and data management; and higher compensation costs, including the impact of increased technology and operations headcount to support growth as well as increased commissions. While we do not disclose the expected timeline on the payback period for these investments, they include marketing, sales, and operations costs to support asset growth in both traditional and advisor managed accounts in the year ahead.

August 29, 2025

- 3. Q2 25 revenues declined y/y, “primarily due to an isolated item in the prior-year period.” What and roughly how much was that “isolated item”? How much of a headwind is that to revenue growth and should investors think of this as a one-time impact or will it be recurring?**

In Q2 24, Morningstar Retirement revenue was impacted by an isolated item related to unapplied customer receipts and the timing of revenue recognition associated with those receipts increased reported and organic revenue by approximately \$2.0 million. Absent this item from the prior-year period, revenue would have increased by 3.5% in the second quarter of 2025. There were no other meaningful impacts in prior quarters.

## Morningstar Sustainalytics

September 26, 2025

- 1. Can you quantify the impact of the business model transition to licensing ratings and data? I want to better understand how the underlying demand for Sustainalytics has trended.**

In H1 25, Morningstar Sustainalytics revenue declined 6.5% from the prior-year period to \$56.1 million. Absent the loss of revenue associated with the transition in our licensed ratings product, which is described in more detail in a related response from July 2025, Morningstar Sustainalytics would have reported a low single-digit revenue decline. In our most recent 10-Q we also noted that ESG Risk Ratings were another source of the decline in revenue during the period; this was partially offset by growth in areas including our portfolio construction, reporting, and climate solutions as well as data that supports investor personalization (compliance solutions).

September 26, 2025

- 2. Please give more details on the latest re-organization. How is this different to prior reorganizations of Sustainalytics, and what is the intent of this latest reorganization? Was Morningstar Sustainalytics EBIT-positive in H1/25? How much will profitability improve because of recent restructuring efforts?**

As you point out, in Q2 25, we recorded severance related to a targeted reorganization in Morningstar Sustainalytics. We do not report adjusted operating income for Morningstar Sustainalytics however, we would note that this restructuring is in line with our broader effort to focus the business on areas where we believe that we can win longer term while also improving profitability. In particular, we continue to see a wide spectrum of client needs across our target market and expect long-term demand for specialized sustainability and climate research, ratings, and data.

August 28, 2025

- 3. Is the \$4.9M of targeted reorganization costs a drag on adjusted operating income? Do you anticipate continued reorganization costs through the year, or has this initiative largely concluded?**

The \$4.9 million of targeted reorganization costs in Q2 25 did have a negative impact on adjusted operating income. We do not comment on future headcount plans.

April 28, 2025

**4. Morningstar did not provide quarterly YoY revenue organic growth for Morningstar Sustainalytics' license-based products and transaction-based products (second-party opinions) in its slide deck for Q4 2024. Why has disclosure been reduced and can you please provide these numbers?**

Thank you for the feedback regarding the removal of those data points. In Q4 24, Morningstar Sustainalytics license-based revenue increased 0.7% or 0.6% on an organic basis and Morningstar Sustainalytics transaction-based revenue declined 40.7% or 43.1% on an organic basis, reflecting a slowdown in green bond issuance. We plan to continue to provide this data in our 2025 reporting.

April 28, 2025

**5. Can you please provide some color on what drove the YoY fall in Sustainalytics revenue renewal rate in 2024 (89%, down from 97% in 2023) and thoughts on the near-term growth outlook for the business given the agenda of the new administration in the US and regulatory delays in Europe appear large potential headwinds for the business.**

As you note, the annual revenue renewal rate for Morningstar Sustainalytics dropped to 89% in 2024 from 97% in 2023. The decline was driven in part by the decision to refocus our licensed ratings product for corporates on the use and distribution of existing ESG Risk Ratings and underlying data. We no longer offer corporates the option to contract with us to provide a rating. As a result, we have lost revenue and clients but expect improved scalability.

In addition, the vendor consolidation and rationalization we've experienced has had a negative impact on retention and annual revenue renewal rates in other parts of Morningstar Sustainalytics' license-based business. We would note that we did see some improvement in renewal rates in Q4 24.

April 28, 2025

**6. Pleasantly surprised by Morningstar Sustainalytics' performance in Q4 24 given the responses to Q&A that were published in December and January on the website. Was there anything one-off in the quarter? Has the outlook here improved vs. what they were talking about over the last couple of months?**

Morningstar Sustainalytics' revenue declined 3.3% on a reported and organic basis in Q4 24 compared to the prior-year period, after declining 9.7% or 10.3% on an organic basis in Q3 24 compared to the prior-year period. License-based revenue (which accounts for a significant majority of Morningstar Sustainalytics revenue) stabilized in Q4 24, increasing 0.7% or 0.6% on an organic basis. Transaction-based revenue, which is comprised of revenue related to

second-party opinions, declined 40.7% or 43.1% on an organic basis, primarily due to lower issuance of green bonds. From a product perspective, the upward trend in license-based revenue stemmed from a moderation in the decline of ESG Risk Rating revenue, combined with growth in certain areas including our regulatory products. However, this was partially offset by challenges arising from the ongoing streamlining of our licensed ratings product. Broadly, although renewal rates were down for FY 24, we saw improvements in Q4 24.

We face a more challenging macro environment in the U.S., in particular, in our corporate client segment.

From a regulatory perspective, we don't anticipate a material near-term impact from the European Union's Omnibus proposals released in March. (For more detail, please see our response to a related question dated March 25, 2025.)

We don't provide guidance as to future revenue trends, but we will note that we are paying very close attention to the impact of recent tariff-related market volatility on our clients.

## Morningstar Wealth

November 25, 2025

- 1. Could you share more metrics around the International Wealth Platform and the medium-term potential of this business from both a revenue and margin potential perspective? What KPIs should investors monitor to assess the Wealth division's progress?**

While we do not provide guidance on revenue or margins, we are optimistic about the medium-term revenue growth opportunities for our International Wealth Platform. It has gained market share from larger competitors in the UK, and we have also experienced success cross-selling other Morningstar models and funds to existing clients on the platform. We report aggregated global assets under management and advisement for Morningstar Model Portfolios and the International Wealth Platform together and provide qualitative comments on flow trends in our quarterly earnings release and 10-Q and 10-K. While not disclosed publicly, other internal metrics that we use to evaluate business health include number of advisors, number of new advisors, number of active advisors, number of accounts, and number of new accounts. More broadly, we are focused on continuing to increase the profitability of the overall Morningstar Wealth platform over time.

November 25, 2025

- 2. Why did the implied basis point fee in Investment Management fall so much in Q3 2025? Does this relate to the AssetMark transaction?**

Following the sale of US TAMP assets in December 2024, we no longer collect platform fees. As a result, a decline in the implied fees calculated from our reported revenue and assets under management and advisement (AUMA) in Q3 25 compared to Q3 24 was expected. In addition, we collected interim service fees from AssetMark through May 2025 that had an impact on reported revenue in Q2 25 but not in Q3 25, impacting the sequential quarterly trend. (Organic revenue growth adjusts for the transition in comparing prior-year periods, including the impact of interim service fees collected from AssetMark.)

November 25, 2025

**3. When will you accrue the \$35 million payment from AssetMark as a result of your AuM transfer to them? Will this be in Q4 2025 and how will Morningstar account for this?**

As part of Morningstar's sale of US TAMP assets to AssetMark in 2024, Morningstar is entitled to payment from AssetMark based on the net flows of transitioned customers through December 1, 2025. The contingent consideration is accounted for as a gain contingency, and if realizable, will be recorded in Q4 2025.

September 26, 2025

**4. Why is the Morningstar Wealth margin so low? Do you maintain a big in-house wealth advisor/consulting team to support institutional asset management or asset allocation services? What are the biggest cost items for this business? Are there any metrics you can share to help us gauge margin benefit from TAMP sale to AssetMark? Is the margin benefit fully reflected in 2Q margin profile or are there still stranded costs that can be rationalized over the coming quarters?**

Starting in 2024, our teams have refocused Morningstar Wealth on model portfolios distribution via third-party platforms and our International Wealth Platform, with the goals of more effectively scaling the business and supporting profitable and sustainable growth.

In December 2024 we closed on the sale of customer assets on our US TAMP to AssetMark, an alliance that also launched Morningstar model portfolios on the AssetMark platform. As we noted at the time of the transaction's announcement, we incurred certain operating costs and one-time costs through the transition of client assets to AssetMark; with the completion of the transition in Q2 25, there will be no further impact from associated expenses on Morningstar Wealth AOI starting with our Q3 25 results. In February 2025, we announced that we will be retiring Morningstar Office.

We have started to see the impact of our efforts to streamline the business. Morningstar Wealth reported positive adjusted operating income of \$3.0 million in Q2 25. We remain focused on improving the profitability of this segment.

September 26, 2025

**5. Implied Morningstar website and software revenue (total wealth revenue less investment management revenue) increased 9% in Q2 25. This business has been in slow decline in recent years, what drove the increase in Q2?**

You are correct that Morningstar Wealth revenue, excluding Investment Management revenue, increased 8.6% in Q2 25 compared to the prior-year period. The increase was driven by higher advertising sales for Morningstar.com.

August 29, 2025

**6. Can you quantify the key factors that drove adjusted operating income positive in Wealth? Was there anything one-off in the quarter that drove operating income higher?**

Morningstar Wealth adjusted operating income improved from a loss of \$2.2 million in Q2 24 to positive \$3.0 million in Q2 25, as we made meaningful progress in our efforts to refocus the business on model portfolios offered on third-party platforms and our International Wealth Platform. The primary drivers of the improved profitability were increased reported revenue, primarily due to higher ad sales, and lower compensation costs due in part to reductions in headcount related to sale and transition of assets in our US Turnkey Asset Management Platform (TAMP) to AssetMark, and our planned sunseting of Morningstar Office.

August 29, 2025

**7. Why did Morningstar Wealth grow less than AUA/AUM? Is this due to fee compression? Why did the implied fee rate decline in Q2 25? Is this all driven by the transition of TAMP to AssetMark?**

Morningstar Wealth revenue grew 2.7% on a reported basis and 7.2% on an organic basis in Q2 25 compared to the prior-year period. Investment Management revenue, which includes Morningstar model portfolios and other asset-based products, declined 1.7% on a reported basis but grew 6.2% on an organic basis in Q2 25 compared to the prior-year period, excluding the impact of platform revenue associated with the US TAMP assets sold to AssetMark from the prior-year period, interim service fees received from AssetMark in the current period, and foreign currency impact. Investment Management AUMA increased to \$66.8 million as of June 30, 2025, an increase of 13.0% compared to the prior-year period.

We observe discrepancies between growth in Investment Management AUMA and revenue for different reasons:

- Revenue is calculated based on quarter-end, prior quarter-end, or average asset levels during each quarter, and these figures are often reported with a one-quarter lag for certain products. This timing discrepancy means that changes in AUMA do not immediately translate into revenue growth. Additionally, the structure of contracts and the timing of client asset reporting contribute to this lag.
- Tiered fee structures result in lower fees on higher balances. Some products have fixed fees. AUMA growth included a significant increase in Asset Allocation Services AUMA, a relatively low fee product.
- We have also observed fee pressure over time, but this was not the primary driver in the sequential or year-over-year trend.

Finally, when calculating implied fees, we'd also note that with the sale of US TAMP assets completed in December 2024, we no longer collect platform fees. As a result, you will observe a decline in the implied fees calculated from our reported revenue. (Organic revenue growth adjusts for this, as well as interim service fees collected from AssetMark.)

August 29, 2025

**8. Asset allocation services AUM grew 34% YoY in Q2, continuing a trend of high growth that began in 2024. Can you provide details on the drivers of this expansion?**

The 34% growth in Asset Allocation Services AUMA as of June 30, 2025, compared to June 30, 2024, was largely due to growth in AUM in the Japan market. We'd note that Asset Allocation Services accounts for a very small share of total Investment Management revenue. Please see a related question dated May 7, 2025, for more detail on our Asset Allocation Services product.

June 27, 2025

**9. What is the timeline or required revenue growth needed return the Morningstar Wealth segment to profitable adjusted operating margin levels? Is there a target longer-term adjusted operating margin that the Morningstar Wealth segment can achieve?**

We don't provide guidance, including on long-term margin targets and timelines. With changes over the past year, including our strategic alliance with AssetMark and our decision to retire Morningstar Office, we have refocused Morningstar Wealth on Morningstar Model Portfolios offered on third-party platforms and the International Wealth Platform, both areas where we believe that we can scale and grow more efficiently and improve profitability.

May 7, 2025

**10. Can you please explain what products the Institutional Asset Management and Asset Allocation AuM in Investment Management relate to and what is currently driving movement in these lines?**

In the case of our Asset Allocation Services product, our teams serve as a consultant, providing capital market assumptions, asset allocation, and model services to the client. The client makes the final decision on how to implement within portfolios.

In the case of our Institutional Asset Management product, our teams provide capital market assumptions, asset allocation, and model services in a sub-advisory capacity. In some cases, the Investment Management team may have trading authority or be considered a sub-advisor for a registered offering.

Assets under management and advisement (AUMA) for the Asset Allocation Services product increased 27.8% to \$12.4 billion as of March 31, 2025, compared to March 31, 2024, largely due to growth in assets under management in the Japan market. AUMA for Institutional Asset Management Services decreased 5.5% to \$6.9 billion as of March 31, 2025, largely due to outflows. Together these products accounted for a relatively small proportion (roughly 5%) of Morningstar Wealth revenue in 2024. Our growth strategy in Investment Management is focused on Morningstar Model Portfolios and the International Wealth Platform.

April 28, 2025

**11. Can Wealth revenues grow in 2025 with all the portfolio moves/divestitures (Office and TAMP)?**

Our focus is on generating organic revenue growth. We have noted that our streamlining of the Morningstar Wealth business means that it will look a lot different, and smaller (at least in the short-term), than it previously did. But it will be more focused, and we anticipate, profitable.

April 28, 2025

**12. What short- and medium-term outcomes could we expect from the integration of Black Diamond and the Direct Advisory Suite? What is the anticipated revenue/margin benefit from the SS&C Black Diamond Wealth Platform transition as some of the wealth revenue shifts to the Morningstar Direct Advisory Suite within Morningstar Data and Analytics? What is the expected impact on revenue and operating income as a result of the retirement of Morningstar Office? When do you expect OP/ EPS accretion from the retirement of Office?**

In February 2025, we announced that we will be sunsetting Morningstar Office after 20 years and providing a streamlined transition for interested clients to SS&C's Black Diamond Wealth Platform, which will integrate our new Direct Advisory Suite product and allow advisors to continue using Morningstar data and research. Current advisors on the Black Diamond Wealth Platform will also have the opportunity to integrate with Direct Advisory Suite. The agreement with SS&C Technologies and our decision to retire Morningstar Office mark an important step in our efforts to streamline our Morningstar Wealth offering and to focus on areas where we have the greatest confidence that we can scale without making significant new capital investments.

We anticipate that the retirement of Morningstar Office and the transition of interested clients to Black Diamond will be completed by the end of 2026, with a resulting negative impact on revenue for Morningstar Wealth. We anticipate that the changes will have a positive run-rate impact on Morningstar Wealth adjusted operating income once the transition is complete.

Under our agreement with SS&C, we anticipate receiving a minority share of SS&C's revenue for Office customers who successfully transition to the Black Diamond Wealth Platform. Morningstar Direct Platform revenues will be positively impacted by the integration of Direct Advisory Suite into the Black Diamond Wealth Platform for those clients and for other SS&C clients who opt to add access to Direct Advisory Suite.

April 28, 2025

**13. Can you please provide some color on how we should think about the near-term impact on revenue growth in Morningstar Wealth from the AssetMark deal. I understand you will no longer be accruing the platform fee on the AUM transferred to AssetMark. How much of an impact will this be on Morningstar's revenue? Is this offset by maintenance fee revenue you are receiving from AssetMark in the near term? If so, how long will the payment of maintenance fees last?**

On December 2, 2024, we completed the sale of customer assets on the US Morningstar Wealth Turnkey Asset Management Platform (TAMP) to AssetMark. Prior to the transition, we charged a platform fee (which covered services offered on the TAMP) and an investment management fee for investing in Morningstar Model Portfolios via the TAMP. We continue to receive the investment management fee but are no longer receiving a platform fee. When assets migrate to AssetMark, we will receive a negotiated strategist fee associated with assets invested in Morningstar Model Portfolios. In addition, at the time of announcement of the transaction, we noted that we expected a roughly \$13 million decline in revenue in 2025 related to the transaction, reflecting the net effect of the loss of

TAMP-related revenue, offset by the transition service fees, which will be paid by AssetMark to Morningstar through May 2025.

Please see the FAQ updated July 24, 2024 for more detail on the anticipated financial impact of the transaction. It is available at [shareholders.morningstar.com](https://shareholders.morningstar.com).

March 25, 2025

**14. Addepar is raising capital again – this time reportedly at a valuation over \$3 bn. My understanding is that Addepar has some overlap with Morningstar Office and could be seen as a long-term competitor in other areas of Morningstar as they expand. Can you please explain whether or not you all view Addepar as a competitor or as a potential long-term partner? If viewed as a competitor, what competitive advantages would you have in areas where there’s potential for competition?**

We recently announced that we will be retiring Morningstar Office after 20 years and providing a streamlined transition for interested clients to SS&C's Black Diamond Wealth Platform, which will integrate our new Direct Advisory Suite product and allow advisors to continue using the Morningstar data and research they've loved in Office.

We do not view Addepar as a competitor. They, and a number of other players in the space including Envestnet, Orion, and Black Diamond, are Morningstar Data clients, and Morningstar serves as the common data language for their users.

## PitchBook

December 23, 2025

**1. How has the split of growth of PitchBook changed over the past 5 years? Specifically, how much of the growth has come from new logos/customers vs. upselling existing customers vs. pricing?**

PitchBook's growth over the past five years has been fueled by a combination of broad new logo acquisition and strong net renewal rates as clients expanded headcount during a period of heightened deal activity and accelerated hiring that peaked in 2021 and 2022. During that time, we succeeded at bringing in many clients with significant assets under management (AUM), which created a large base and set a strong foundation for continued growth. We also periodically increased prices for new clients and regularly sought price increases at renewal. More recently, we started to see a shift in revenue drivers with an increasing share of growth coming from expansion with existing large AUM accounts in our core customer segments.

Looking forward, the opportunity is twofold: First, we seek to expand our reach within existing accounts and capture remaining large AUM logos who aren't our clients through targeted marketing and sales strategies. At the same time, PitchBook will continue to focus on adding new logos across small- and mid-sized firms in our core as well as adjacent client segments like corporates and service providers. Combined with opportunities to upsell and cross-sell

within existing accounts, we believe these initiatives position us to sustain growth even as markets normalize. More broadly, we expect that expansion with existing large AUM accounts will continue to outpace growth from new logos even as both remain important growth drivers.

November 25, 2025

- 2. Can you provide more information on how much of PitchBook's data is collected from market participants, versus being web-scraped or otherwise being publicly available? What data specifically is being sourced from market participants? Is the highest value data for PitchBook clients generally coming from market participants, or is it being web-scraped? PitchBook margins declined year over year in part due to investments in product development and technology. Can Artificial Intelligence (AI) be a source of margin improvement for PitchBook? Can you share examples of how you are using AI to make data collection and processing more efficient at PitchBook? Over time, should we expect increased margins at PitchBook due to efficiencies resulting from AI?**

PitchBook has been a leader in data collection and innovation since its founding, using machine learning and AI to scale, speed, and refine our data operations. Our hybrid AI + HI (human intelligence) model combines AI-powered ingestion, classification, and resolution with validation and primary research conducted by our global research team. This approach allows us to source and structure data from hundreds of thousands of sources daily, many of which are not publicly available, and deliver it in a way that can be contextually relevant and actionable for our clients.

While we do not disclose the percentage of data sourced directly from market participants, much of what we believe is our highest-value information comes from proprietary datasets sourced through our primary research process, including data collected via surveys and FOIA requests. This represents a meaningful source of our data on new investment rounds, new funds and fund performance, allocations, and valuations. We continue to invest in expanding these unique data sets and improving the client experience through AI-driven innovation.

Beyond data operations, PitchBook's AI initiatives align with Morningstar's three-pronged approach:

- Delivering differentiated data and IP;
- Accelerating speed-to-insight through AI-powered products; and
- Boosting operational excellence and scalability across teams.

As part of these efforts, PitchBook is embedding generative AI into its platform, including PitchBook Navigator, and leveraging partnerships with leading LLM providers such as OpenAI and Anthropic to help enhance productivity and client value. While we also remain focused on growth investments, we believe these innovations will also contribute to greater efficiency, scalability, and support margin improvement over the long-term.

November 25, 2025

- 3. The Q3 25 PitchBook license decline was due to license rationalization. Why are large customers rationalizing licenses? What revenue impact does this have on a total contract value basis, and a per**

**license basis? What would the PitchBook license growth been in Q3 2025 excluding the impact of the rationalization of user lists associated with recent large enterprise renewals?**

In Q3 25, the PitchBook licensed user count was 113,453, a 2.5% decline compared to Q2 25. The sequential decrease was largely driven by the rationalization of licenses for certain large customers. During the life of a contract, firms with unlimited enterprise licenses can add users without an immediate cost increase, which drives licensed user counts higher. We take user counts into account when pricing a contract and, as a result, from time to time we see a rationalization of licensed users at renewal, which can result in a subsequent drop in associated licensed user counts. To understand the trend in licensed users, we recommend evaluating licensed user counts on a trailing 12-month basis. We address the year-over-year trend in a separate question this month.

November 25, 2025

- 4. PitchBook's sales growth deceleration over the past two quarters appears inconsistent with the performance of other market data/workstation providers. Could you elaborate more on what is causing this deceleration? Is the sales growth slowing among core investors or corporate customers? Is it due to customer churn, a decline in net expansion deals, or less growth from new customers? As of Q3'25, PitchBook license growth was essentially flat year-over-year, as compared to 6.3% growth in Q2'25, and double-digit license growth in the quarters prior to that. Can you explain why the license count is not growing on a year-over-year basis? And why is the growth trend worsening even as deal activity is improving? Can you reconcile flat year-over-year license growth with only having 6-7% market share? Given the large runway for growth PitchBook has, why are licenses not growing?**

In Q2 25 and Q3 25, we continued to see revenue growth driven by our core client groups with elevated churn among corporates with more limited use cases. Churn in this segment remains well above levels in the broader PitchBook business and partially reflects continued uncertainty in the market environment. Encouragingly, corporate churn rates have shown signs of stabilization.

While net revenue renewal rates in our core client segments are generally stronger, we have seen increased churn and pressure on expansion in the past couple of quarters that have contributed to the revenue growth deceleration you note over the past two quarters. A slowdown in new business growth has also contributed, with the most significant decline in the corporate client segment.

These broader trends are also reflected in the licensed user trends you note as the addition of new logos and associated licenses was largely offset by churn, especially with corporate accounts. (We have also noted the impact from the rationalization of user lists associated with large enterprise renewals as addressed in a separate question this month; this primarily had an impact on the sequential trend from Q2 25 to Q3 25.) That said, over the same period, we have continued to see increases in annual contract value (ACV) per logo as clients deepen their engagement with PitchBook's platform. The ACV trend also includes the impact of our growing direct data business, which does not affect licensed user counts.

The underlying drivers of the trend in revenue and licensed user growth that you note include the market environment as well as more recent trends in our client base. While deal activity has improved from recent lows, it

has not yet returned to prior peak levels, when we saw higher levels of growth and greater license expansion across private equity, venture capital, and M&A firms. At the same time, we have observed sales cycles for clients and prospective clients extend as firms seek to do more with fewer resources and are engaging in ongoing efforts to clarify their strategies for data and artificial intelligence. We discuss trends in the corporate client segment in more detail in a related question in our late November responses.

That said, we continue to see strong long-term demand for PitchBook's data and insights, supported by growing customer engagement. Our focus remains on deepening relationships, expanding within existing accounts, and delivering innovations—such as AI-powered data collection and workflow enhancements—that position us well for future growth as market activity continues to rebound.

November 25, 2025

**5. In Kunal's Q3 25 shareholder letter, he noted that Morningstar believes that PitchBook is well-positioned to capture renewed momentum in the private capital markets. Can you provide evidence as to why you have this view? Are there risks to this view, and what could be some reasons why PitchBook growth may not improve as the deal environment improves?**

Historically, we have observed that during periods of strong market activity, characterized by high levels of private equity, venture capital, and mergers & acquisition activity, our customer segments have more use cases for PitchBook, supporting our sales efforts and ultimately PitchBook revenue. In his Q3 25 letter, Kunal noted that PitchBook is well-positioned to capture renewed momentum as dealmaking activity was beginning to rebound across venture capital—particularly in AI— and private equity.

**Why We Are Well-Positioned to Capture Momentum**

Our view is rooted in PitchBook's differentiated offering:

- *Unmatched Data Depth and Quality:* Proprietary datasets sourced through our primary research process covering investment rounds, fund performance, allocations, and valuations—combined with systematic collection from hundreds of thousands of sources daily—create a data moat that we believe competitors cannot easily replicate.
- *AI + Human Intelligence Model:* Our hybrid approach blends AI-powered ingestion and classification with validation and primary research, supporting accuracy and scalability.
- *Product Innovation and Speed-to-Insight:* We are embedding generative AI capabilities directly into the platform, including the recent launch of PitchBook Navigator, which enables natural-language access to private market insights. Strategic relationships with leading LLM providers such as OpenAI and Anthropic are expected to further accelerate innovation.
- *Integrated Delivery and Flexibility:* Beyond the platform, PitchBook offers APIs and data feeds designed to seamlessly integrate into client workflows, supporting use cases from deal sourcing to execution.

We believe these differentiators position PitchBook to capture renewed momentum, particularly in sectors like AI where information asymmetry is high and timely insights are critical. We remain focused on innovation and delivering greater value to customers including through enhanced workflows.

### **Risks to This View**

That said, we acknowledge headwinds beyond the market environment. We have observed extended sales cycles for both new and existing clients, driven by resource constraints and evolving data and AI strategies. Should these continue, they could limit near-term growth. Additionally, corporate clients, historically more volatile, may continue to rationalize licenses or choose alternative solutions in uncertain environments.

November 25, 2025

#### **6. How large is the PitchBook data feeds business? Can you give some practical examples of sales and use cases?**

PitchBook Direct Data represents a small-but-growing part of the PitchBook reportable segment, accounting for a high single-digit share of revenue for the year-to-date through September 2025. This product offers clients direct access to PitchBook data through an API (application programming interface) or data feed. The API makes data available to an end-user on demand while the data feed product is a pre-defined data package delivered at specified intervals via FTP (file transfer protocol) or cloud-based data platforms. The end use cases are similar to those supported by the PitchBook platform and include market intelligence, deal sourcing, deal execution, due diligence, and fundraising.

November 25, 2025

#### **7. I see you have changed your definition of PitchBook licensed users to exclude Morningstar and PitchBook employees. What was the justification for including these users in the total user count previously? Was the definition change voluntary or requested by auditors or regulators?**

In Q3 25, we updated the definition of PitchBook licensed users, primarily to exclude Morningstar and PitchBook users. Historically, we reported PitchBook's licensed users with very few adjustments. In Q3 25, as part of our periodic reviews of licensed users, we conducted a rationalization of our internal user count. We also took this opportunity to refine the definition of our reported licensed user count to focus on third-party licensed users. The historic inclusion of Morningstar and PitchBook users in the count was noted in our supplemental deck disclosures and we have provided a quarterly time series going back to Q3 23 under the updated definition. The definition change was voluntary.

November 25, 2025

**8. Corporate sales of PitchBook remain soft. Is that because clients are not buying data products, or because clients are finding other solutions? Has there been a change in PitchBook's win-loss rate with these clients over the last three years?**

We have noted both softness in new client sales and churn in our corporate client customer segment; this segment has the highest churn rate in PitchBook's business. We believe that this trend is driven in part by corporate clients having fewer use cases for our data in periods of market uncertainty. But we have also observed that corporates with a market intelligence use case are less sticky and some are choosing competitors over PitchBook. We do not disclose win-loss rate trends.

November 5, 2025

**9. Has competition for PitchBook increased due to new competitors using AI tools to gather and structure data? Has the threat of new competition diminished pricing power for PitchBook?**

As we noted in our Q3 25 shareholder letter, we are observing longer sales cycles, due in part to firms seeking to do more with fewer resources and ongoing efforts to clarify their strategies for data and artificial intelligence (AI). That said, net revenue renewal rates have remained strong and we're seeing expansion opportunities, especially with large clients.

November 5, 2025

**10. There has been tremendous growth in private debt funds. Are there ways Morningstar/PitchBook can capitalize on this trend?**

We believe we are well-positioned to capitalize on the tremendous growth in private debt funds across multiple parts of our business including PitchBook, Morningstar Credit, and Morningstar Direct Platform.

For PitchBook specifically, firms that are primarily identified as private credit and lenders represent a small, but growing client segment, while investors, general partners (GPs), and investment banks value our private credit data and capabilities. For example, private credit capabilities have supported the expansion of our relationship with certain large asset management clients. We continue to build these capabilities including comprehensive insights into direct lending, business development companies (BDCs), and CLOs. Our platform now enables clients to track both broadly syndicated loan (BSL) and private credit trends, reflecting the increasing complexity and opportunity within the market. Furthermore, PitchBook has deepened its coverage of the private debt asset class and has introduced tracking of semiliquid and evergreen fund structures, many of which are within the private credit category, enhancing our offerings for wealth advisors and the growing wealth market. Through these enhancements, we're providing institutional investors, GP fundraisers, wealth advisors, and private credit managers and lenders access to timely, granular data needed for research, due diligence, and portfolio construction. Complementing these capabilities, Lumonic provides advanced private credit portfolio monitoring tools.

Within Morningstar Direct Platform, we're expanding our private credit capabilities to address important use cases for asset managers and advisors and wealth managers. We launched our Morningstar Medalist Rating for Semiliquid Funds, including coverage of private credit funds. In late June, we introduced new capabilities in DAS designed to help advisors evaluate, compare, and communicate the role of private investments within a broader portfolio context. This includes the addition of a new private capital fund universe to screen, compare, and monitor private investments, the enhancement of the Morningstar Risk Model to account for private capital funds, and new portfolio transparency tools.

Finally, Morningstar Credit has significant exposure to private ratings activity, with roughly a quarter of 2024 transaction-based revenue related to private credit ratings. This is an area where we see continued growth opportunities.

November 5, 2025

**11. What are the incentives for PitchBook's sales force to drive incremental new business wins, grow customer count, incremental seats/usage, and drive higher NPS scores? How has the PitchBook go-to-market sales engine changed if at all? What is Morningstar PitchBook's NPS score YTD?**

While PitchBook is focused on driving incremental new business wins, growing customer count, increasing seat usage, and achieving a strong NPS score, we do not publicly disclose specific sales incentives. Our commitment remains centered on delivering exceptional value for our clients and continuously improving both our product and customer experience. PitchBook's NPS score was 49 as of September 2025. We have not made significant changes to our go-to-market sales engine.

November 5, 2025

**12. What has gross new logo and net new logo growth been for PitchBook in 2024 through 1H'2025? What has been price vs units for sales growth YTD?**

From January 2024 through June 2025, the trend in PitchBook net logos was slightly negative, as churn in existing logos (especially in the corporate sector) was mostly offset by the addition of new logos.

During this same period, annual contract value (ACV) per logo has increased.

November 5, 2025

**13. Could you please break down the updated TAM for PitchBook by price, seats, customer type/end market? Which use cases or end markets are most ripe for incremental growth/opportunity within the \$11 billion total addressable market (TAM)? How do you drive incremental penetration?**

As of April 2025, we estimated PitchBook's TAM at \$11.1 million. The TAM is comprised of roughly 60% corporate logos, roughly 20% investor logos, with the remaining TAM roughly equally divided between limited partners and service providers. We'd note that in 2024, we adjusted our TAM definition to include corporates with one use case, rather than the minimum of three use cases under the previous definition. This contributed to growth in the number of companies in our TAM and the size of the TAM in 2024. Growth in 2024 and 2025 was also driven by the expansion of private markets globally as well as the growing demand for integrated data solutions across corporates, service providers, and financial sponsors.

Market penetration is highest in our core segments including private equity, venture capital, and investment banking. We expect future growth to come from a combination of new logo acquisition and expansion with existing customers. Even at large firms where PitchBook is well-penetrated, our footprint often covers only certain teams or geographies. We believe there is a meaningful opportunity to broaden adoption across functions, business units, regions, and asset classes (including private credit), as well as to expand usage through new products, data sets, and AI-driven workflows. At the same time, we continue to see new logo opportunities across segments, particularly in underpenetrated corporate and international markets and with commercial banks. In short, new logos remain an important driver, but expansion at existing clients, especially large global firms, also represents a substantial and durable growth opportunity.

Please see our Q3 25 shareholder letter for more on how we're thinking about PitchBook's growth strategy.

September 26, 2025

**14. Does the PitchBook team still operate independently, or have you made further integration to allow for more cost synergies and potential cross-sell opportunities?**

As we noted in a response to a related question in August 2025, we follow an integrated coverage model for clients who are purchasing multiple products from Morningstar across segments. We partner a lead strategic account executive with product sales specialists from our different solution areas who contribute expertise on specific products. This would include representatives from the PitchBook sales team as appropriate. The lead account executive is responsible for growing strategically with the client while account planning is integrated across our different segments, driving opportunity identification and relationship management.

That said, we run our firm in a decentralized manner and the PitchBook segment, like others at Morningstar, operates with relative independence.

September 26, 2025

**15. How much do you raise prices in a typical year for PitchBook?**

As we noted in response to a related question in August 2025, PitchBook seeks price increases at renewal where appropriate, consistent with our historical approach. We do not disclose the exact magnitude of the increases in a typical year.

September 26, 2025

**16. What have been the key drivers of the growth slowdown among PitchBook's corporate clients you have called out?**

The slowdown among corporate clients is primarily tied to weakness in the broader dealmaking environment. In stronger markets, corporates rely on PitchBook for use cases like deal sourcing, execution, and business development, which drive adoption and expansion. In weaker markets, those activities slow, and budgets tighten, which, in our experience, directly impacts new client acquisition and seat growth. We continue to believe that corporates view PitchBook as highly valuable, but the timing of their spend is more cyclical and sensitive to deal flow compared to our financial sponsor and advisor segments.

September 26, 2025

**17. What's the best way to think about PitchBook TAM and penetration? Our channel checks seem to suggest most big logo companies / funds are already PitchBook customers. Are there any major greenfield opportunities left? Is most of the growth going to be coming from existing customers or do you still see new logos being a meaningful growth contributor over the medium term?**

Morningstar currently estimates PitchBook's TAM at \$11.1 billion in 2025, reflecting both the expansion of private markets globally and the growing demand for integrated data solutions across corporates, service providers, and financial sponsors. While penetration is highest in our core segments like PE, VC, and investment banks, we continue to see opportunities in corporates, commercial banks, and international markets.

We expect future growth to come from a combination of new logo acquisition and expansion with existing customers. Even at large firms where PitchBook is well-penetrated, our footprint often covers only certain teams or geographies. We believe there is a meaningful opportunity to broaden adoption across functions, business units, regions, and asset classes (including private credit), as well as to expand usage through new products, data sets, and AI-driven workflows. At the same time, we continue to see new logo opportunities across segments, particularly in underpenetrated corporate and international markets.

In short, new logos remain an important driver, but expansion at existing clients, especially large global firms, also represents a substantial and durable growth opportunity.

September 26, 2025

**18. Why is PitchBook organic revenue growth slowing despite the capital markets seemingly improving? How meaningful of a driver is private markets fundraising to organic revenue growth at PitchBook? If it is one, how long is the typical lag between a change in the fundraising environment and the downstream effect on PitchBook revenue growth? What types of fundraising (PE, private credit, VC, etc.) are most relevant here? To the extent that private markets fundraising continues to skew to larger players versus smaller ones, how much of a headwind would this be for growth in this business? We are seeing commentary from private market participants (such as PE firms and M&A banks) indicate a better environment for deal-making in H2 of 2025. Given that, should we expect a better sales environment, and ultimately better license growth for Pitchbook? Among the factors that have contributed to slower organic revenue growth at PitchBook year to date, how much of these**

**would you describe as being more unique to this moment in time versus ones we should be considering on an ongoing basis for the business?**

For a comprehensive overview of the factors influencing PitchBook's recent revenue trends, please refer to the response to a related question in August 2025. There, we provide more detail on the interplay between current market conditions and business performance. As we have noted previously, private market fundraising and deal activity have been drivers of activity for PitchBook.

While we have seen early signs of stabilization in deal flow so far in Q3 25, particularly in M&A and private equity, we don't yet see broad-based improvement. We continue to observe uncertainty in the policy, macroeconomic, and technology environments contributing to hesitancy and caution among our clients. In the past, firms have often waited for several quarters of sustained momentum before re-accelerating investments in tools, and licenses. We believe the majority of the pressure is short-term and cyclical, while we are proactively positioning the business to capture long-term opportunities as the private markets expand and evolve.

September 26, 2025

**19. What are PitchBook's key moats, including to prevent others from accessing the underlying data in PitchBook without a subscription? What steps is PitchBook taking to defend its moat given the proliferation of AI tools? How do you collect private company information? Do PE, VC, and private credit funds self-contribute data to PitchBook? Of the data sources you use for PitchBook, what percentage would you describe as being publicly accessible on the internet versus coming from elsewhere? Are you seeing threats to PitchBook from AI being used by investors to diligence private companies, or to otherwise "scrape" public sources for data that they would have otherwise sourced through PitchBook? If you had to rank on a spectrum from -5 (large potential for disruption by AI) to 5 (large potential beneficiary from AI), where would you place PitchBook overall?**

PitchBook has been a leader in data collection and innovation since its founding. Our competitive advantage is twofold:

- First, our network effects and trusted relationships across the private markets enable us to source non-public, hard-to-access information directly from market participants through rigorous primary research and self-reported processes.
- Second, we have a long history of adopting and innovating with technology—starting with our early adoption of machine learning and now leveraging the latest AI-powered tools for data ingestion, classification, and entity resolution.

PitchBook's data moat is built on years of investment in proprietary infrastructure, analyst expertise, and rigorous verification processes. Providers that rely on public source data scraping can surface information, but we do not believe that they can replicate our depth, context, or actionable insights.

PitchBook's stickiness in client workflows is another key differentiator. Our platform is deeply embedded in the daily operations of private market professionals, supporting use cases from deal sourcing and due diligence to benchmarking and portfolio monitoring.

While the rise of AI, like other technology shifts, poses a threat for some client use cases, we are focused on harnessing it to deepen our competitive advantage. PitchBook is actively innovating across three dimensions:

- Data collection technology: Scaling and refining our AI/ML-powered ingestion engines to improve coverage, accuracy, and speed.
- Customer-facing features: Embedding AI into client workflows to enhance productivity and insight generation. We continue to launch AI-powered features—such as Company Profile Summaries, Transcript Summaries, and predictive analytics—that accelerate decision-making and seamlessly integrate into client workflows.
- Strategic partnerships: integrating PitchBook data into third-party platforms while maintaining control and data security. We have entered into agreements with leading large language model (LLM) providers including Anthropic, Perplexity, and Rogo to further expand our reach, allowing clients to access PitchBook’s institutional-grade data securely through the tools they already use while maintaining control and data security.

August 29, 2025

**20. How many new PitchBook customers were added in H1 2025 gross and net? Was growth primarily driven by existing customers adding licenses or new customers?**

As of June 30, 2025, PitchBook’s total client count was down slightly compared to year-end 2024, reflecting a modest net decrease in the first half of the year. We continued to add new clients during this period, but these additions were offset by churn, primarily in our corporate client segment. Corporates often have more limited use cases for private market data, research, and tools in periods of slower deal activity and can be more sensitive to budget constraints in uncertain macroeconomic environments.

PitchBook’s revenue growth in the first half of 2025 was primarily driven by existing clients expanding their license counts and price increases on existing accounts. We observed expansion of license counts particularly among larger customers in our core private equity, asset management, and commercial banking segments. We continue to see runway for seat growth within these large accounts, which are a key driver of our expansion activity.

August 29, 2025

**21. Where did PitchBook invest in Q2 25 compared to Q2 24 and Q1 25? How much of an impact did Lumonic have on Q2 25 operating costs?**

In Q2 25, PitchBook’s operating costs increased 8.9% compared to Q2 24 and 2.1% compared to Q1 25, while revenue increased 9.8% and 1.7% respectively.

The increase in operating costs in Q2 25 compared to the prior-year period was driven by several factors:

- Increased compensation expense reflecting annual merit increases and higher headcount, including the impact of the Lumonic acquisition. In addition, the forfeiture of stock in the terminated PitchBook management bonus plan following former PitchBook CEO John Gabbert’s departure resulted in lower compensation expense in Q2 24.
- Higher professional fees driven by investments in Artificial Intelligence and machine learning.
- Higher marketing spend, including for paid advertising and conferences and events.

Sequentially, the expense increase from Q1 25 to Q2 25 was primarily due to higher professional fees, and increased marketing spend, as discussed above. Conferences and events tend to see higher spending in Q2 and Q3.

August 29, 2025

**22. Why did growth slow for PitchBook in Q2? Why did growth in new PitchBook licenses added slow so much from prior quarters? Was the corporate client softness the main reason? When do you think that softness will mitigate? Outside of the headwinds noted for small corporate clients, what were the other core segments growing? How have competitive win-loss rates trended YTD?**

In Q2 25, PitchBook's revenue grew 9.8% on a reported basis and 9.6% on an organic basis compared to the prior-year period. Growth slowed relative to recent quarters, primarily due to declines in new corporate client acquisitions as well as macroeconomic conditions. Across all segments, we've seen more limited expansion opportunities as increased cost scrutiny has impacted growth. We also saw higher churn in our core client segments including commercial banks and limited partners as well as with smaller clients in private equity and venture capital. These trends also largely explain the licensed user growth rate, although we'd note that in recent quarters year-over-year licensed user growth partially reflected the migration of Leveraged Commentary & Data (LCD) clients to the PitchBook platform.

As of June 30, 2025, our existing corporate business had shown signs of stabilization, with net renewal rates down only slightly on a year-over-year basis. We expect corporate client weakness to persist until economic conditions improve, although we view the stabilization in our existing business as a positive sign.

We do not disclose growth rates for customer segments or competitive win-loss rates.

August 29, 2025

**23. Implied revenue per licensed user turned positive in the quarter for the first time since Q1 24. Was there any change in pricing strategy that drove this higher?**

We have not implemented a change in our overall pricing strategy in the first half of 2025. PitchBook seeks price increases at renewal where appropriate, consistent with our historical approach, but there was no broad-based pricing action in Q2 25.

Implied revenue per licensed user can exhibit noise over shorter time periods, which can obscure the underlying trend. Variability can come from several sources, including:

- Firmwide (enterprise) license structures – Clients with unlimited licenses can add users during the term of their contract without immediate cost increases, which increases licensed user counts and can temporarily put downward pressure on revenue per user. At renewal, licensed user lists are sometimes rationalized even when the overall client relationship expands, which can then drive implied revenue per user higher.
- License maintenance activities – Ongoing user audits, deactivation of inactive accounts, and other list management can cause quarter-to-quarter fluctuations in licensed user counts and other list management can cause quarter-to-quarter fluctuations in licensed user counts.
- Legacy LCD client transition – While largely completed in 2024, this process continued to have a modest

impact on licensed user counts in early 2025.

- Direct data – The PitchBook reportable segment includes a small but growing direct data product which does not impact licensed user counts.

When adjusting for the impact of legacy LCD accounts, direct data, and the mix effect from unlimited licenses, underlying revenue per licensed user has generally trended higher across 2024 and into H1 2025.

June 27, 2025

**24. Addressable market: The Pitchbook TAM estimate was increased from \$6.5B in 2023 to \$11.1B in 2025. What were the key drivers of the TAM estimate increase? Could you please provide an update on the TAM in terms of \$ and number of firms for PitchBook? How penetrated is PitchBook in each of these verticals today in terms of # of firms?**

Morningstar increased its estimate of PitchBook's total addressable market (TAM) from \$6.5 billion in 2023 to \$8.8 billion in 2024 to \$11.1 billion in 2025. The increase reflects the ongoing global expansion of PitchBook's data coverage and use cases across client types, the growth of private markets, and higher demand for integrated data solutions across corporates and service providers.

Penetration rates vary across customer segments. The highest are in PitchBook's core segments, including private equity, venture capital and investment banks, but we see ample room to continue growing. Clients in these core segments use PitchBook across multiple investment workflows, including deal sourcing, execution, fundraising, and benchmarking. We assess penetration by calculating the number of client logos in each segment as a percentage of the total companies in that segment's TAM. While this provides directional insight, it does not capture the full opportunity to expand within existing accounts.

June 27, 2025

**25. Could you please share the updated customer mix by end market (e.g. company, venture capital, private equity, etc.) and customer count at year-end 2024? Could you also please provide the new logos added in 2024? How many new PitchBook customers were added in 2024 (gross and net of churn)? What is the average annual ACV of these new customers?**

As of year-end 2024, PitchBook's total client count remained flat compared to year-end 2023 at roughly 10,600. We do not disclose gross client additions counts or annual contract value (ACV) for new customers. We'd note that the relatively flat client count between 2023 and 2024 reflects the addition of clients across our core and corporate client segments, offset by the loss of corporate clients as we've continued to see churn in that client segment. Corporates tend to have more limited use cases for private market data, research, and tools in periods of slower deal activity, and they're often more sensitive to budget constraints in uncertain macro environments.

Please see below for the updated breakdown of logos by client segment type as of April 2025:

<b>Company</b>		<b>34%</b>
<b>Total Investor</b>		<b>37%</b>
	<b>Private Equity</b>	<b>10%</b>
	<b>Asset Manager</b>	<b>11%</b>
	<b>Venture Capital</b>	<b>16%</b>
<b>Limited Partner</b>	<b>Limited Partner</b>	<b>4%</b>
<b>Total Service Provider</b>		<b>23%</b>
	<b>Credit Investors/Participants</b>	<b>2%</b>
	<b>Other Service Provider</b>	<b>9%</b>
	<b>Commercial Bank</b>	<b>2%</b>
	<b>Investment Bank</b>	<b>10%</b>
<b>Non-Core</b>	<b>Non-core</b>	<b>2%</b>
	<b>Total</b>	<b>100%</b>

June 27, 2025

**26. Could you please provide net revenue renewal rates for 2024? What steps is PitchBook taking to improve the revenue retention rate in 2025? What factors are most important to returning to historical**

**revenue retention rates? Absent an improvement in the capital markets/M&A and macroeconomic environment, what levers can you pull to improve Pitchbook's organic growth rate back closer to historical levels?**

As we disclosed in our 2024 10-K, PitchBook's 2024 annual revenue renewal rate was 107%, a decline from 112% in 2023. We calculate the annual revenue renewal rate using the annual contract value method, which is the dollar value of renewals divided by the total dollar value of contracts up for renewal during the period.

Please see a response to a related question dated May 7, 2025, for more detail on key drivers of the decline in revenue renewal rates from 2023 to 2024.

To improve retention and support growth, PitchBook is focused on:

Enhancing platform value through deeper data coverage and workflow integrations;

Targeting our sales and marketing efforts to potential clients who are active in use cases that PitchBook supports;

Expanding Direct Data offerings (e.g., APIs, CRM integrations) to embed PitchBook more deeply into client systems;

Prioritizing customer success and onboarding to ensure clients realize value quickly; and

Expanding adoption of use cases that PitchBook supports with existing clients

We do not provide guidance on future growth or renewal rates and acknowledge that the level of capital activity and deal making, and the broader macroeconomic environment can have an impact on PitchBook's growth trajectory. Overall, we are confident in the PitchBook value proposition and our ability to expand the renewal base over time.

June 27, 2025

**27. What is your current sales rep capacity, and how is that rep capacity and quota attainment tracking versus your plans for Pitchbook?**

We do not disclose sales rep capacity or quota attainment publicly. We staff teams across PitchBook to support durable growth.

May 7, 2025

**28. What data should investors track to glean deeper insight on PitchBook trends across your customer base?**

Deal-making activity across venture capital (VC), private equity (PE), and mergers & acquisition (M&A), as well as the health of the initial public offering (IPO) market are important drivers of our business. In 2024, PE and M&A activity remained well-below the record-setting levels of 2021. While we continue to see solid demand from core client segments including investment banks and PE, smaller corporates have been a source of softness as these clients

have more limited use cases when deal activity is soft. PitchBook research and data provides important insights into these market trends.

PitchBook offers a number of resources for tracking these trends, including the PitchBook-NVCA Venture Monitor, the US and European Private Equity Breakdown, the Global M&A report, and our credit market weekly reports, all of which provide granular, data-rich insights across the private investment lifecycle. In addition, we offer a Quantitative Perspectives series and proprietary tools like Private Market Indexes and Return Barometers, which offer near real-time signals on performance, valuation trends, and market inflection points. Additionally, our analysts publish regular thematic research pieces on critical trends and developments driving asset manager and investor behaviors.

Together, these tools help investors track capital flows, benchmark returns, and identify shifts in strategy or sentiment—particularly valuable in periods of market dislocation when traditional indicators are less reliable.

May 7, 2025

**29. Are you able to share historical PitchBook headcount by quarter? What is your philosophy on the right headcount growth for PitchBook?**

We disclose headcount at the company level, but not at the segment level. We manage headcount with the goal of supporting durable growth. We would note that in 2024, PitchBook headcount declined relative to 2023, as we benefited from the introduction of more efficient data collection efforts which allows us to operate with fewer equity data analysts.

May 7, 2025

**30. We are hearing that PitchBook is increasingly selling data feeds. How much revenue do you derive from that today and how should we be thinking about the total addressable market (TAM)? Do these revenues flow through the PitchBook segment or are they reported elsewhere?**

PitchBook's Direct Data offering provides flexible access to our comprehensive private capital markets data and includes data feeds, customer relationship management integrations, and APIs that enable clients to run customized queries, automate workflows, and power proprietary analytics directly within their existing systems. These delivery mechanisms also support distribution of PitchBook's data through third-party partners.

Direct Data has seen strong growth and accounted for a high single-digit percentage of total PitchBook segment revenue in 2024. Its growth underscores the demand for integrated data solutions.

All revenue from Direct Data is recognized within the PitchBook segment. Direct Data represents an important part of our total addressable market and allows us to reach a broader set of use cases including quantitative research, workflow automation, and enterprise-wide data infrastructure. Our product roadmap includes several planned releases to expand our offering in that market in 2025.

May 7, 2025

**31. PitchBook experienced lower conversion rates with core clients in 2024. How did conversion rates change through the year?**

As Kunal noted in his Q4 24 shareholder letter, while demand from our core clients who include VC and PE firms and investment banks remained strong during 2024, we did see a softening of conversion rates in this group compared to 2023, reflecting a more challenging environment. Overall, conversion rates softened in the second half of the year relative to the first half of the year, reflecting challenges in the market environment as described in responses to related questions filed in an 8-K dated May 7, 2025.

May 7, 2025

**32. PitchBook renewal rates dropped quite a bit to 107% - has gross retention come down at a similar rate? Do you think retention should bottom out at these levels? PitchBook revenue retention rate fell YoY. Is PitchBook seeing an impact on growth from increased competition? Is PitchBook not benefitting from the improvement in the operating environment for M&A?**

PitchBook annual revenue renewal rates dropped to 107% in 2024 from 112% in 2023. At a high level, this decline was due in large part to a challenging market environment that limited capital activity and deal making. While 2024 marked some improvement in dealmaking conditions, activity across VC, PE, and M&A remains well below the record-setting levels of 2021. According to PitchBook's 2024 Annual Global M&A Report, deal count and aggregate value both saw year-over-year gains, but the pace of recovery has been uneven and remains constrained by macroeconomic and geopolitical uncertainty. This translated into continued headwinds for PitchBook. With the economic uncertainty we've seen in recent months, the M&A environment remains challenging with very limited activity.

At the client segment level, the decline in annual revenue renewal rates was driven in part by higher churn (and thus lower retention) in our non-core client segments, and in particular smaller corporates who have more limited use cases when dealmaking slows. We also saw some pressure in our core client segments, including with PE and VC firms and investment banks, although overall renewal rates remained stronger within this group. Within our core client segments, we've seen some softness in annual revenue renewal rates for smaller venture capital firms with first-time funds or smaller operations. Given the decrease in exit activity and longer holding periods, these firms are having more difficulty raising new funds.

We have not seen a material change in the competitive environment and do not provide guidance on future renewal rates.

May 7, 2025

**33. PitchBook's efficiency (revenue growth + operating margin) decreased in 2024 - please identify the key drivers of this drop (LCD, slowdown in market, etc.). On a normalized basis, where should PitchBook operate from an efficiency perspective?**

In 2024, PitchBook revenue grew 12.0%, or 12.1% on an organic basis, compared to 2023, when revenue grew 22.5%, or 17.6% on an organic basis, compared to 2022. Adjusted operating margin increased 3.3 percentage points to 30.1% from 26.8%.

While adjusted operating margins increased, revenue growth did slow in 2024, driven in large part by a more challenging macro environment that continued to limit capital raising and deal activity, as described in responses to related questions filed in an 8-K dated May 7, 2025. Depressed deal making put the most pressure on our non-core client segments, which experienced higher churn and weaker conversion rates. These customers typically have fewer use cases in stressed markets. Demand from our core investor and advisor clients—including VC and PE firms and investment banks—remained relatively robust. We did, however, see some softening of conversion rates with new clients in the core client segments and pressure on revenue renewal rates, as discussed in related questions this month.

As you note, Leveraged Commentary & Data (LCD) was included in our organic revenue growth metrics for full year 2024 and for seven months of 2023. As we completed the integration of LCD into PitchBook in 2023 and transitioned these clients to the PitchBook platform in 2024, our focus was primarily on retention.

May 7, 2025

**34. PitchBook added 840 net licenses in Q4 24. This was a big fall from growth seen in prior quarters and the slowest net add rate in 24 months. What drove this slow down? Can you explain the “variability to user maintenance activities and updates to user lists upon enterprise renewals” which helped drive revenue higher in 2024?**

While licensed user counts provide some useful information about business trends over the longer-term, they can include noise that comes from multiple sources. These include:

- The impact of the transition of LCD clients to the PitchBook platform (largely completed in 2024);
- Ongoing license maintenance activities, user audits, and the shutting off of inactive users, and provisioning access; and
- The structure of our firmwide (enterprise) licenses, which contribute to both fluctuations on the upside, as clients add licensed users during the course of their contract, and on the downside, as user lists are at times rationalized at renewal.

As a result, we believe that it makes sense to look at changes in licensed users on a year-over-year basis, rather than focusing on the sequential quarter-over-quarter trend. In Q4 24, licensed user counts increased to 16.4% compared to Q4 23, driven primarily by growth among PitchBook clients and the addition of new clients. Growth in licensed users in 2024 also reflected the impact of legacy LCD clients transitioning to the PitchBook platform. We would note that there was not a meaningful impact on licensed user counts from the transition of legacy LCD users to the PitchBook platform in Q4 24 compared to Q3 24.

The longer-term licensed user trend reflects the impact of challenges in the market environment that we've described in a related question this month. Finally, licensed user trends do not provide information on PitchBook's Direct Data business, a small but growing part of its product portfolio.

May 7, 2025

**35. Could you disclose PitchBook's NPS (Net Promoter Score) in 2024? I'm interested in how LCD integration impacted existing and LCD customers' NPS.**

PitchBook's Net Promoter Score (NPS) in 2024 experienced a slight decline from recent years to 43, but compares favorably to SaaS industry benchmarks, reflecting strong overall customer satisfaction, even in a year of significant macro and operational complexity. In the last few years, PitchBook has increased NPS survey distribution, which we believe contributed to the decline.

Overall, we view the LCD integration as a success. We retained the full LCD team and prioritized a thoughtful migration of clients to the PitchBook platform. Through the transition, we've enhanced our data quality, deepened our credit coverage, and focused on reinforcing our platform's value, particularly among institutional clients. As a result, we've seen strong renewal rates among both legacy LCD and existing PitchBook customers.

We don't give guidance but would note that we do seek to balance growth opportunities and increased profitability over time.

## Private Credit

June 27, 2025

- 1. At the 2025 AGM, private credit was highlighted as an opportunity within multiple segments within Morningstar's business (Direct Platform through semi-liquid fund medalist ratings, Morningstar Credit and PitchBook). Could you please quantify the current sales % of private credit for Morningstar sales overall and within each of these businesses today and help size the potential addressable market opportunity for private credit (given your existing product set and near-term roadmap)? How material of a sales driver could private credit be to Morningstar's annual sales base overall?**

Private credit represents an important opportunity for growth across multiple Morningstar segments. Private debt assets under management totaled roughly \$3.3 trillion (including assets in evergreen structures) in 2024, a figure that PitchBook projects will grow to \$4.9 trillion by 2029. We've shared that approximately a quarter of ratings-related revenue for Morningstar Credit was related to private transactions in 2024, an increase over 2023 and 2022, and an area where we see continued growth opportunities.

Outside of Morningstar Credit, we don't disclose detail on revenues for private credit and we continue to evaluate the exact size of the market opportunity. Overall, we believe that expanded private credit data, research, and capabilities will help drive demand in multiple client segments.

For PitchBook, specifically, firms that are primarily identified as private credit and lenders represent a small, but growing client segment, while investors, general partners, and investment banks value our private credit data and

capabilities. For example, private credit capabilities have supported the expansion of our relationship with certain large asset management clients.

Within Morningstar Direct Platform, we're expanding our private credit capabilities to address important use cases for asset managers and advisors and wealth managers. We plan to launch our new Morningstar Medalist Rating for Semiliquid Funds later this year, including coverage of a number of private credit funds. In late June, we introduced new capabilities in Direct Advisory Suite designed to help advisors evaluate, compare, and communicate the role of private investments within a broader portfolio context. This includes the addition of a new private capital fund universe to screen, compare, and monitor private investments, the enhancement of the Morningstar Risk Model to account for private capital funds, and new portfolio transparency tools.

## Product Pricing

May 7, 2025

### **1. Have you instituted any price increases across your portfolio for 2025, specifically in Pitchbook and Data and Analytics (now Morningstar Direct Platform)?**

Our approach to pricing is centered around continuously enhancing the value of our products and services to meet our clients' needs and ensuring that our pricing reflects this value. We review our pricing annually and periodically implement price increases to account for the added value we provide.

For our PitchBook platform, we adopt a simple, all-inclusive pricing philosophy that balances the value we offer with the goal of expanding client relationships. We believe that as we enhance the breadth and depth of our data and research, and improve the user experience, we can justify raising prices over time. We increased list prices for new logos in January 2024. We also typically see price increases at renewal, which supports our focus on growing with our clients and maintaining high renewal rates.

Similarly, for Morningstar Direct Platform, we typically see price increases at renewal.

## Segment Disclosures

June 27, 2025

### **1. Could you also please provide a segment breakdown (License-based, Asset-based, Transaction-based) already in the earnings presentation, so we do not have to wait for the 10-Q for that?**

Thank you for your feedback. We plan to provide the segment breakdown by revenue type in the quarterly supplemental deck starting with our reporting for Q2 25.

## Talent Management

November 25, 2025

- 1. Over the past year, Morningstar has experienced turnover in several executive-level positions. How do you handle these transitions and what are the implications for the business? Morningstar's CEO, CFO, Head of Strategy, and incoming Chief Revenue Officer are largely homegrown talents with at least 15 years of experience with Morningstar while the members of the leadership team with meaningful external experience largely have this because they joined the company through acquisitions (e.g. Pitchbook, DBRS). With most of the corporate level decision makers having spent most of their professional careers at Morningstar, how does the company get the same degree of cross-pollination of ideas and strategy that peer companies benefit from? How does the executive team mitigate the risks of "groupthink" given common backgrounds?**

Morningstar has a robust succession planning process for named executive officers, our executive leadership team, and our senior leadership team that is designed to ensure that we are both prepared for changes in leadership and also focused on developing our internal talent. We are proud of our record and history of developing internal talent. Additionally, we find great value in approaching the external market for roles when we deem it important for key hires or when we believe we do not have a successor ready. We seek to maintain a balance of perspectives, leadership styles, expertise, backgrounds, and views on our leadership team to guide the business and maximize investor success.

In the past year, we have filled roles with both internal and external candidates at the executive and senior leadership team levels. We recently announced that Ron Bundy, President of Morningstar Indexes and Morningstar Sustainalytics will be retiring at the end of this year. Our new President of Sustainalytics, David Pagliaro, was a strategic hire into that leadership team just a year ago. Amelia Furr, who has been appointed President of Morningstar Indexes, held leadership roles at multiple other leading index providers before joining Morningstar in 2020. For nearly all open roles, such as our current opening for the President of Direct Platform, we consider internal and external candidates, including leveraging external recruiting firms, with the goal of ensuring we have a strong slate of high-caliber candidates to consider.

## Taxes

August 29, 2025

- 1. Could you please share a table that breaks out cash tax impacts for H1 24 and H1 25? What drove the incremental cash payments and "catch up" in taxes in Q2 25? Please indicate what expectations are for Q3 and Q4 cash tax payments given cash taxes more than doubled YOY in H1 25 in particular.**

The primary drivers of the higher cash taxes paid in H1 25 compared to H1 24 were catch-up installments for 2024 tax liabilities, which included the impact of strong financial performance in 2024 and taxes related to the gain on sale of the US TAMP assets, as well as estimated tax installments for H1 25, which reflected higher income before taxes in that period compared to the prior-year period.

Please see the table provided below for more detail.

Current Income Tax Receivable (Payable)						
Balance as of 12/31/2023	Q1 Income Tax Payments	Q1 Current Tax Accruals	Balance as of 3/31/2024	Q2 Income Tax Payments	Q2 Current Tax Accruals	Balance as of 6/30/2024
\$ 0.6	12.5	(29.4)	\$ (16.3)	31.6	(25.2)	\$ (9.9)
Balance as of 12/31/2024	Q1 Income Tax Payments	Q1 Current Tax Accruals	Balance as of 3/31/2025	Q2 Income Tax Payments	Q2 Current Tax Accruals	Balance as of 6/30/2025
\$ (18.1)	14.2	(33.4)	\$ (37.3)	79.5	(32.2)	\$ 10.0

August 29, 2025

- 2. What is management's latest view on how One Big Beautiful Bill will impact Morningstar's cash flows and business more broadly? What tax rate should we expect for the company going forward? In a prior Q&A (5/29/24) you stated you expected an effective rate between 27% and 29% before adjustment for discrete items, but the actual GAAP tax rate has been below that level every quarter since. Is the 27-29% range still valid?**

As stated in our most recent 10-Q, we are currently assessing the potential impacts of the One Big Beautiful Bill (OBBB); however, an estimate of the impact of the OBBB on our consolidated financial statements cannot be made at this time. Each year, our effective tax rate tends to differ given discrete items (such as tax reform) that can have an impact on our overall rate. You are correct that we have historically indicated that we generally expect our effective tax rate before adjustment for discrete items to fall in a high 20% range and that is consistent with our current view. That said, it would not be unusual for our rate to be below or above the range from time to time. We don't plan to provide additional forward-looking views on our effective tax rate, consistent with our broader approach to guidance.

May 7, 2025

- 3. You have been well under your targeted 27-29% tax rate in recent quarters. Why is that so? What was the positive bp impact of the Commodity and Energy Data divestiture on the tax rate for 2024? Should we still expect a 27-29% tax rate going forward? Morningstar historically suggested its tax rate should be between 26-27% going forward. Why would Morningstar's corporate tax rate be above the federal corporate tax rate in the US? Looking at prior disclosures you have consistently been below the 26-27% level guided (excluding periods related to acquisitions and disposals).**

Each year, our effective tax rate tends to differ given discrete items that have an impact on our overall rate. In 2024, our effective tax rate was negatively impacted (1.4%) by deferred taxes recorded with respect to unremitted foreign earnings and was favorably impacted (2.0%) by the book gain in excess of taxable gain on the sale of our Commodity and Energy Data business. As a US-based company, we measure our effective tax rate against the US federal statutory tax rate of 21%. Typically, our effective tax rate is unfavorably impacted by US state taxes (which are not included as a

component of the US federal statutory rate of 21%), non-deductible expenses, minimum taxes and foreign tax rates that are higher than the US federal statutory rate.

Conversely, our effective tax is favorably impacted by credits and incentives, certain benefits realized under favorable provisions of the 2017 Tax Reform Act and foreign tax rates that are lower than the US federal statutory rate. The mix and timing of these favorable and unfavorable items, including other discrete items, can have a variable impact on our effective tax rate from period to period. Consistent with our prior communications, we would expect that our rate should fall in a high 20% range, but it would not be unusual for our rate to be below or above the range from time to time.