Morningstar 2017 Shareholders' Meeting

MORNINGSTAR®

Business of Annual Meeting

Management Presentations

Break

Questions and Answers

To send in a question for the Q&A session, please visit:

http://morningstar.socialqa.com

Morningstar Update

Kunal Kapoor
Chief Executive Officer and
Interim Chief Financial Officer

Today's presentations contain forward-looking statements. All statements made that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Please refer to our most recent earnings release and our most recent Form 10-Q or 10-K for more information on the factors that could cause actual results to differ.

Today's presentations also contain non-GAAP financial measures. Please refer to the slides at the end of the presentations for a reconciliation to the applicable GAAP measures.

Mission & Strategy

Our mission is to create great products that help investors reach their financial goals.

3.4%

$27.5 billion

Global spend on market data/analysis in 2016

Source: Burton-Taylor International Consulting LLC

Industry Landscape

Popularity of low-cost investments
High fees will impact the effectiveness of some investments, paving the way for low-cost providers and exchange-traded funds.

Accounts becoming fee-based
The desire for transparency in advisory fees will accelerate the movement from commission-based to more fee-based accounts.

Adoption of online advice
Advisors looking for new ways to collaborate with clients are adopting digital service models and tools to reach a new generation of investors.

Strategy

Develop Morningstar Direct
as our flagship
decision support platform

Produce the most
effective investment
data, research, and ratings

Build world-class
investment management
solutions based on
our proprietary research

Advisor	Asset Management	Workplace/ Retirement	Individual Investor	Private/ Institutional Investor
250,000	1,300	27 plan providers 300,000 plan sponsors	10.9 million	2,000

Strategy: Two Big Market Needs

Morningstar Capabilities
Proprietary Research + Frameworks
Trusted Brand

Decision Support + Outsourced Investment Management

Strategy: Two Big Market Needs

Decision Support

+

Outsourced Investment Management

$27.5 bil

Morningstar Data
Morningstar Advisor Workstation
Morningstar Direct
Morningstar.com
Enterprise Components
Morningstar Research
Morningstar Credit Ratings
Morningstar Office
Morningstar Indexes
PitchBook Data

$9.3 tril AUM (approx.)

Workplace Solutions / Retirement
Morningstar Investment Management (includes Morningstar Managed Portfolios and institutional asset management)
Morningstar Indexes

Five Key Investment Areas

Five Key Investment Areas

1
Workplace Solutions/
Retirement

2
Morningstar Direct/
PitchBook

3
Morningstar Managed Portfolios

4
Morningstar Credit Ratings

5
Morningstar Data

#1: Workplace Solutions/Retirement

↑16.4%

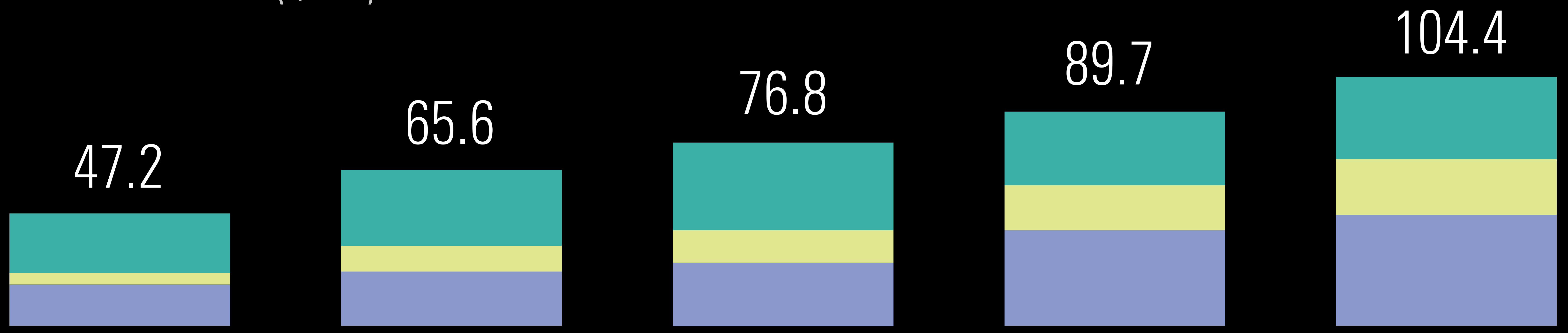
Asset growth in 2016

$104.4 bil

Assets as of Dec. 31, 2016

#1: Workplace Solutions/Retirement

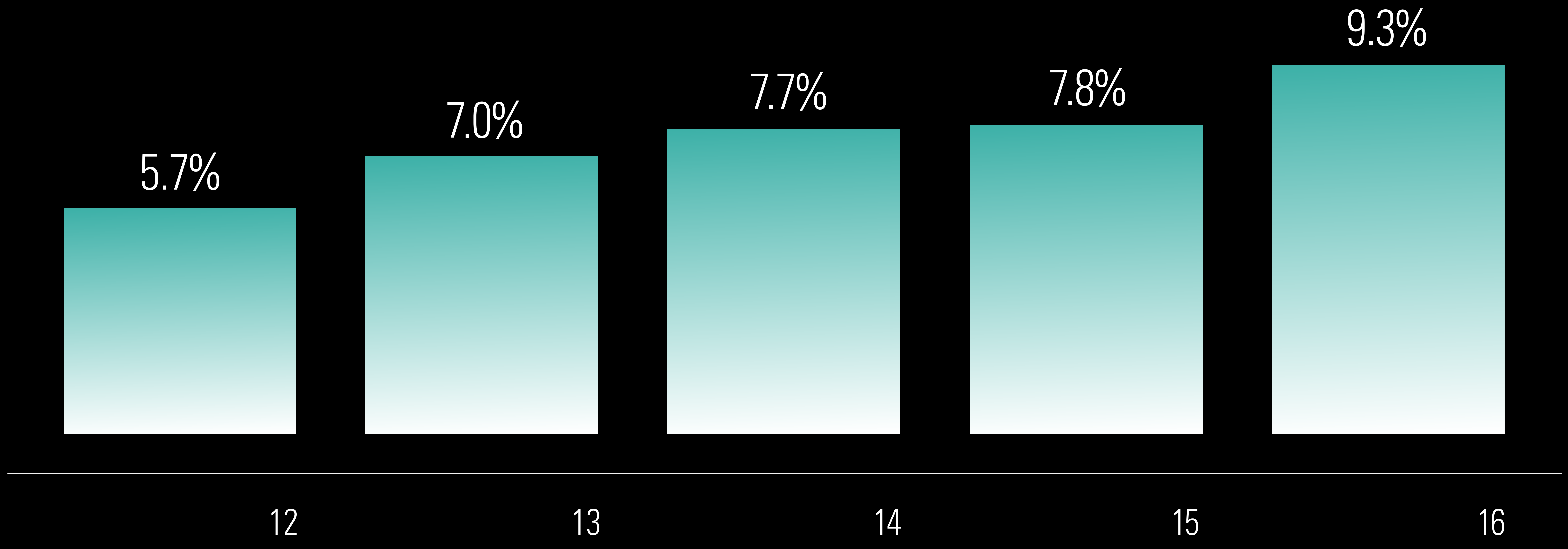
Assets under management/advisement ($bil)



	12	13	14	15	16
Managed retirement accounts	25.1	31.7	36.8	40.3	46.9
Custom models	4.4	11.0	13.3	18.7	23.2
Plan sponsor advice	17.7	22.9	26.7	30.7	34.3

#1: Workplace Solutions/Retirement

Adoption rate for managed retirement accounts



#1: Workplace Solutions/Retirement

Morningstar's Total Wealth Approach

Morningstar's Asset-Allocation Expertise

Morningstar Indexes

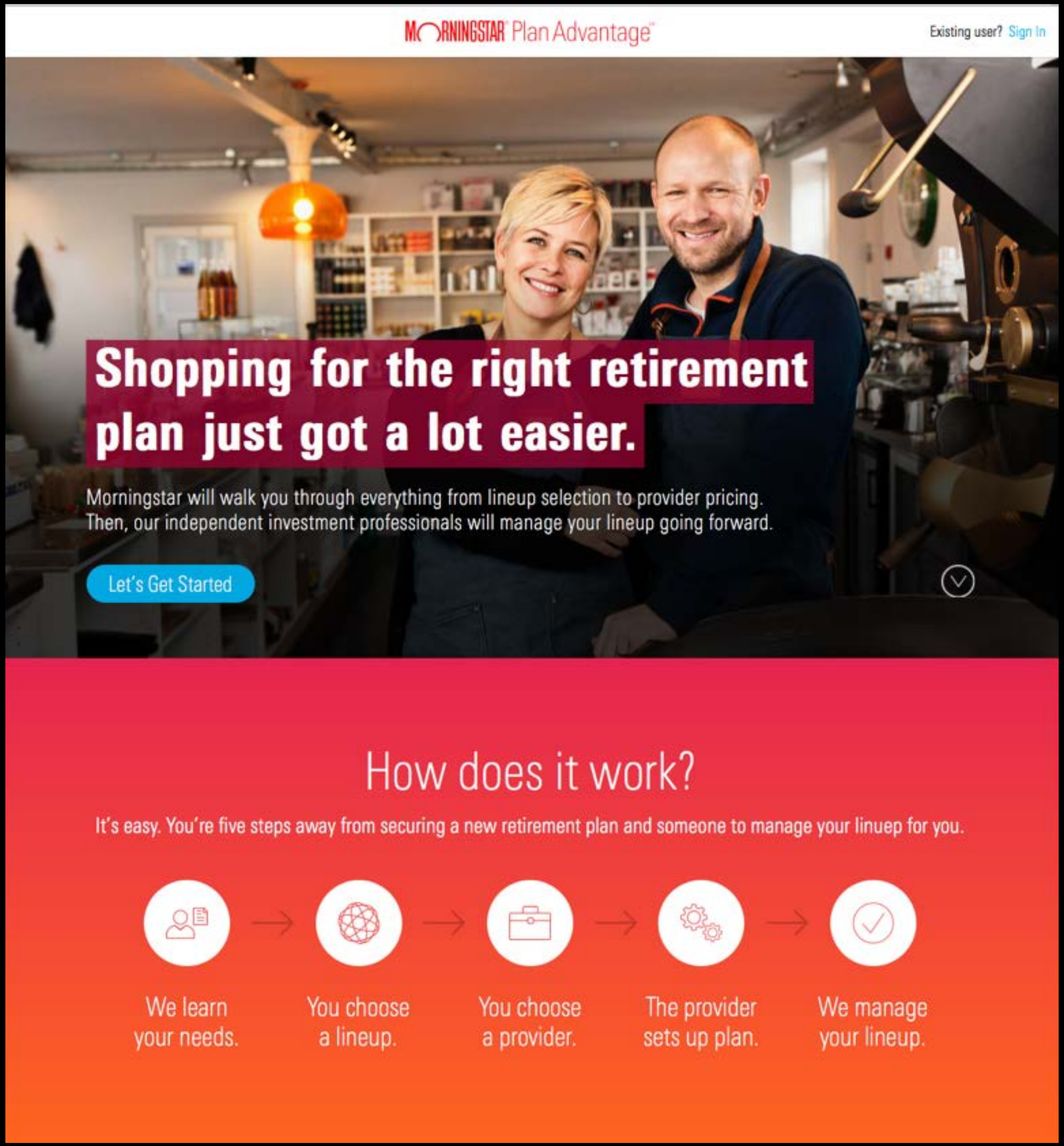
Morningstar Lifetime Allocation Indexes

UBS Index Replication

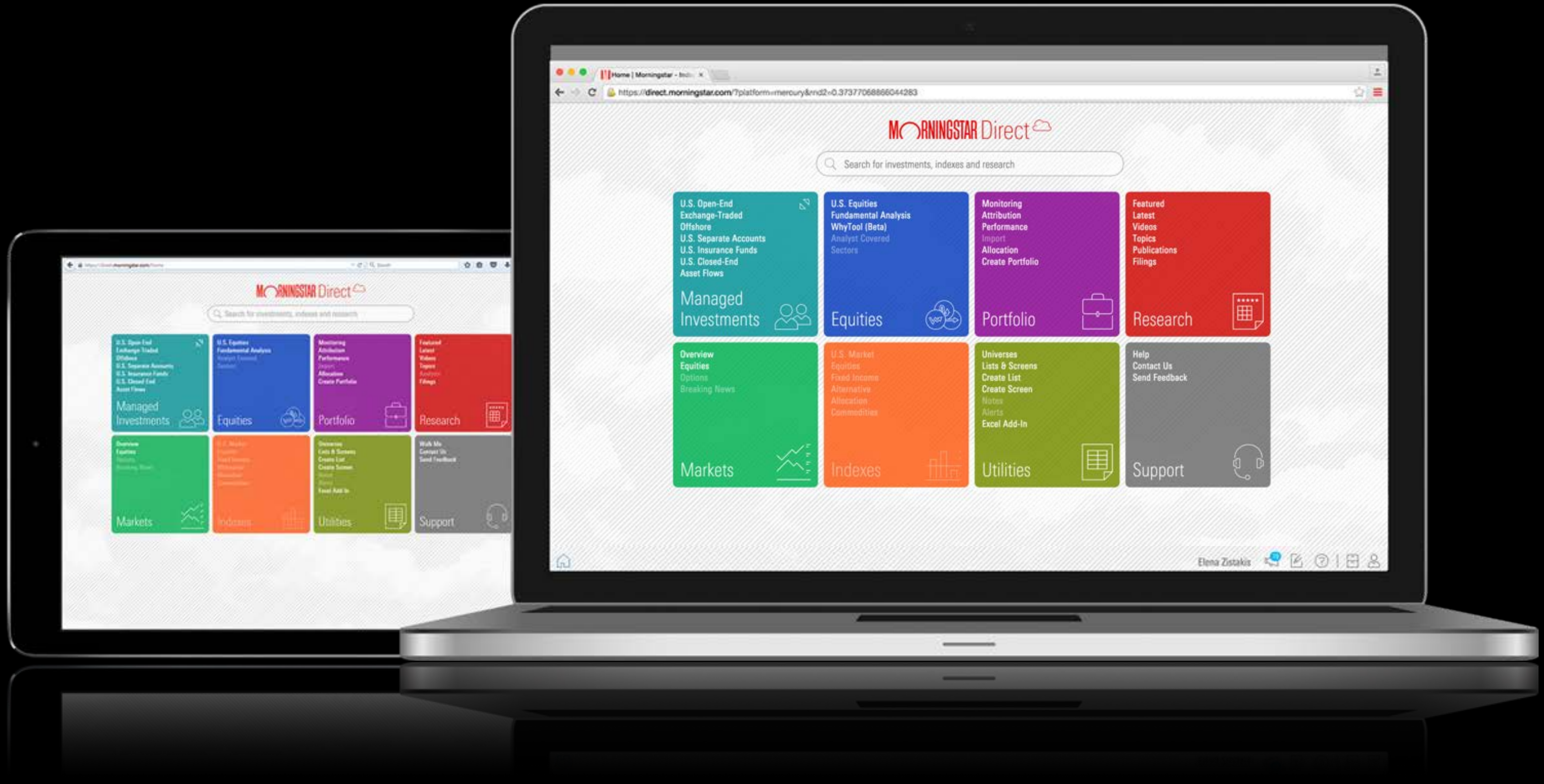
UBS Fund Construction

Morningstar Lifetime Index Funds

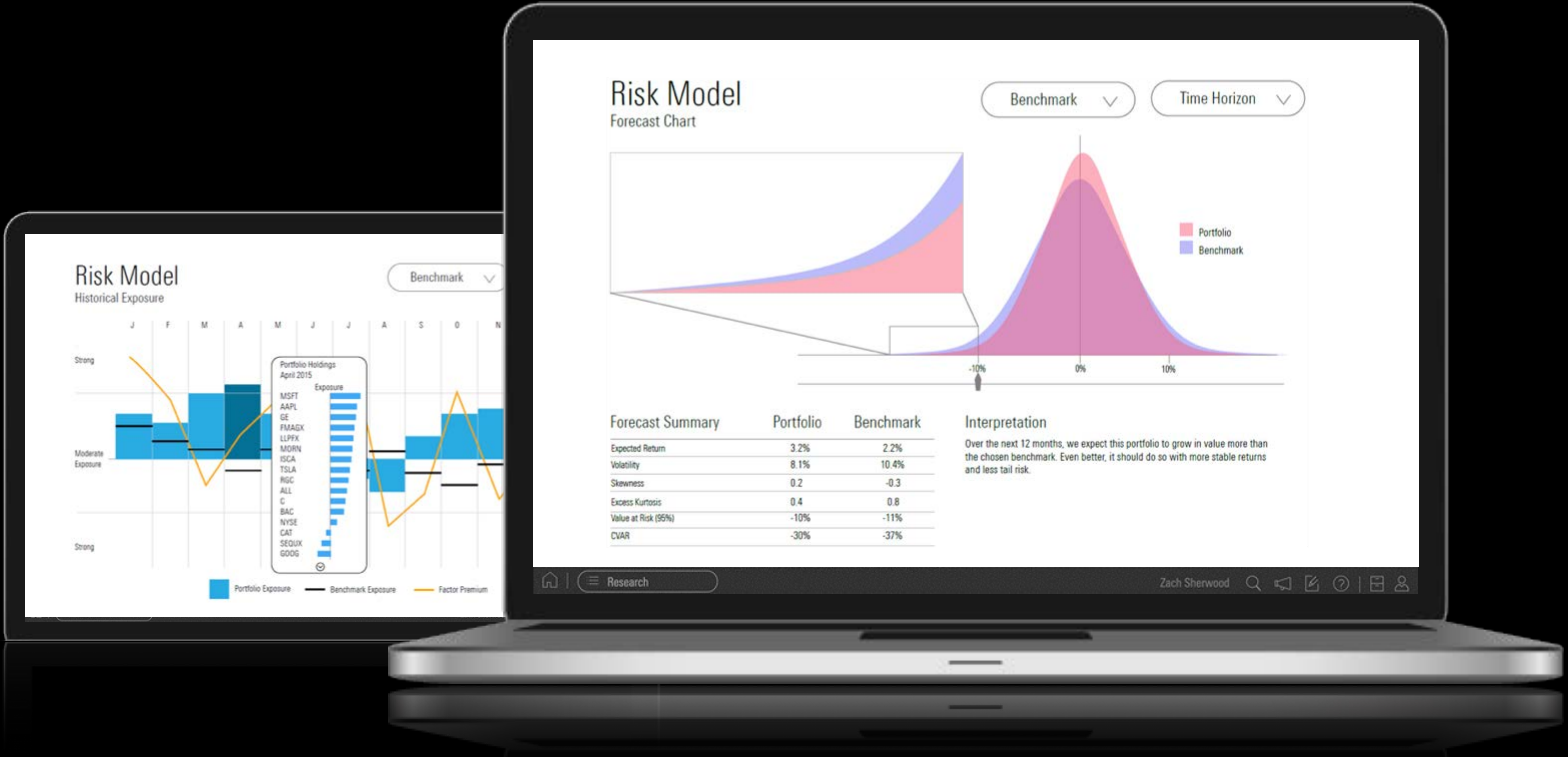
#1: Workplace Solutions/Retirement



#2: Morningstar Direct/PitchBook

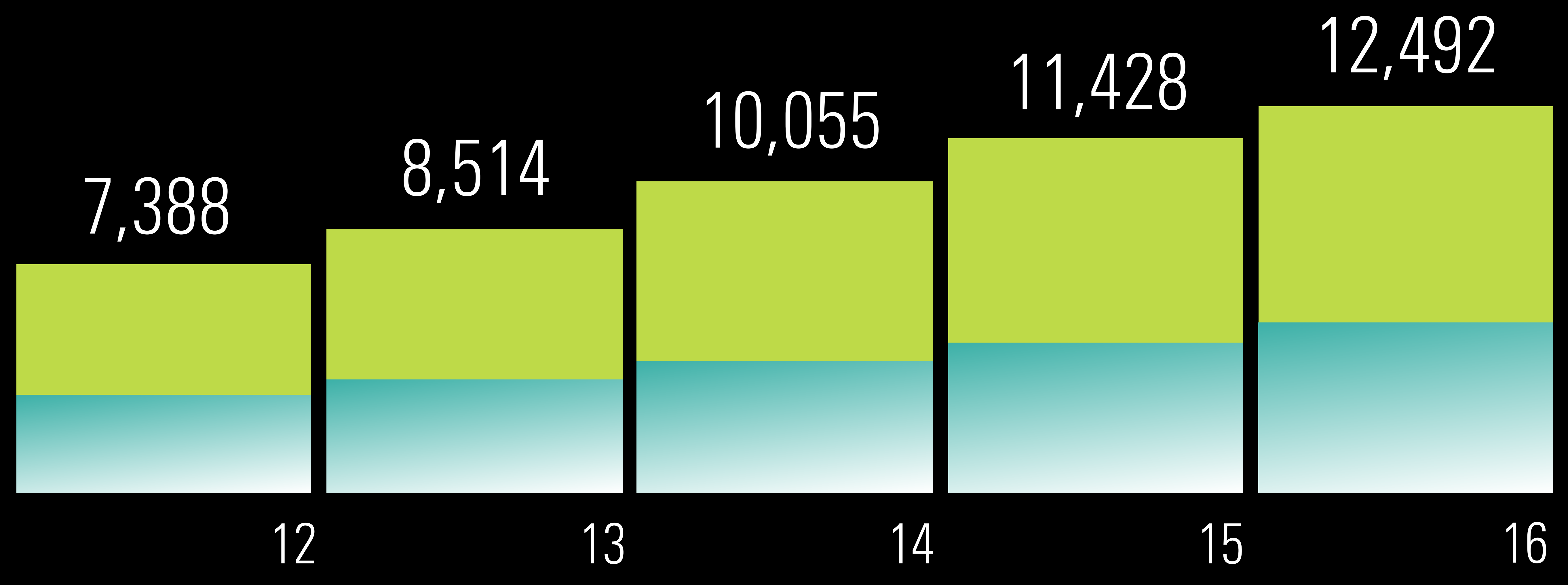


#2: Morningstar Direct/PitchBook



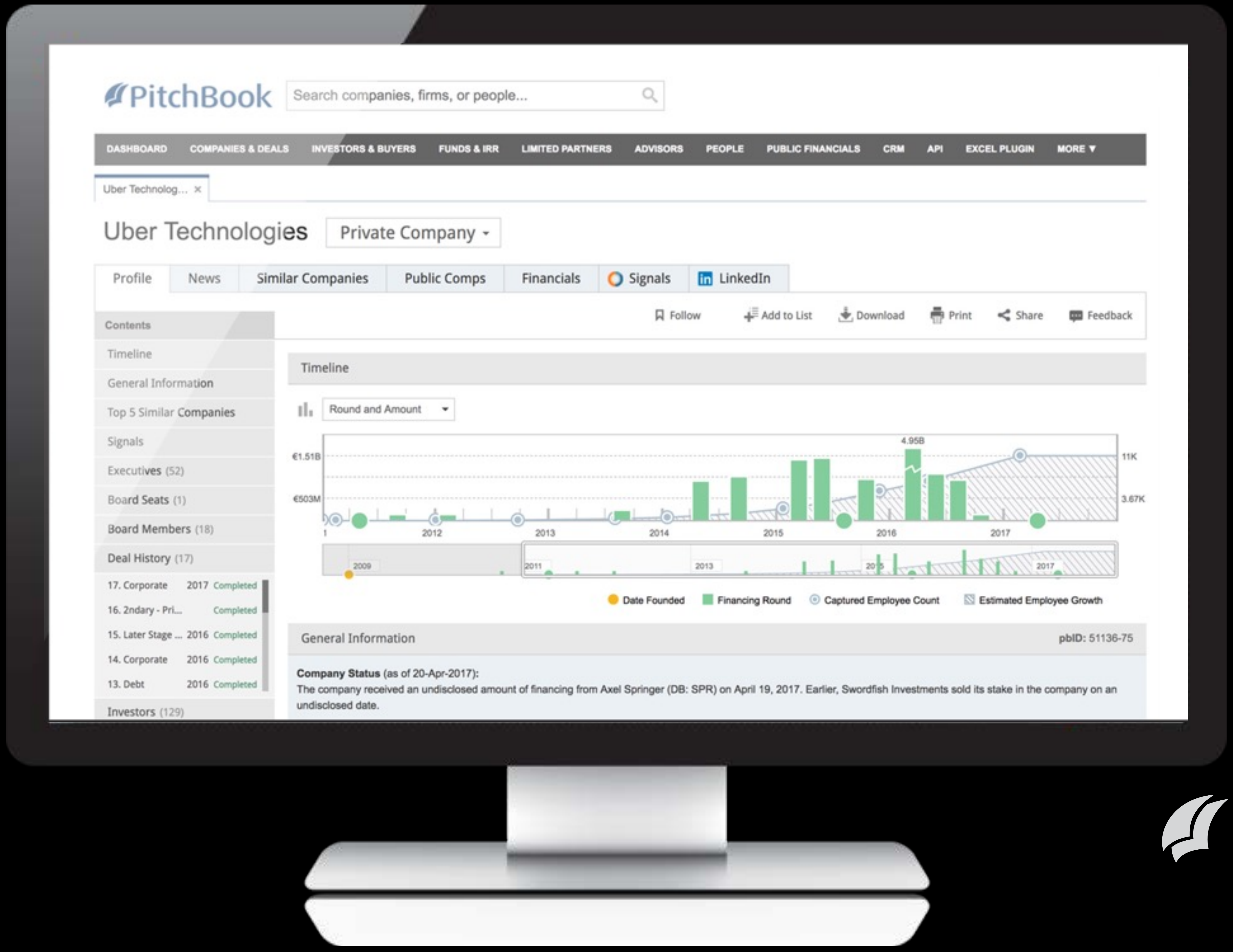
#2: Morningstar Direct/PitchBook

Morningstar Direct Licenses



U.S.	4,207	4,830	5,782	6,527	6,970
Non-U.S.	3,181	3,684	4,273	4,901	5,520

#2: PitchBook Acquisition



PitchBook

#2: PitchBook Acquisition

PitchBook

09 10 11 12 13 14 15 16

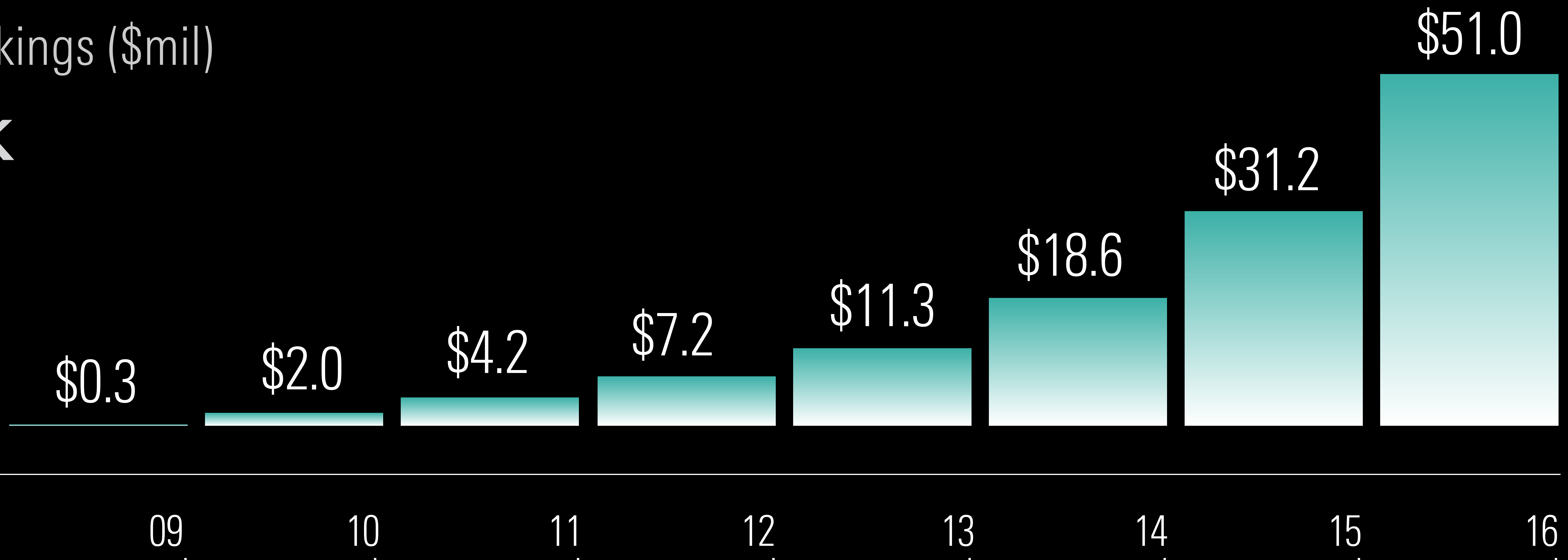
John Gabbert
Founded 2007

Morningstar makes minority investment; flagship platform launches

#2: PitchBook Acquisition

Annual Sales Bookings ($mil)

PitchBook



John Gabbert
Founded 2007

Morningstar makes minority investment; flagship platform launches

VC and PE Data added

Win first of eight SIIA CODiE award

NY office opens: Complete VC coverage

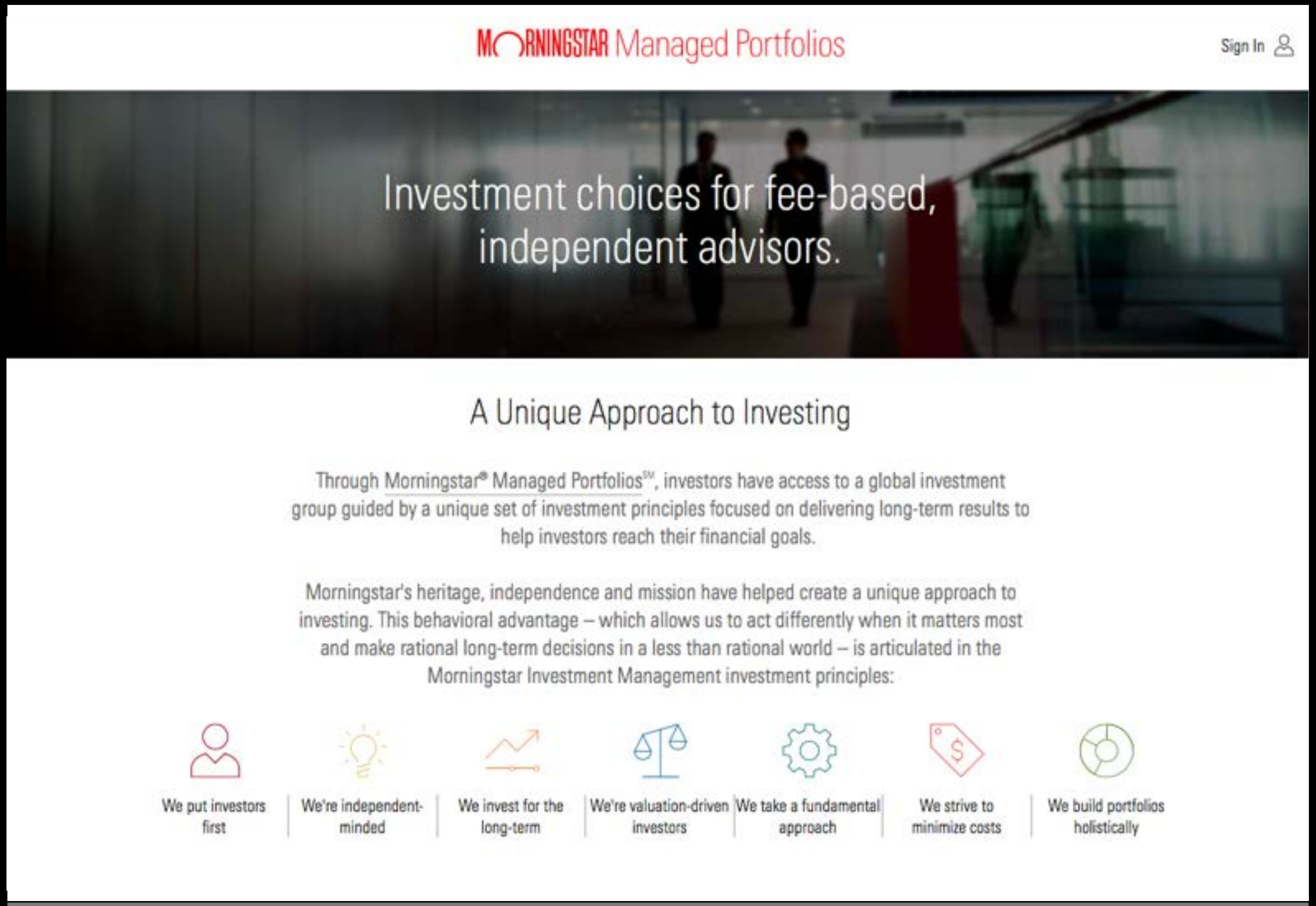
Redesigned platform launches

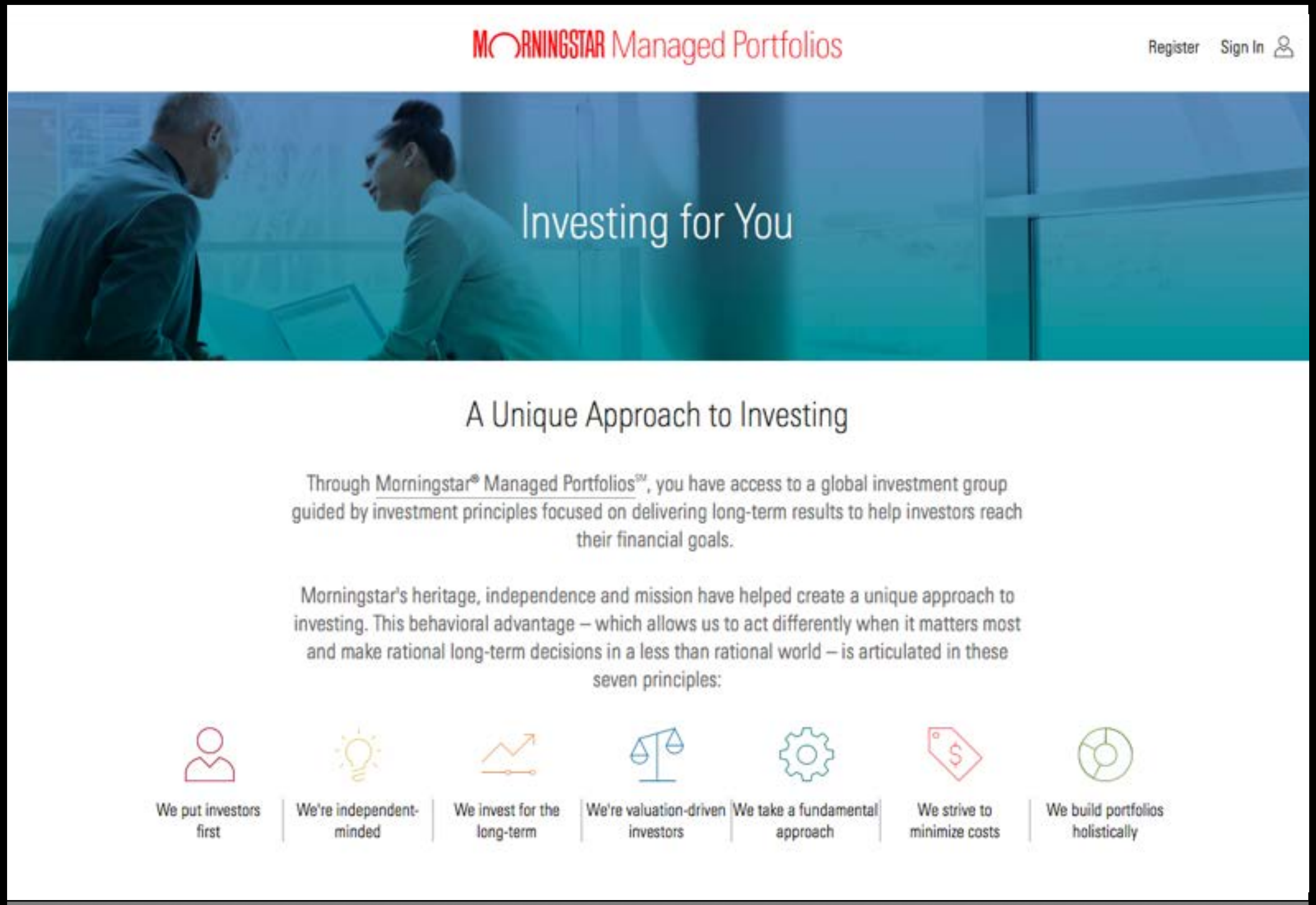
London office opens: Mobile App launches: M&A coverage added

Company Signals launches

Morningstar acquires PitchBook

#3: Morningstar Managed Portfolios





#3: Morningstar Managed Portfolios

↑15.5%

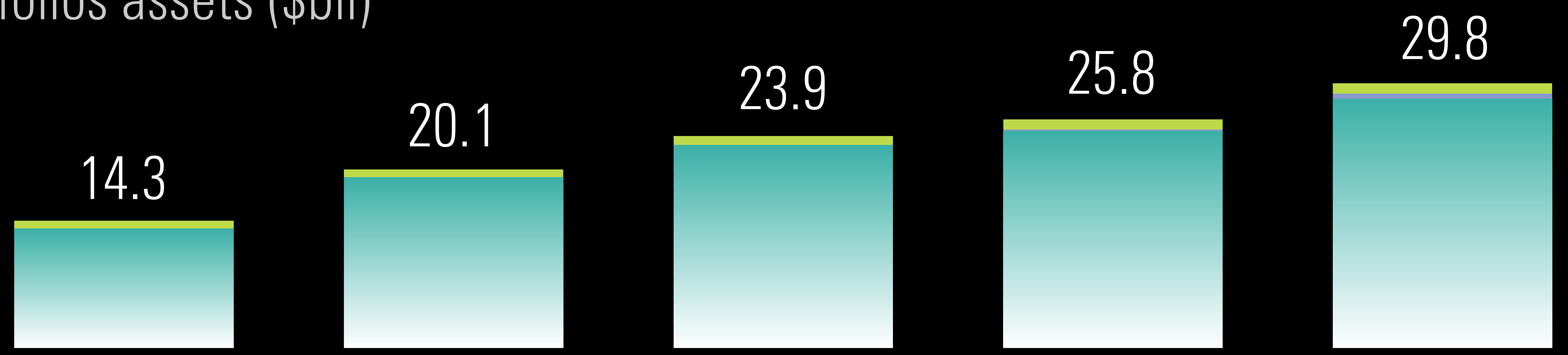
Asset Growth in 2016

$29.8 bil

Assets as of Dec. 31, 2016

#3: Morningstar Managed Portfolios

Morningstar Managed Portfolios assets ($bil)



	12	13	14	15	16
United States	13.5	19.3	22.9	24.4	28.1
United Kingdom	—	—	—	0.2	0.5
Australia	0.8	0.8	1.0	1.1	1.2

#3: Morningstar Managed Portfolios

Morningstar® Managed Portfolios℠ Product Update: Changes to Mutual Fund-Based Managed Portfolios

Summary

We Aim to Lower Costs of Our Managed Portfolios Through a New Fund Family

Morningstar Investment Management has taken a new step to further reduce the cost and simplify the management of some of our Morningstar Managed Portfolios.

To do this, we have filed to register a family of Morningstar-managed funds with the Securities and Exchange Commission (SEC). After clearing all regulatory hurdles, the Morningstar funds will become holdings in our mutual fund-based Morningstar Managed Portfolios, which we offer exclusively to financial advisors. We expect this will allow us to significantly lower the costs and improve delivery of the managed portfolios. The Morningstar funds will not be available directly to the general investing public.

EDGAR Search Results

SEC Home » Search the Next-Generation EDGAR System » Company Search » *Current Page*

Morningstar Funds Trust CIK#: 0001699360 (see all company filings)
State location: IL | State of Inc.: DE | Fiscal Year End: 1231
(List all Funds and Classes/Contracts for Morningstar Funds Trust)

Busin
22 W.
CHIC
312-696-6000

Filter Results: Filing Type: Prior to: (YYYYMMDD) Limit Results Per Page 40 Entries

Search | Show All | Prospectuses | Proxy Voting Records

Items 1 - 5 RSS Feed

Filings	Format	Description	Filing Date	File/Film Number
40-APP	Documents	Application for exemption and other relief filed under the Investment Company Act of 1940 Acc-no: 0001137439-17-000052 (40 Act) Size: 158 KB	2017-03-06	812-14753 17668357
497AD	Documents	Filing by certain investment companies of Rule 482 advertising [Rule 497 and 482(c)] Acc-no: 0001104659-17-014410 (33 Act) Size: 65 KB	2017-03-06	333-216479 17668211
N-1A	Documents	Registration statement for open-end management investment companies Acc-no: 0001104659-17-014397 (33 Act) Size: 2 MB	2017-03-06	333-216479 17668101
N-1A	Documents	Registration statement for open-end management investment companies Acc-no: 0001104659-17-014397 (40 Act) Size: 2 MB	2017-03-06	811-23235 17668102
N-8A	Documents	Notification of registration [Section 8(a)] Acc-no: 0001104659-17-014376 (40 Act) Size: 28 KB	2017-03-06	811-23235 17667839

http://www.sec.gov/cgi-bin/browse-edgar

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Modified 07/18/2014

#4: Morningstar Credit Ratings

Commercial mortgage-backed securities

Residential mortgage-backed securities

Single-family rental securities

Asset-backed securities

Financial institution ratings

Corporate credit ratings

Operational Risk Assessments

#4: Morningstar Credit Ratings

Single-family rental securities

Residential mortgage-backed securities

Asset-backed securities

09

Morningstar begins publishing credit ratings and research on corporate credit issuers

10

Morningstar acquires Realpoint, LLC

11

Realpoint rebranded as Morningstar Credit Ratings, LLC (MCR)

14

MCR submits preliminary application to expand NRSRO license

16

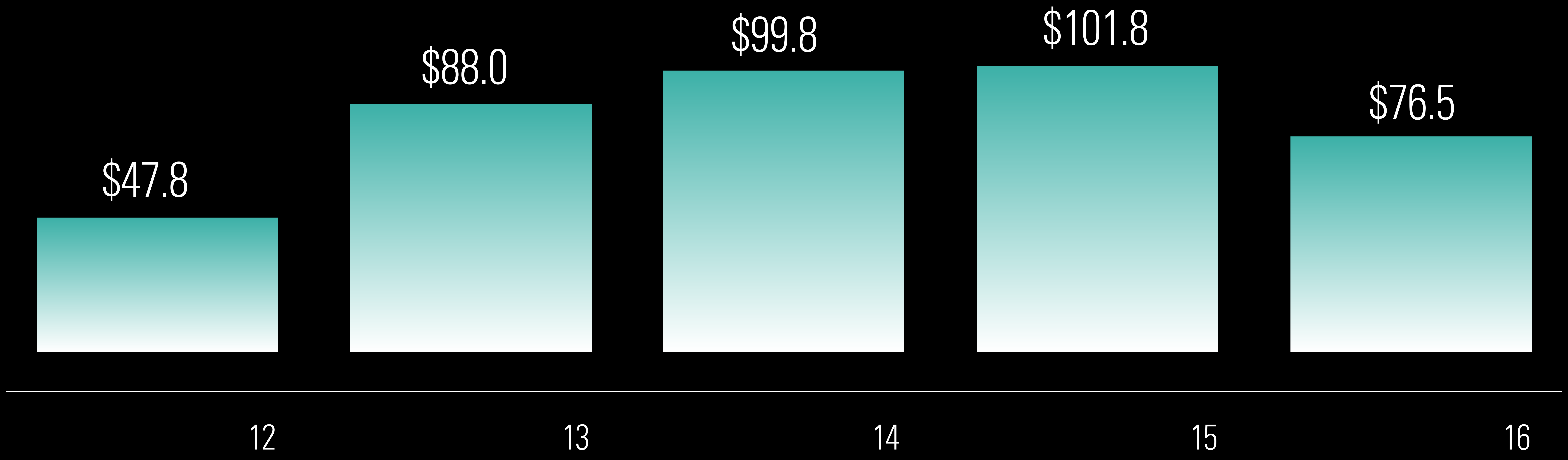
SEC approves expansion of NRSRO license to cover credit ratings for corporate issuers and financial institutions

17

NAIC extends MCR designation

#4: Morningstar Credit Ratings

CMBS Issuance ($bil)



Source: SIFMA

#5: Morningstar Data

Former

Morningstar Indexes

Current

Morningstar Data

Morningstar Data

Indexes	Managed Products	Fundamental Equity	Retirement Plan
Real-Time	Private Equity/ Venture Capital	Fixed-Income	

#5: Morningstar Data

↑5%
41,800 stocks
Equity Data Coverage

↑16%
19.8 million securities
Real-Time Data Coverage

#5: Morningstar Data

InvestSoft
TECHNOLOGY

Before: Client-Reported Fixed-Income Data

Fixed-Income

	Ltd	Mod	Ext
High	—	—	—
Med	—	—	—
Low	—	—	—

Bond Statistics	
Avg. Effective	3.15
Avg. Effective	4.70
Avg. Credit Quality	—
Avg. Weighted	3.88
Avg. Weighted Price	102.92

Credit Quality	**%**
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—

After: Calculated Fixed-Income Data

Fixed-Income

	Ltd	Mod	Ext
High	12.1	**52.8**	9.2
Med	3.0	7.9	3.3
Low	6.0	0.0	5.7

Bond Statistics	
Avg. Effective	3.15
Avg. Effective	4.70
Avg. Credit Quality	A
Avg. Weighted	3.88
Avg. Weighted Price	102.92

Credit Quality	**%**
AAA	23
AA	42
A	14
BBB	6
BB	0
B	11
Below B	4

Strategy

Develop Morningstar Direct
as our flagship
decision support platform

Produce the most
effective investment
data, research, and ratings

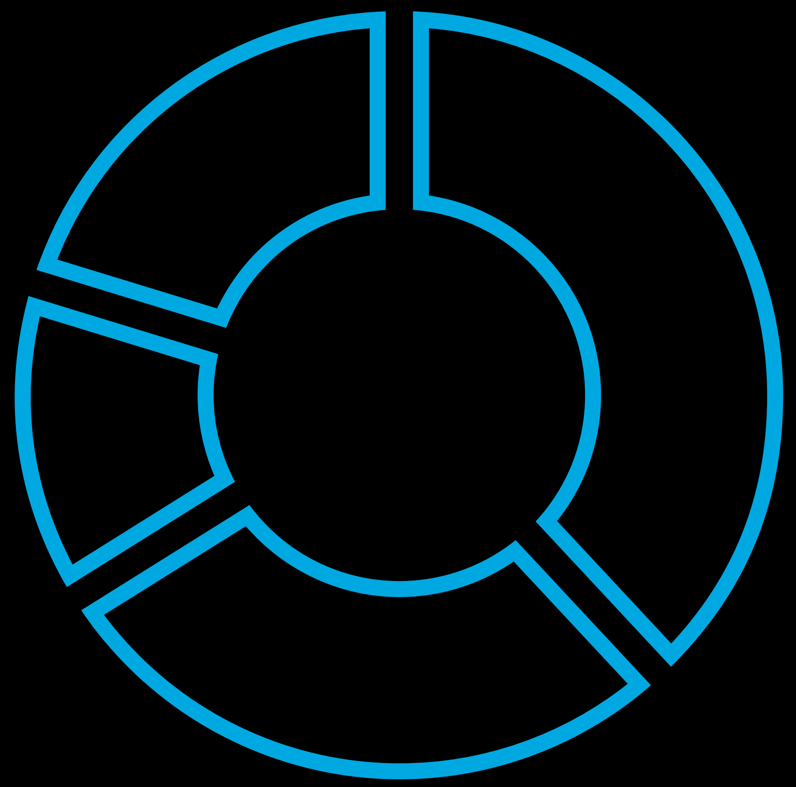
Build world-class
investment management
solutions based on
our proprietary research

Product Highlights

Tricia Rothschild
Chief Product Officer

Three Major Themes for 2017

Regulatory solutions



Multi-asset analytics

Goals-based investing

Regulatory solutions

Regulatory Solutions

DOL

Department of Labor Fiduciary Rule

MiFID II

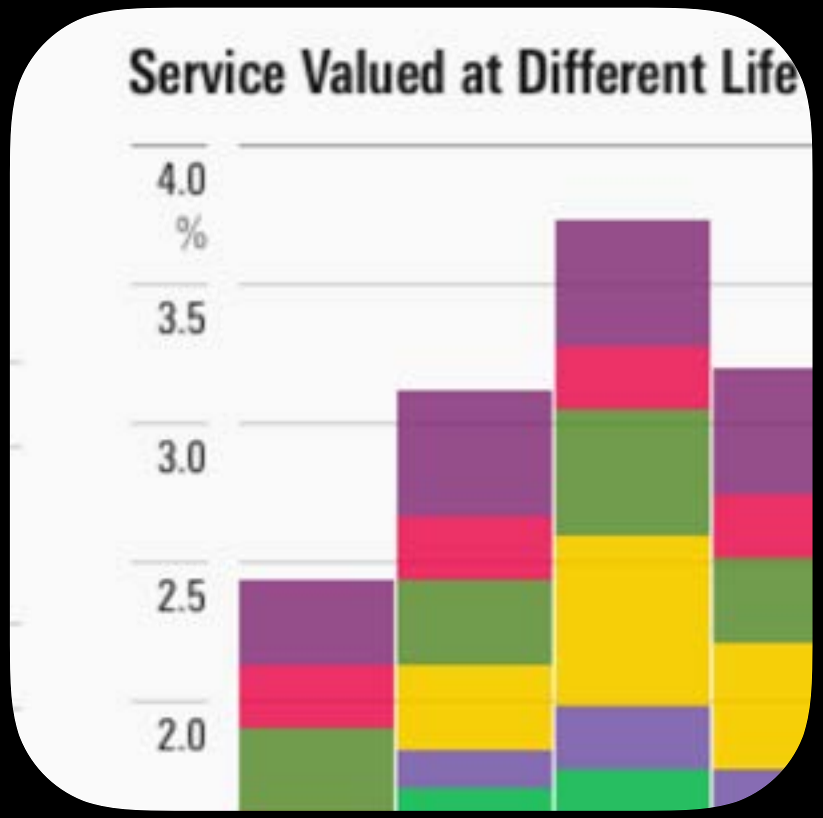
Markets in Financial Instruments Directive II

Determine, Demonstrate, & Document

Manager Selection Services

Due Diligence Scorecard

Morningstar Direct



Client Proposal Workflows

Managed Portfolios

Advisor Training

rest Scorecard Summary

ⓘ What is this?

	Current	Optimized	Proposed
Investment Quality			
Client Fit			
Service Value			
Client's Benefit of Rollover from Current	–	Average	Above Average

- Excellent
- Above Average
- Average
- Below Average
- Poor

Quality

ating Distribution

- Current

Portfolio Cost

100K

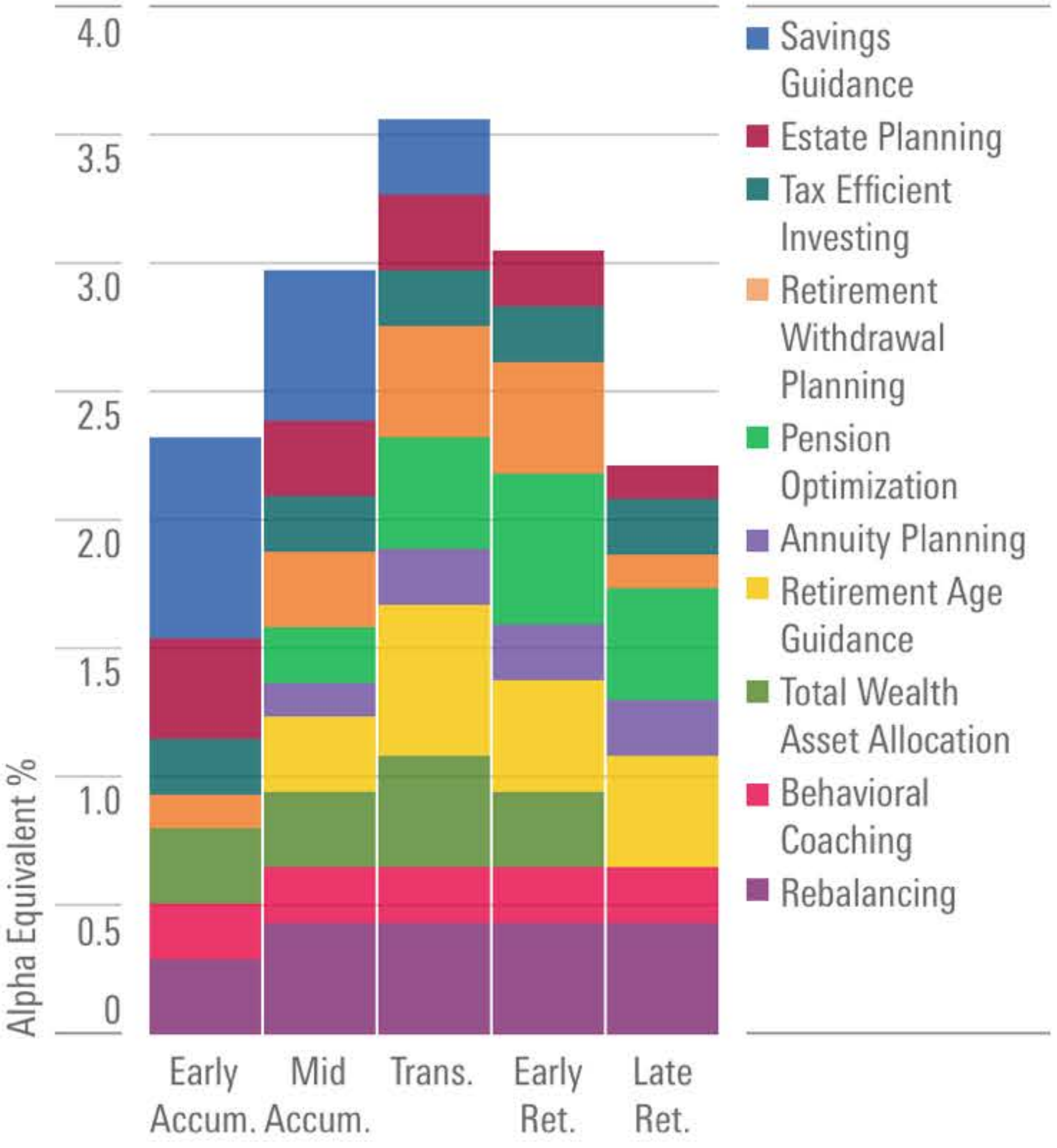
Financial Planning Services

Select provided Financial Services below for us to determine whether rolling over client's assets from current portfolio into an optimized or an advisor's proposed portfolio, is beneficial. Learn More

	Current	Optimized	Proposed
Plan Fee (bps)	50	50	50
Advisory Fee (bps)	50	50	50
Services			
Savings Guidance	☑	☑	☑
Estate Planning	☐	☐	☐
Tax Efficient Investing	☐	☐	☑
Retirement Withdrawal Planning	☐	☐	☑
Pension Optimization	☐	☐	☐
Annuity Planning	☐	☐	☐
Retirement Age Guidance	☑	☑	☑
Total Wealth Asset Allocation	☐	☐	☐
Behavioral Coaching	☐	☐	☑
Rebalancing	☐	☐	☐

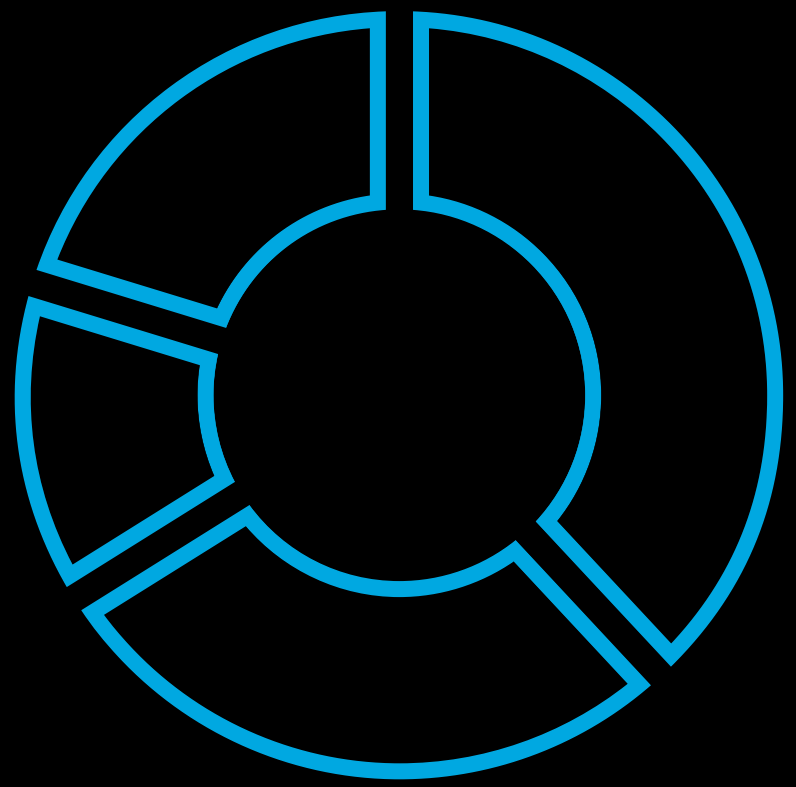
Average Service Needs in the Market

These estimates are provided by Morningstar Research for reference.



Three Major Themes for 2017

Regulatory solutions

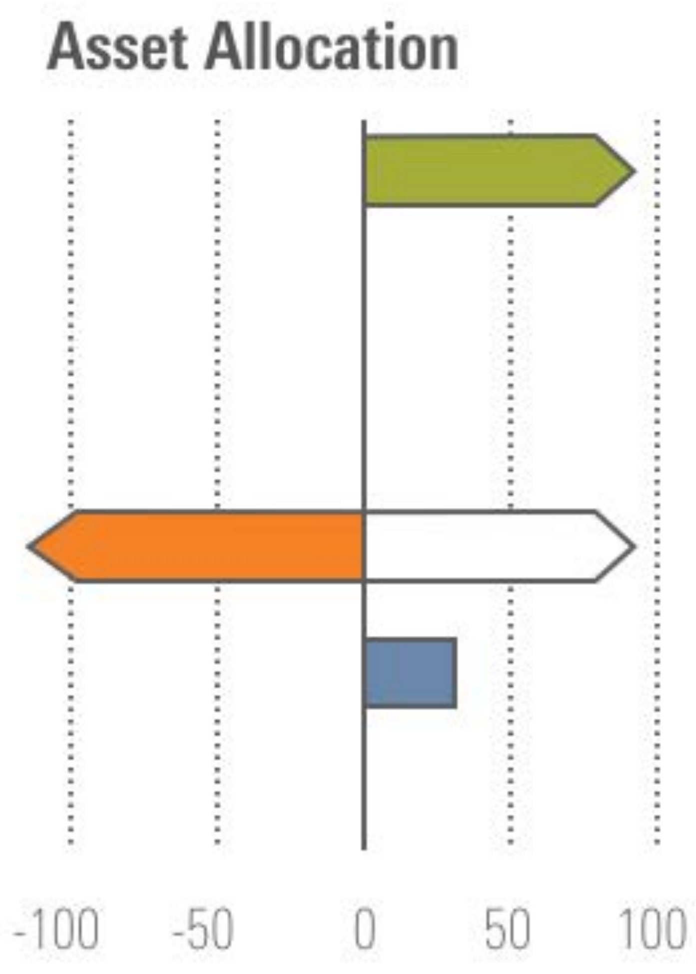


Multi-asset analytics

Goals-based investing

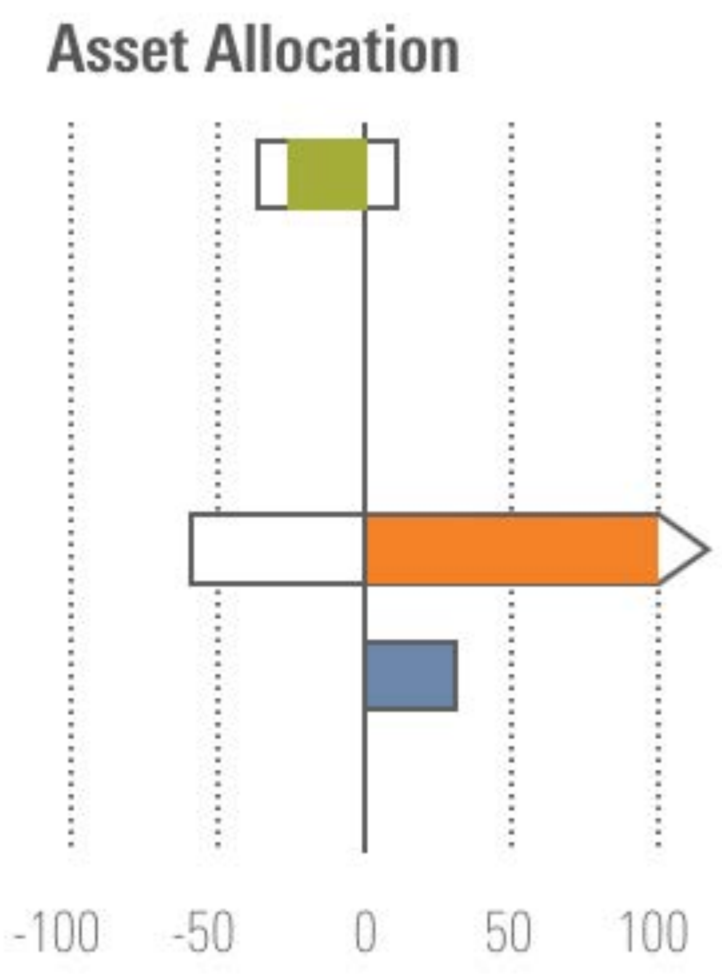
Multi-asset analytics

Before (Self-Reported)

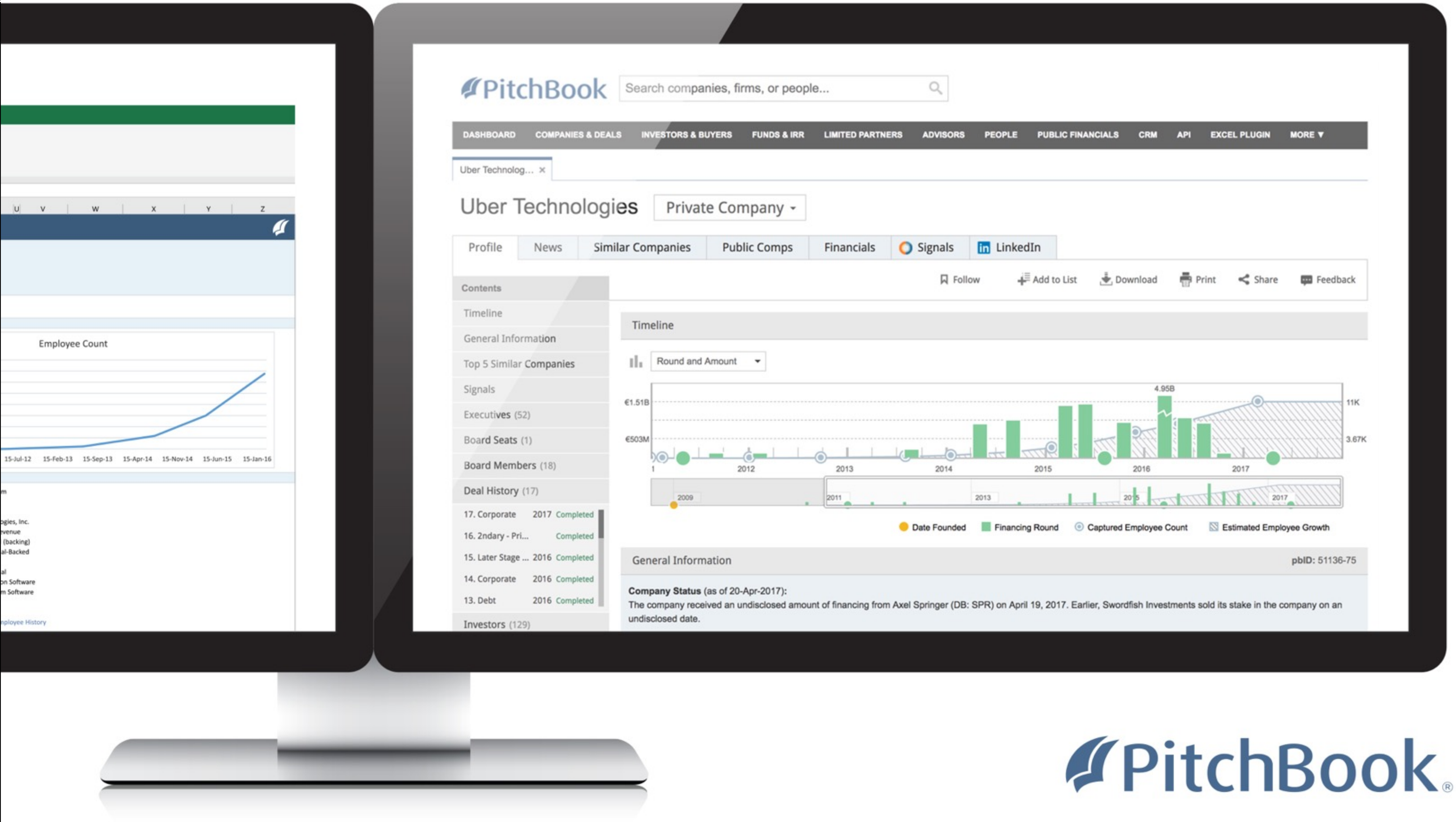


	Portfolio Long	Portfolio Short	Portfolio Net
Cash	1566.86	88.55	1478.31
US Stock	0.00	0.00	0.00
Non US Stock	0.00	0.00	0.00
Bond	146.02	1550.47	–1404.45
Other	27.37	1.23	26.14
Not Classified	0.00	0.00	0.00
Total	1,740.24	1640.24	100.00

After (Calculated)

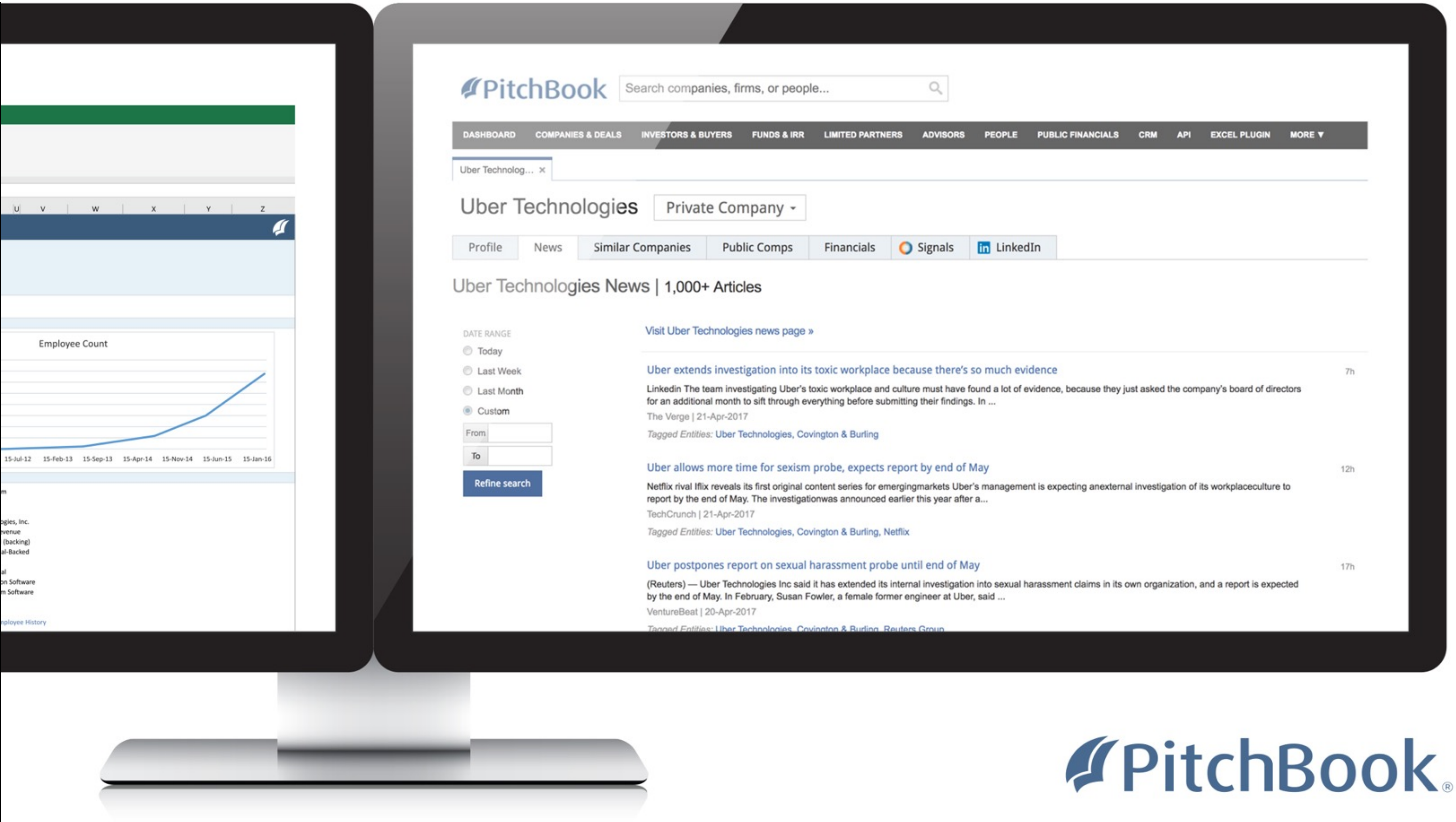


	Portfolio Long	Portfolio Short	Portfolio Net
Cash	9.59	33.49	–23.90
US Stock	0.00	0.00	0.00
Non US Stock	0.00	0.00	0.00
Bond	157.41	58.24	99.17
Other	25.96	1.23	24.73
Not Classified	0.00	0.00	0.00
Total	192.96	92.96	100.00



PitchBook
Search companies, firms, or people...
DASHBOARD
COMPANIES & DEALS
INVESTORS & BUYERS
FUNDS & IRR
LIMITED PARTNERS
ADVISORS
PEOPLE
PUBLIC FINANCIALS
CRM
API
EXCEL PLUGIN
MORE
Uber Technolog...
Uber Technologies
Private Company
Profile
News
Similar Companies
Public Comps
Financials
Signals
LinkedIn
Follow
Add to List
Download
Print
Share
Feedback
Contents
Timeline
General Information
Top 5 Similar Companies
Signals
Executives (52)
Board Seats (1)
Board Members (18)
Deal History (17)
17. Corporate 2017 Completed
16. 2ndary - Pri... Completed
15. Later Stage ... 2016 Completed
14. Corporate 2016 Completed
13. Debt 2016 Completed
Investors (129)
Timeline
Round and Amount
4.95B
€1.51B
€503M
11K
3.67K
2012
2013
2014
2015
2016
2017
2009
2011
2013
2017
Date Founded
Financing Round
Captured Employee Count
Estimated Employee Growth
General Information
pbID: 51136-75
Company Status (as of 20-Apr-2017):
The company received an undisclosed amount of financing from Axel Springer (DB: SPR) on April 19, 2017. Earlier, Swordfish Investments sold its stake in the company on an undisclosed date.
U
V
W
X
Y
Z
Employee Count
15-Jul-12
15-Feb-13
15-Sep-13
15-Apr-14
15-Nov-14
15-Jun-15
15-Jan-16

PitchBook®


Employee Count
15-Jul-12
15-Feb-13
15-Sep-13
15-Apr-14
15-Nov-14
15-Jun-15
15-Jan-16
PitchBook
Search companies, firms, or people...
DASHBOARD
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FUNDS & IRR
LIMITED PARTNERS
ADVISORS
PEOPLE
PUBLIC FINANCIALS
CRM
API
EXCEL PLUGIN
MORE ▼
Uber Technolog...
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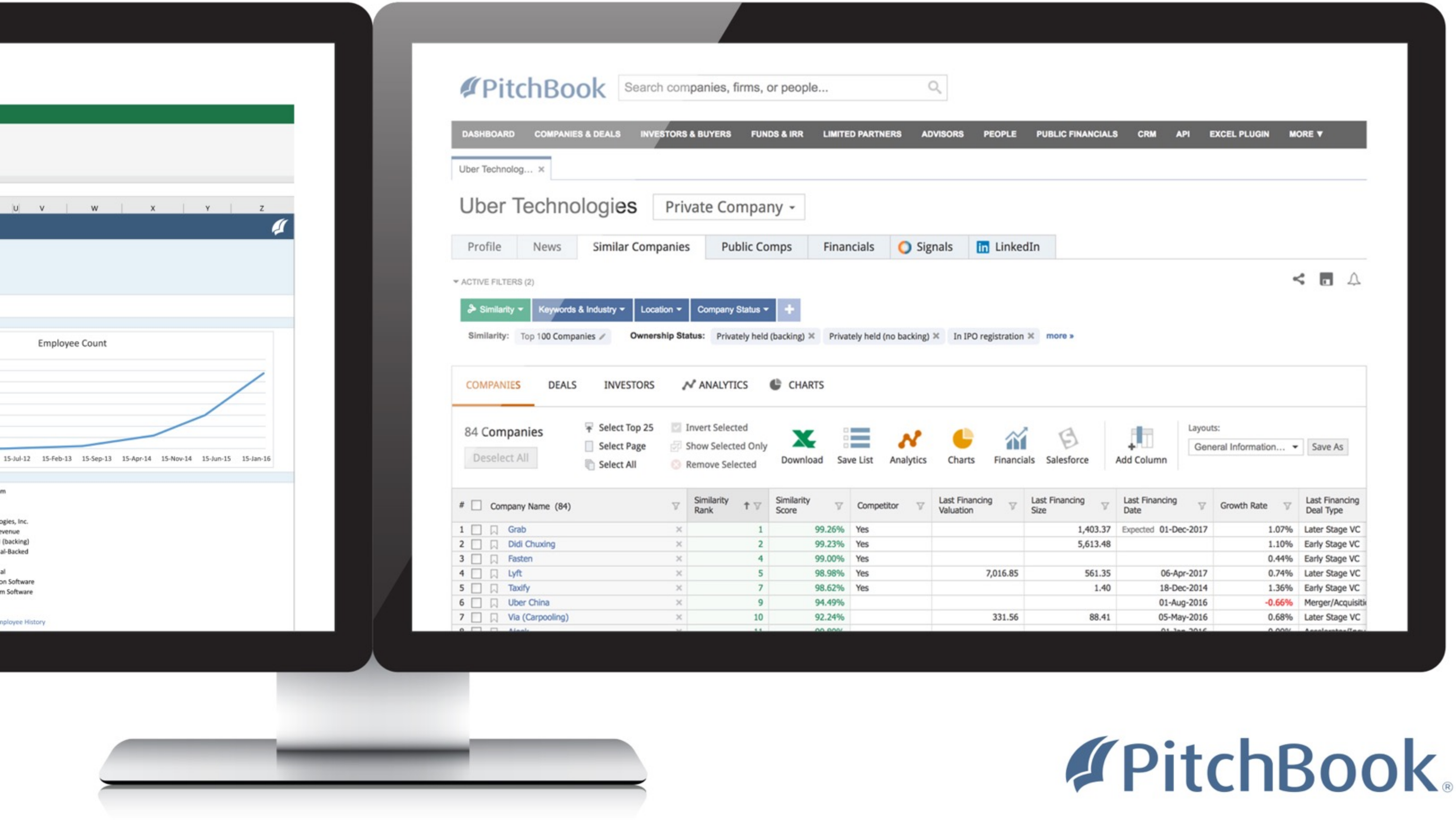
Uber Technologies News | 1,000+ Articles
DATE RANGE
Today
Last Week
Last Month
Custom
From
To
Refine search
Visit Uber Technologies news page »
Uber extends investigation into its toxic workplace because there's so much evidence
7h
Linkedin The team investigating Uber's toxic workplace and culture must have found a lot of evidence, because they just asked the company's board of directors for an additional month to sift through everything before submitting their findings. In ...
The Verge | 21-Apr-2017
Tagged Entities: Uber Technologies, Covington & Burling
Uber allows more time for sexism probe, expects report by end of May
12h
Netflix rival Iflix reveals its first original content series for emergingmarkets Uber's management is expecting anexternal investigation of its workplaceculture to report by the end of May. The investigationwas announced earlier this year after a...
TechCrunch | 21-Apr-2017
Tagged Entities: Uber Technologies, Covington & Burling, Netflix
Uber postpones report on sexual harassment probe until end of May
17h
(Reuters) — Uber Technologies Inc said it has extended its internal investigation into sexual harassment claims in its own organization, and a report is expected by the end of May. In February, Susan Fowler, a female former engineer at Uber, said ...
VentureBeat | 20-Apr-2017

PitchBook®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FUNDS & IRR
LIMITED PARTNERS
ADVISORS
PEOPLE
PUBLIC FINANCIALS
CRM
API
EXCEL PLUGIN
MORE
Uber Technolog...
Uber Technologies
Private Company
Profile
News
Similar Companies
Public Comps
Financials
Signals
LinkedIn
ACTIVE FILTERS (2)
Similarity
Keywords & Industry
Location
Company Status
Similarity: Top 100 Companies
Ownership Status: Privately held (backing) Privately held (no backing) In IPO registration more »
COMPANIES
DEALS
INVESTORS
ANALYTICS
CHARTS
84 Companies
Deselect All
Select Top 25
Select Page
Select All
Invert Selected
Show Selected Only
Remove Selected
Download
Save List
Analytics
Charts
Financials
Salesforce
Add Column
Layouts:
General Information...
Save As
Company Name (84)
Similarity Rank
Similarity Score
Competitor
Last Financing Valuation
Last Financing Size
Last Financing Date
Growth Rate
Last Financing Deal Type
Grab
Didi Chuxing
Fasten
Lyft
Taxify
Uber China
Via (Carpooling)
Employee Count

PitchBook®

MORNINGSTAR®

Public Company Data

42,000
Global fundamental equity

19.8 mil
Real-time data coverage on securities

PitchBook

Private Capital Markets

900,000
Companies

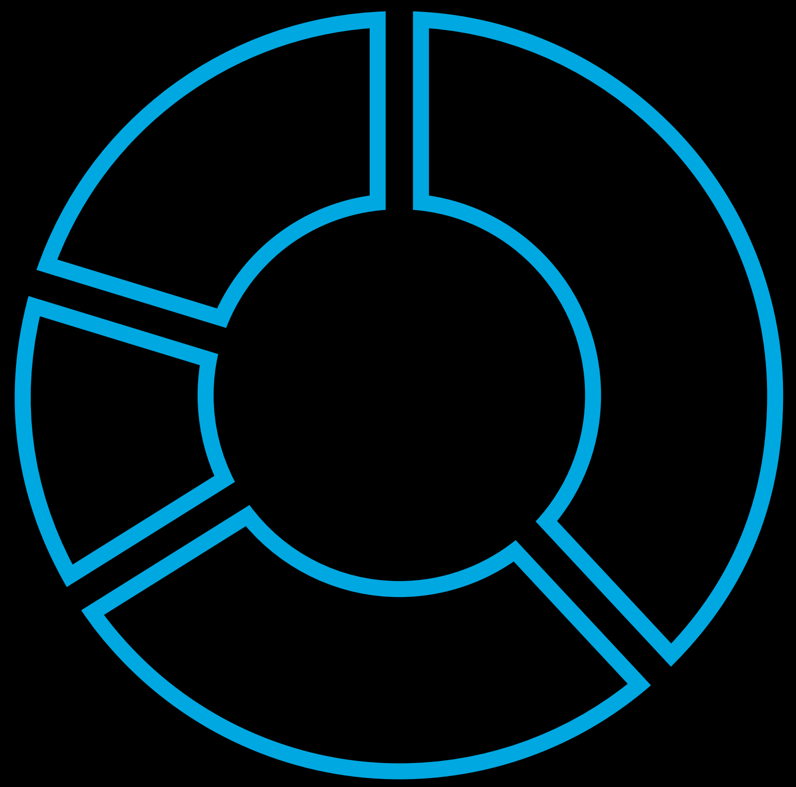
200,000
Investors

700,000
Private market transactions

37,000
Private equity and venture capital funds

Three Major Themes for 2017

Regulatory solutions



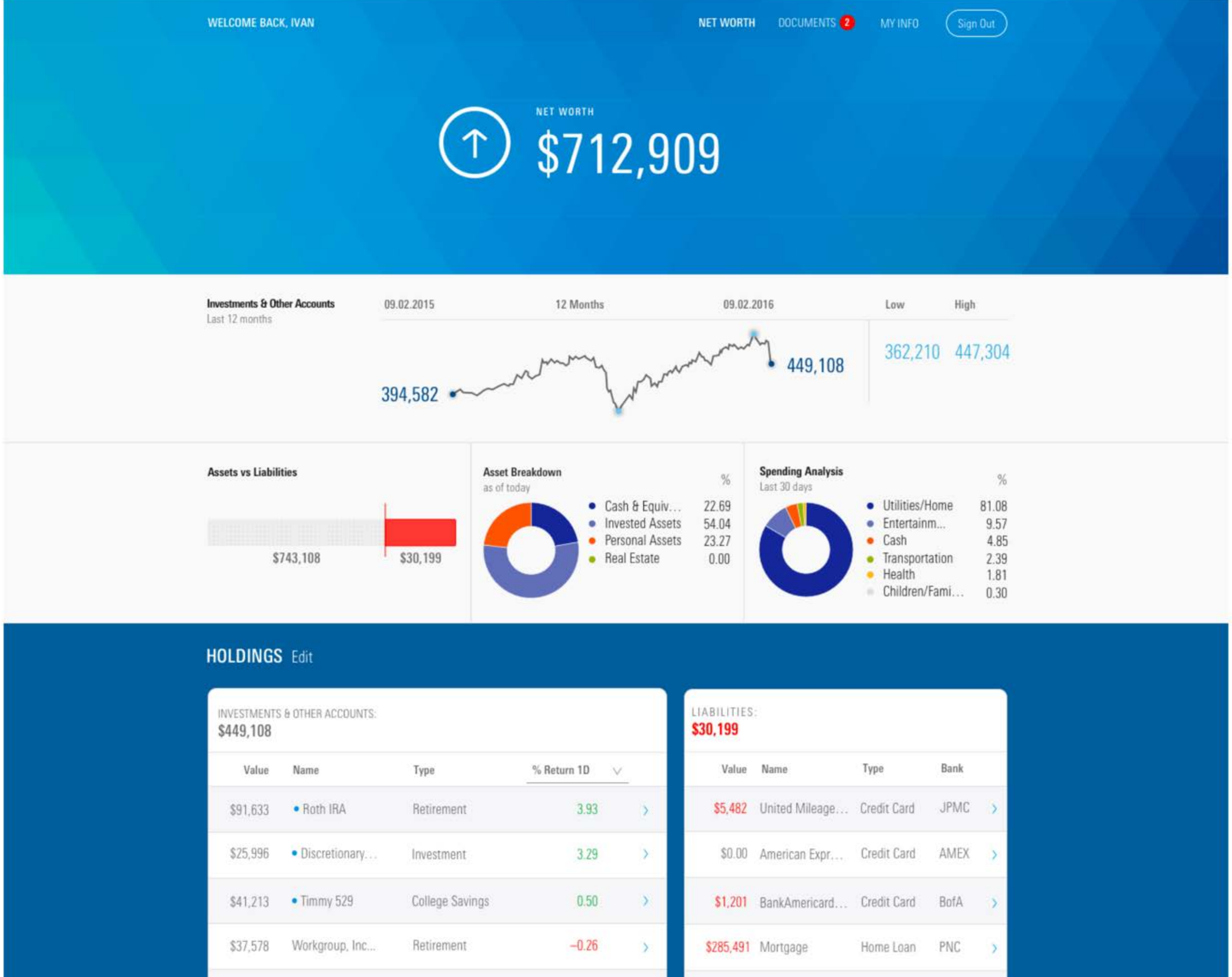
Multi-asset analytics

Goals-based investing

Goals-based investing

Goals-Based Investing

Goals	Life Stages	Nest Eggs	Family Situations
Down Payments	Retirement Accounts	College Tuition	



WELCOME BACK, IVAN
NET WORTH
DOCUMENTS 2
MY INFO
Sign Out
NET WORTH
$712,909
Investments & Other Accounts
Last 12 months
09.02.2015
12 Months
09.02.2016
Low
High
394,582
449,108
362,210
447,304
Assets vs Liabilities
$743,108
$30,199
Asset Breakdown
as of today
%
Cash & Equiv... 22.69
Invested Assets 54.04
Personal Assets 23.27
Real Estate 0.00
Spending Analysis
Last 30 days
%
Utilities/Home 81.08
Entertainm... 9.57
Cash 4.85
Transportation 2.39
Health 1.81
Children/Fami... 0.30
HOLDINGS Edit
INVESTMENTS & OTHER ACCOUNTS:
$449,108
Value
Name
Type
% Return 1D
$91,633 Roth IRA Retirement 3.93
$25,996 Discretionary... Investment 3.29
$41,213 Timmy 529 College Savings 0.50
$37,578 Workgroup, Inc... Retirement -0.26
LIABILITIES:
$30,199
Value
Name
Type
Bank
$5,482 United Mileage... Credit Card JPMC
$0.00 American Expr... Credit Card AMEX
$1,201 BankAmericard... Credit Card BofA
$285,491 Mortgage Home Loan PNC

Explore Your Retirement Plan

Logout

Your Saved Retirement Plans

+ Create New Plan

Retirement Plan 1

Edit Plan

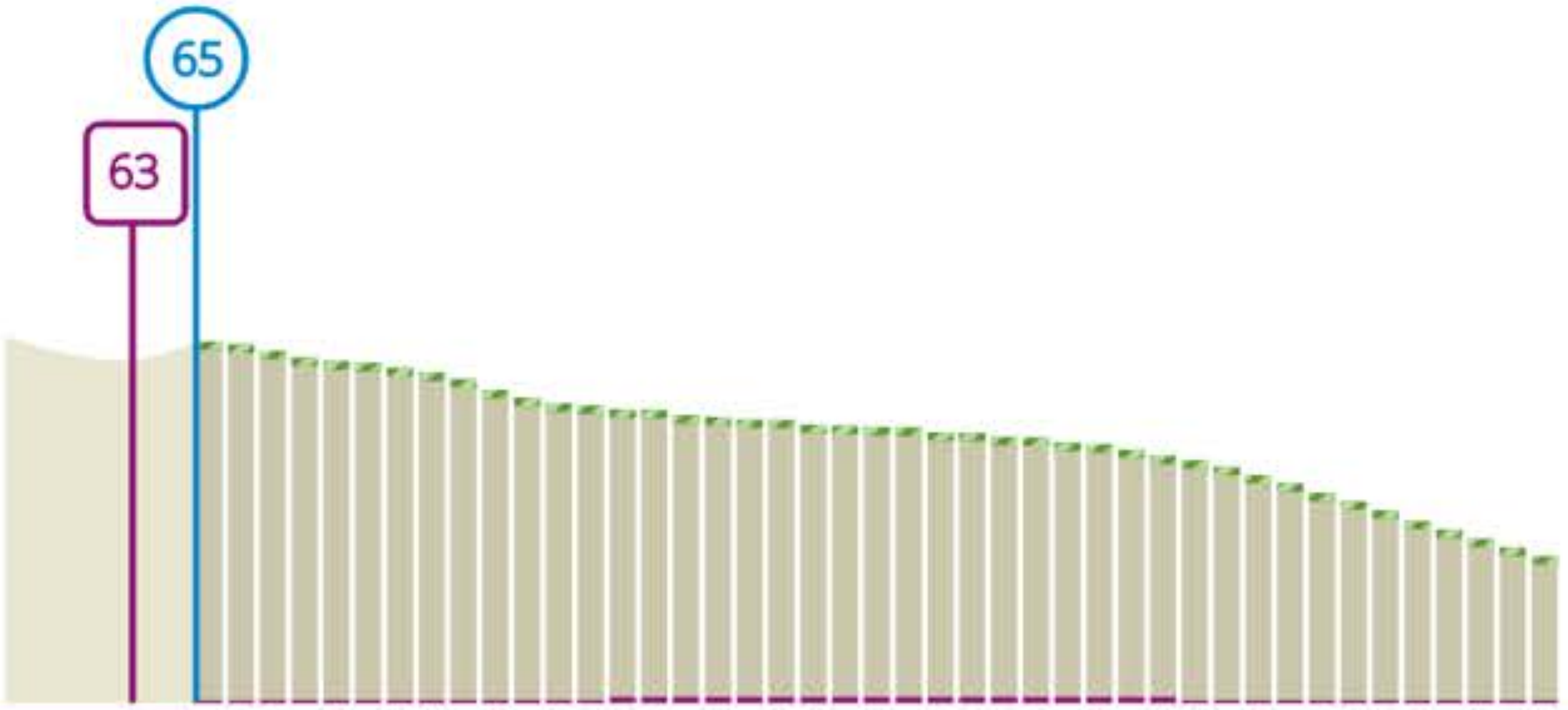
Delete

Excellent

Sufficiency Rating ?

65 You stop working

65 Social Security begins



Retirement Plan 2

Edit Plan

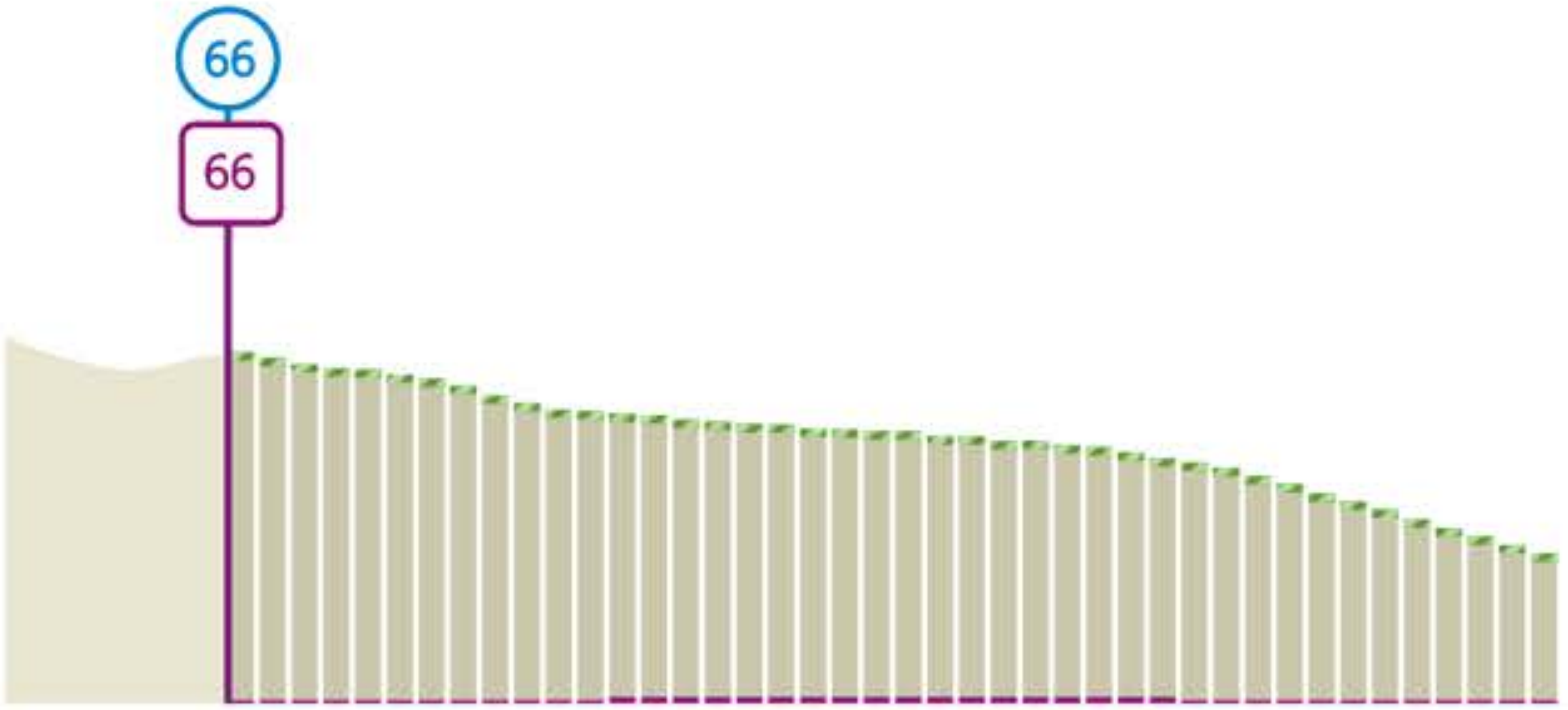
Delete

Excellent

Sufficiency Rating ?

66 You stop working

66 Social Security begins



Retirement Plan 3

66 You stop working

View Saved Plans

Explore Your Retirement Plan

Logout

Retirement Plan 1

Save

Start exploring your retirement by choosing an item below.

Personal Information

PRE-RETIREMENT

Contributions

Investment Strategy

RETIREMENT

Additional Income

Spending

Social Security

This is a projection and is not intended to be a reflection of actual future returns.

Partner stops working

65

Social Security begins

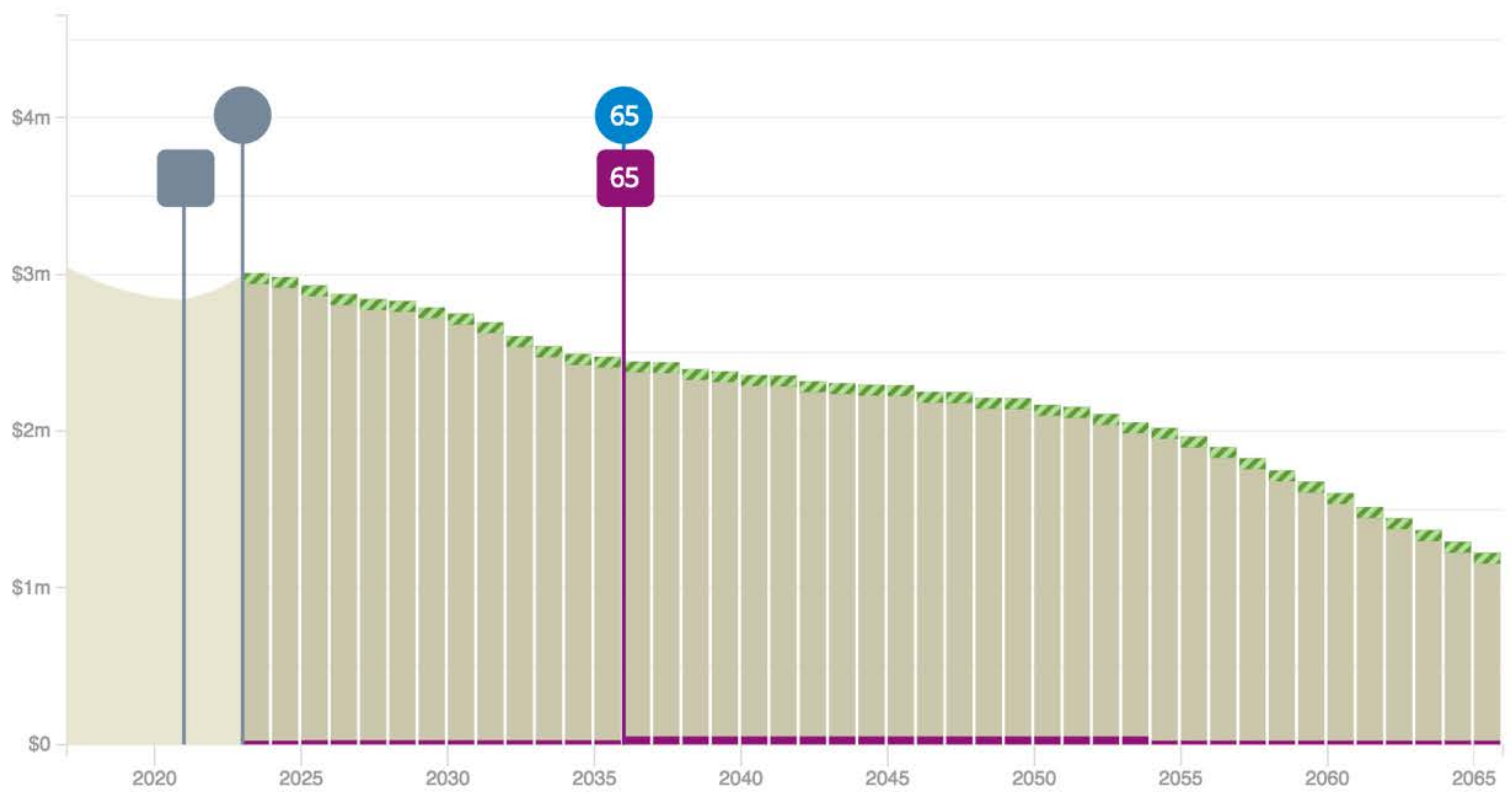
65

Spending

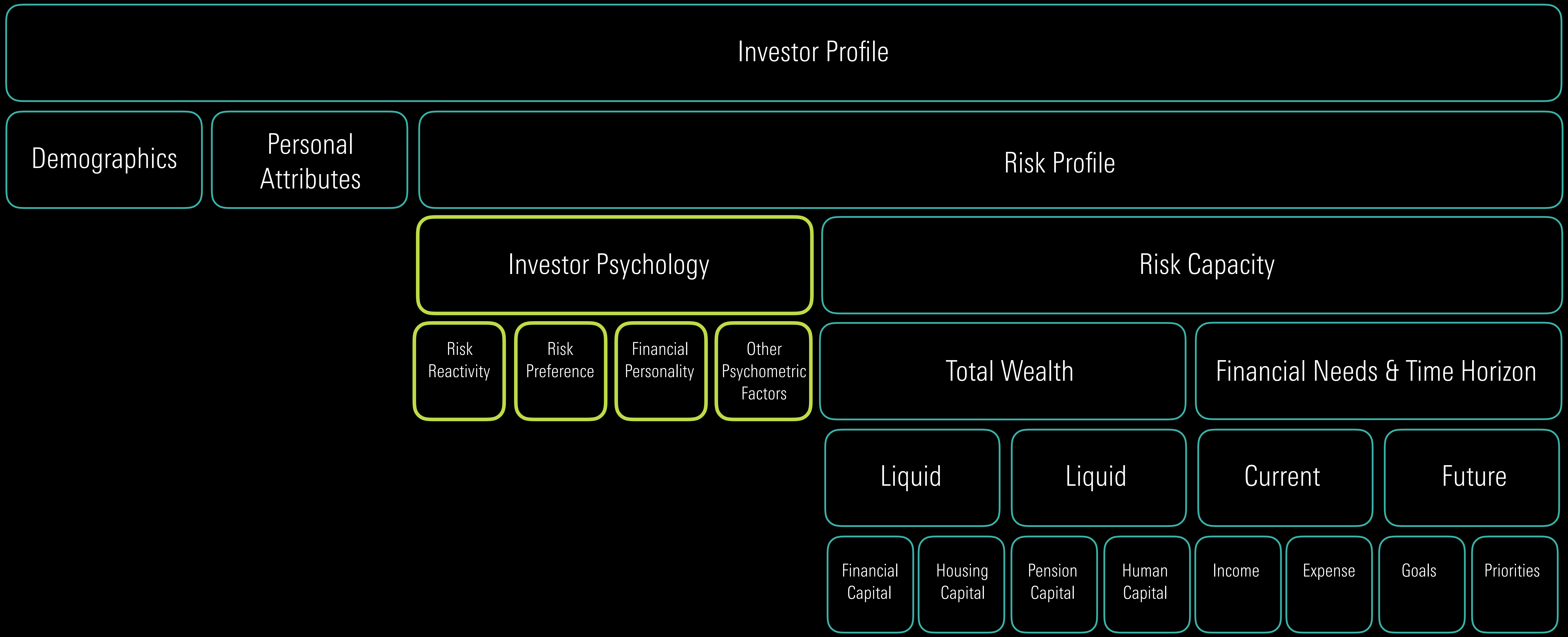
Social Security

james

fanny



Goals-Based Investing: Behavioral Finance



Morningstar Sustainability Rating for Funds

Environmental

Social

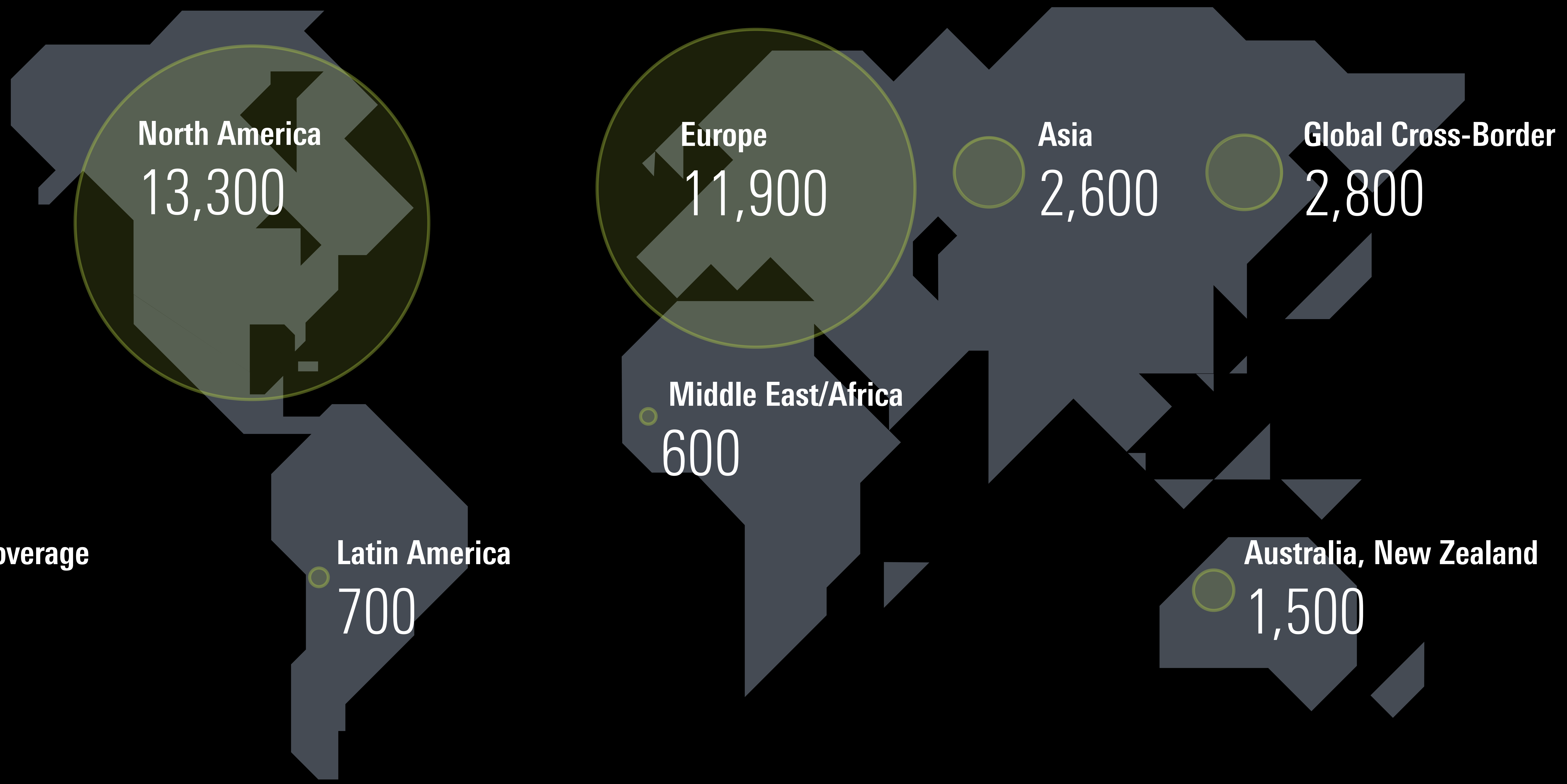
Governance

Morningstar Sustainability Rating for Funds

Environmental Social Governance

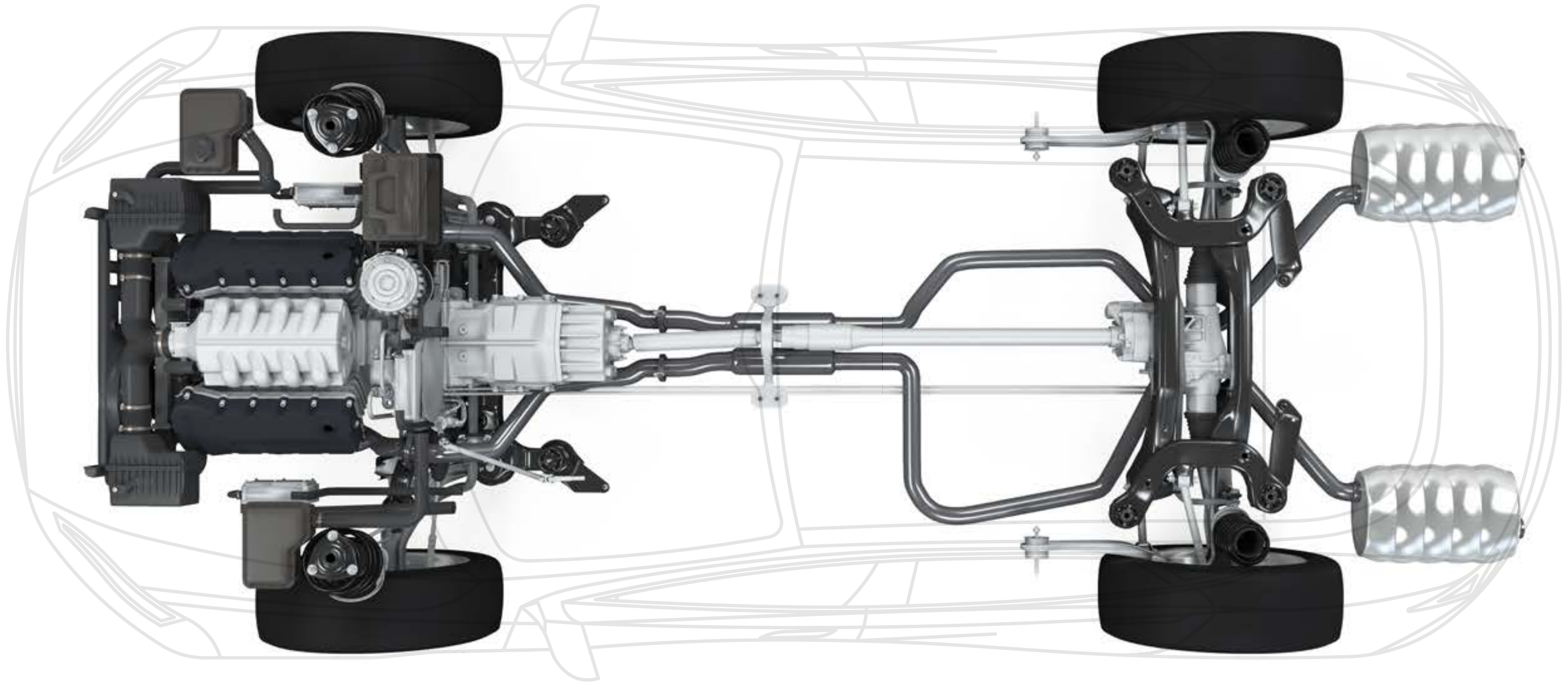
Morningstar Sustainability Rating for Funds

Number of Funds Covered



Total Global Coverage
33,400

Platform



Morningstar Direct

Config

Direct for

m

Direct

Configuration

Direct for Wealth Managers

on

anagers

Feature

Notes & Alerts

User

Manager Researche
Independent Adviso

ature

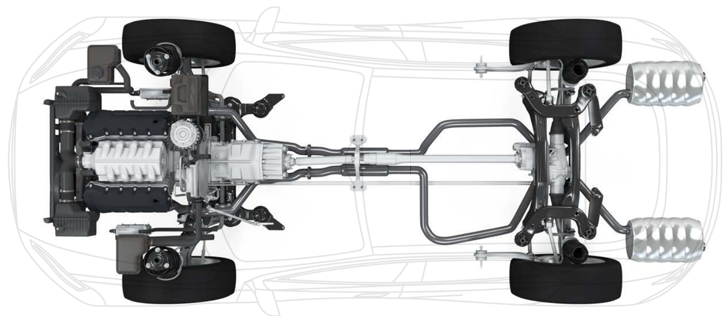
es & Alerts

User

Manager Researcher, Wealth Manager,
Independent Advisor, Asset Manager

Morningstar Direct

Platform



Morningstar Direct

Configuration

Direct for Wealth Managers

Feature

Notes & Alerts
Fixed-Income Analytics
Scenario Analysis
Business Intelligence

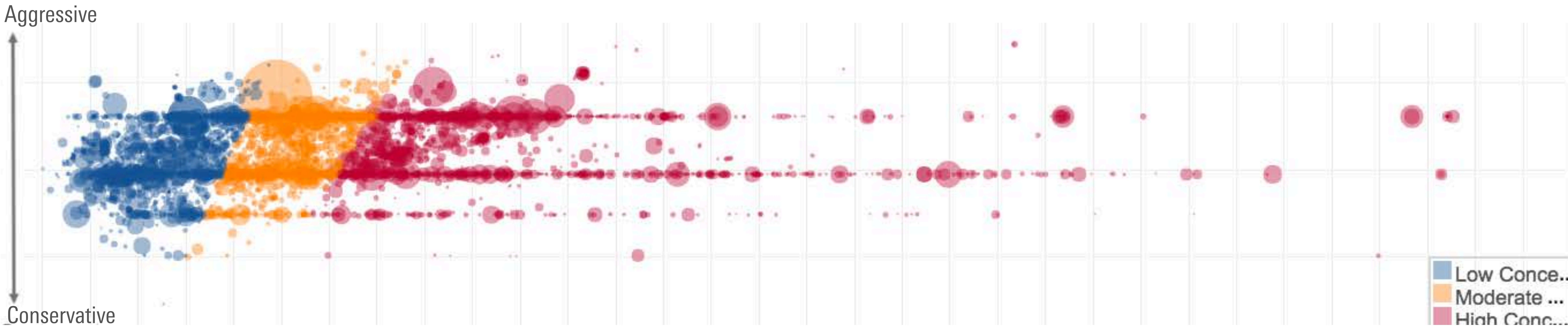
User

Manager Researcher
Wealth Manager
Independent Advisor
Asset Manager

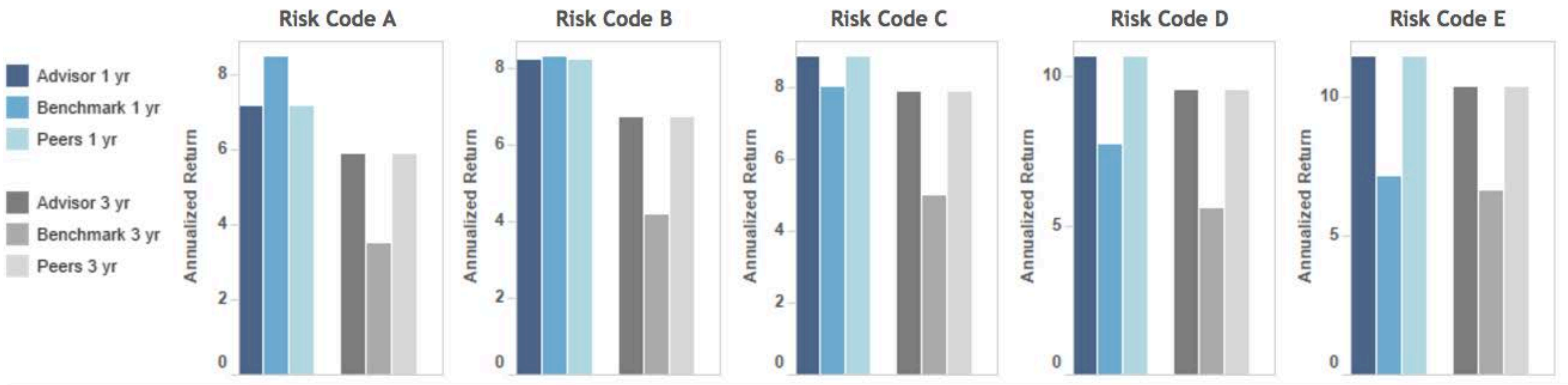
Business Intelligence: Data Catalyst

Portfolio Risk	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Conservative	431,867 (Number of Portfolios: 4) (Number of Advisors: 4)	1,073,345 (Number of Portfolios: 4) (Number of Advisors: 3)	6,720,421 (Number of Portfolios: 45) (Number of Advisors: 31)	26,663,205 (Number of Portfolios: 53) (Number of Advisors: 36)	2,680,524 (Number of Portfolios: 11) (Number of Advisors: 4)
Moderately Conservative	297,270 (Number of Portfolios: 1) (Number of Advisors: 1)	22,648,380 (Number of Portfolios: 64) (Number of Advisors: 39)	13,072,493 (Number of Portfolios: 42) (Number of Advisors: 22)	46,522,869 (Number of Portfolios: 132) (Number of Advisors: 69)	991,300 (Number of Portfolios: 9) (Number of Advisors: 4)
Moderate	72,418 (Number of Portfolios: 1) (Number of Advisors: 1)	2,829,415 (Number of Portfolios: 7) (Number of Advisors: 7)	297,203,780 (Number of Portfolios: 995) (Number of Advisors: 196)	59,510,356 (Number of Portfolios: 142) (Number of Advisors: 70)	6,093,450 (Number of Portfolios: 26) (Number of Advisors: 13)
Moderately Aggressive		3,849,151 (Number of Portfolios: 4) (Number of Advisors: 3)	24,243,647 (Number of Portfolios: 143) (Number of Advisors: 58)	876,171,478 (Number of Portfolios: 2,887) (Number of Advisors: 414)	60,872,951 (Number of Portfolios: 148) (Number of Advisors: 59)
Aggressive	154,803 (Number of Portfolios: 1) (Number of Advisors: 1)	20,695 (Number of Portfolios: 2) (Number of Advisors: 2)	7,077,307 (Number of Portfolios: 92) (Number of Advisors: 31)	146,564,902 (Number of Portfolios: 512) (Number of Advisors: 135)	138,852,132 (Number of Portfolios: 329) (Number of Advisors: 104)
Insufficient Fit		1,815,340 (Number of Portfolios: 5) (Number of Advisors: 5)	14,245,106 (Number of Portfolios: 87) (Number of Advisors: 49)	197,182,925 (Number of Portfolios: 576) (Number of Advisors: 177)	21,081,529 (Number of Portfolios: 76) (Number of Advisors: 46)

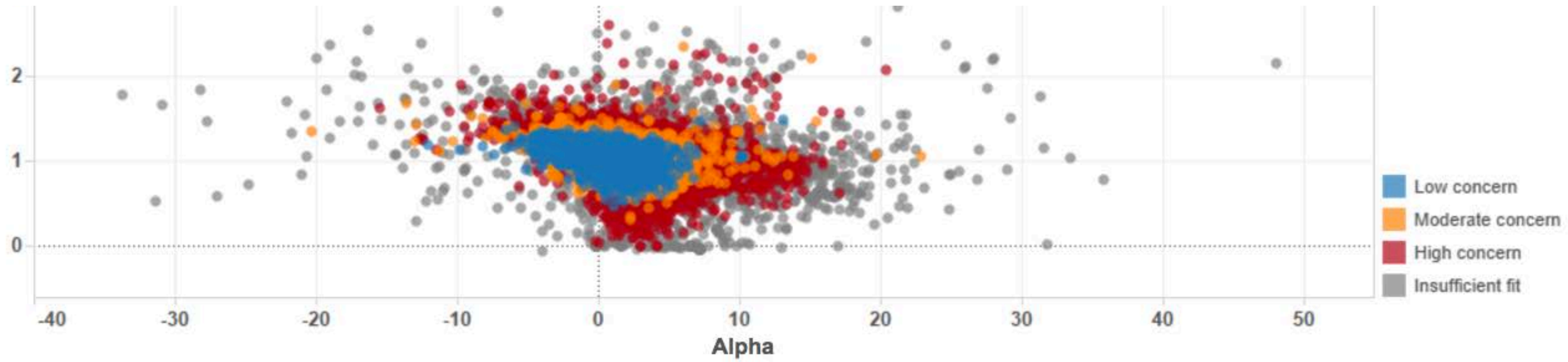
Benchmark Drift



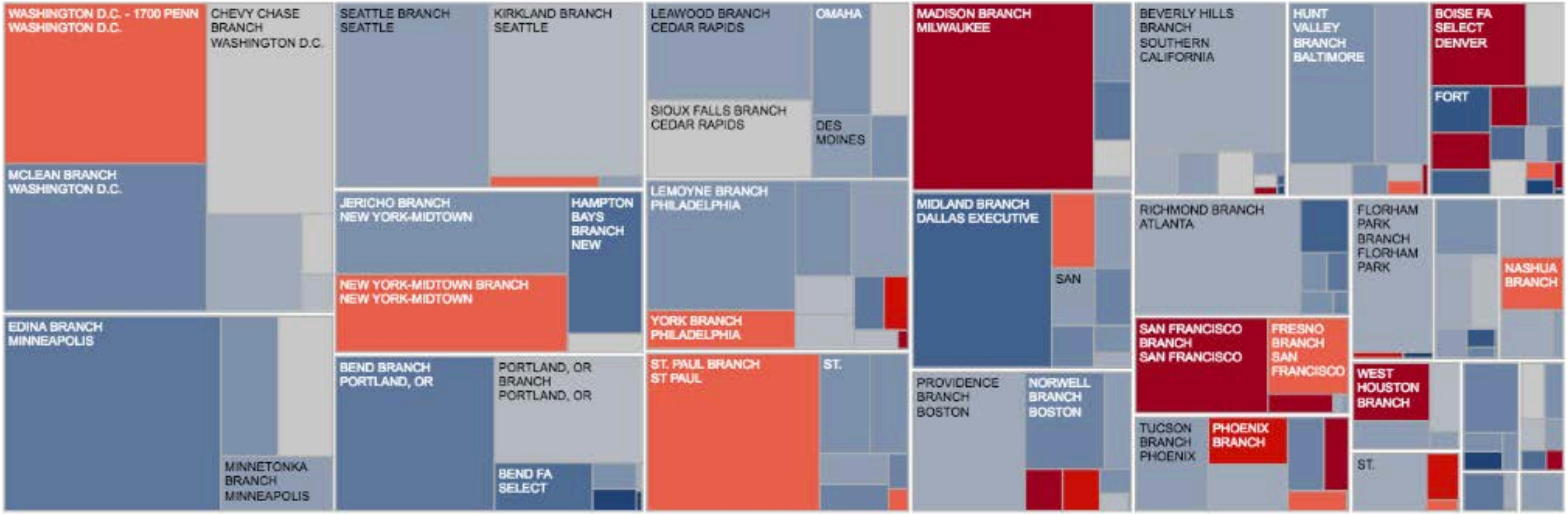
Benchmark & Peer Performance: Advisor's Aggregate Book of Business



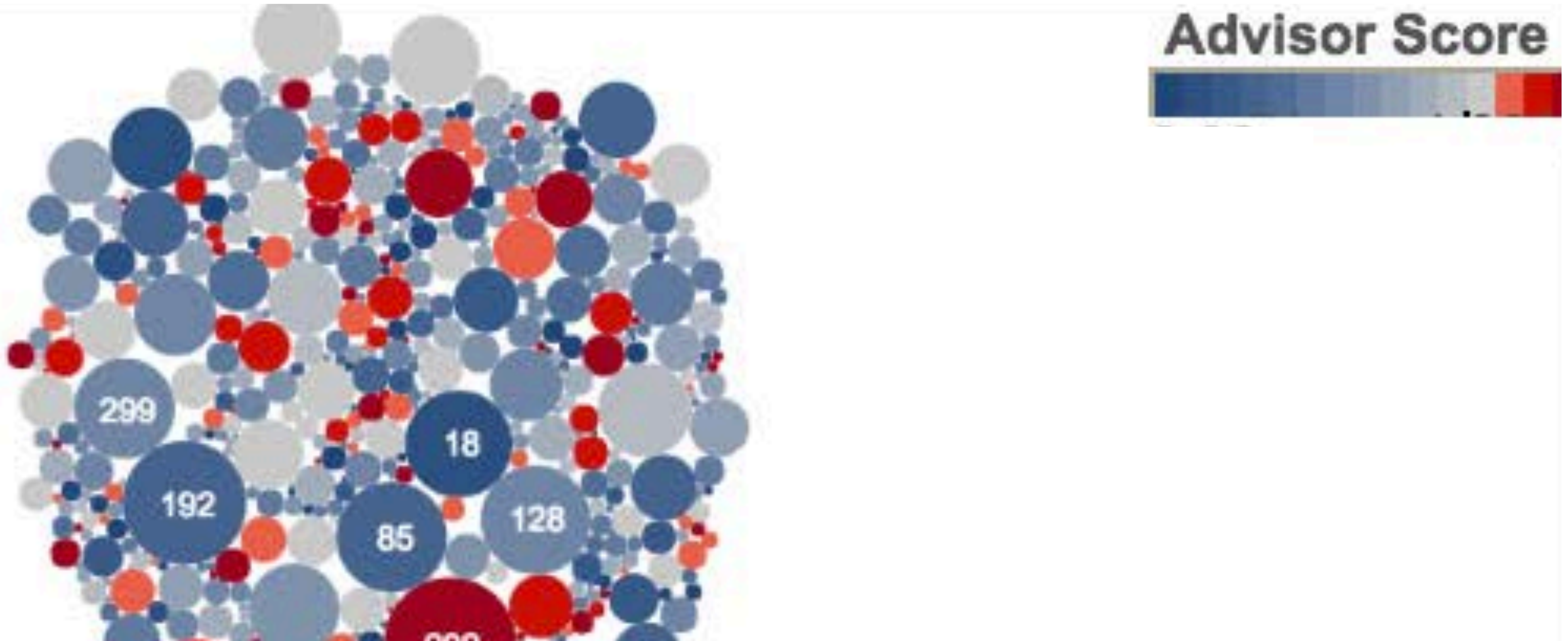
Performance, Volatility, & Benchmark Drift: All Advisor Portfolios



Home Office View: Prioritizing Action



Home Office: Scores by AUM



Less infrastructure **is more**

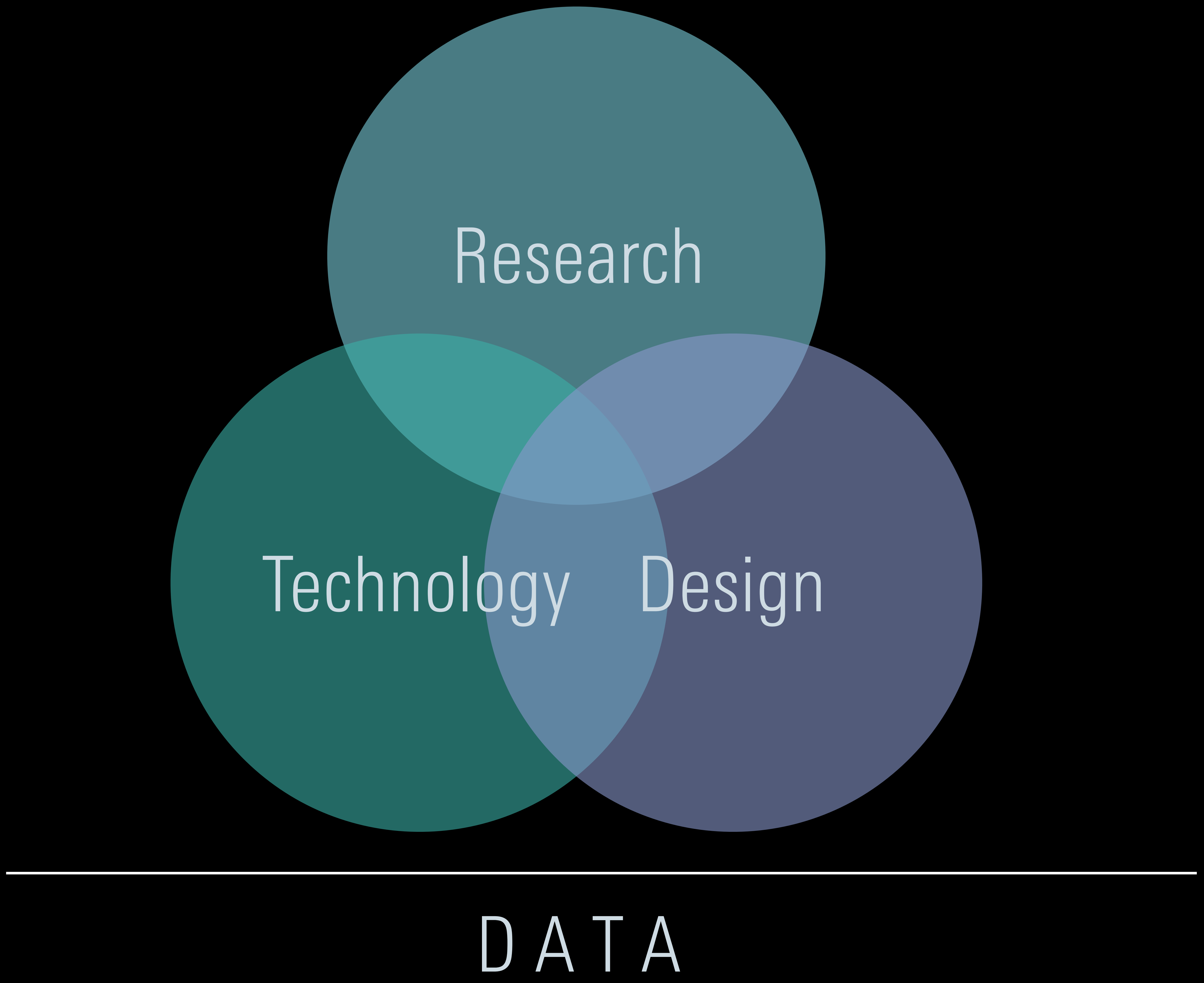
Less infrastructure **is more** security.

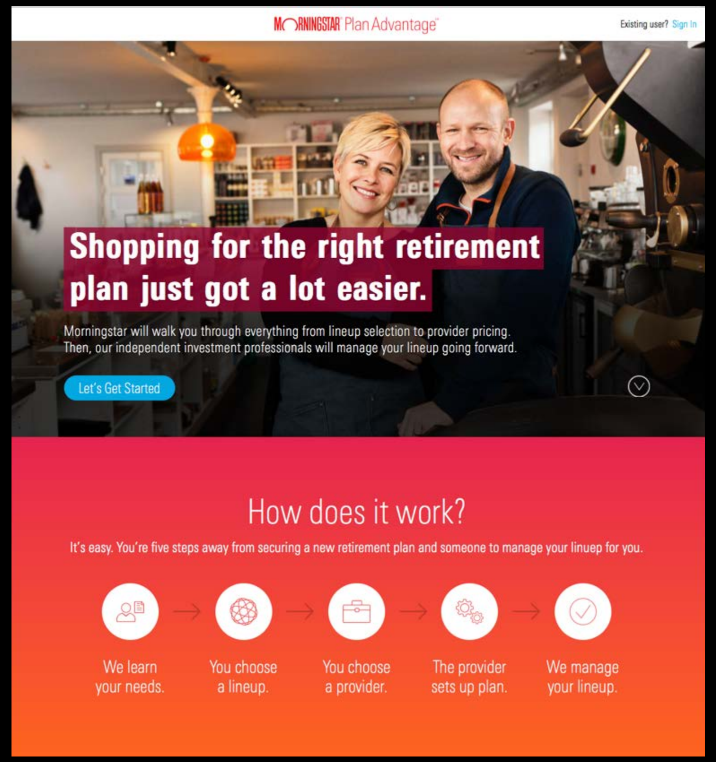
Less infrastructure **is more** uptime.

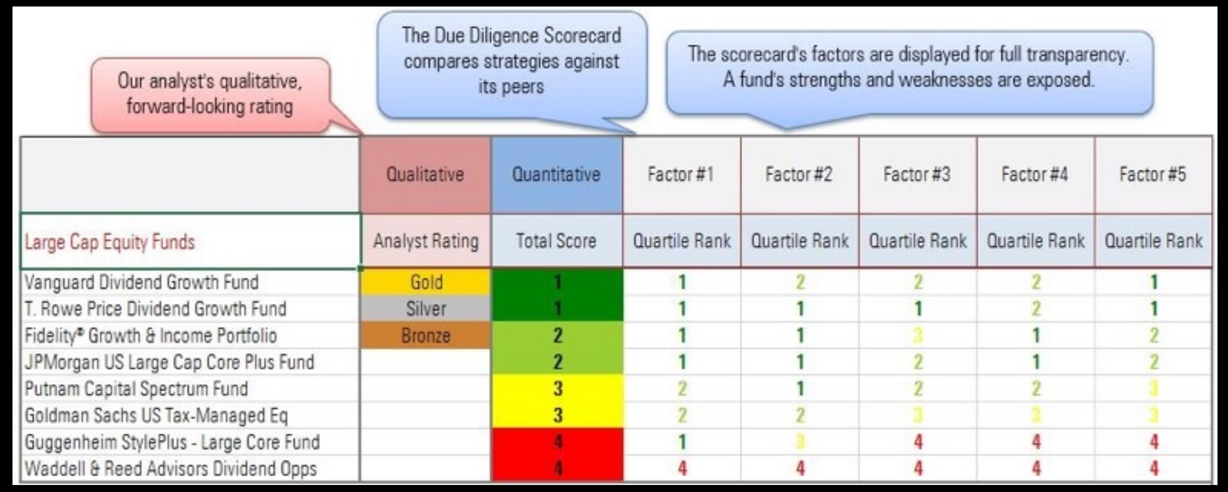
Less infrastructure **is more** disaster recovery.

Less infrastructure **is more** elastic capacity.

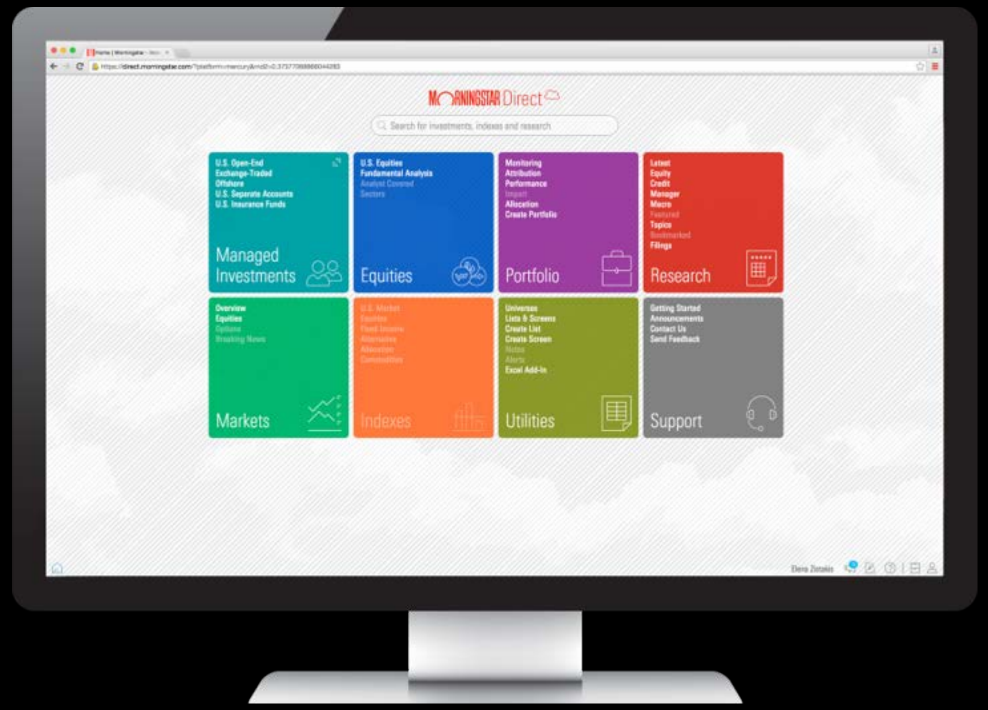
Less infrastructure **is more** productivity.

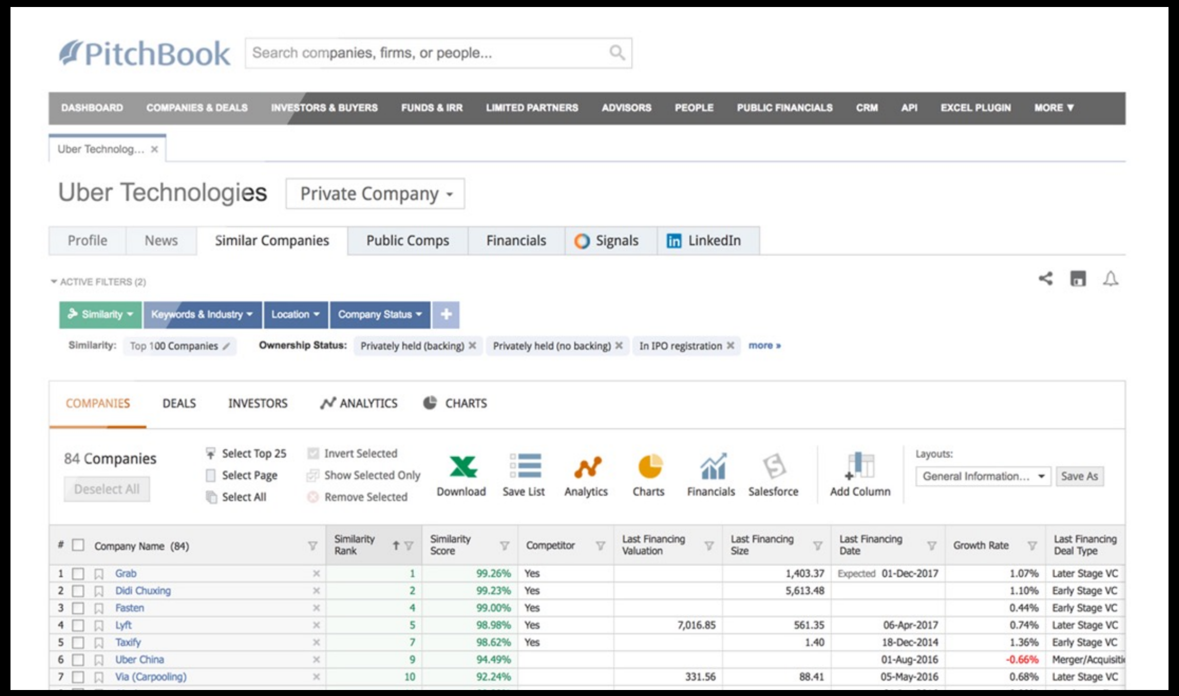

Research
Technology
Design
DATA

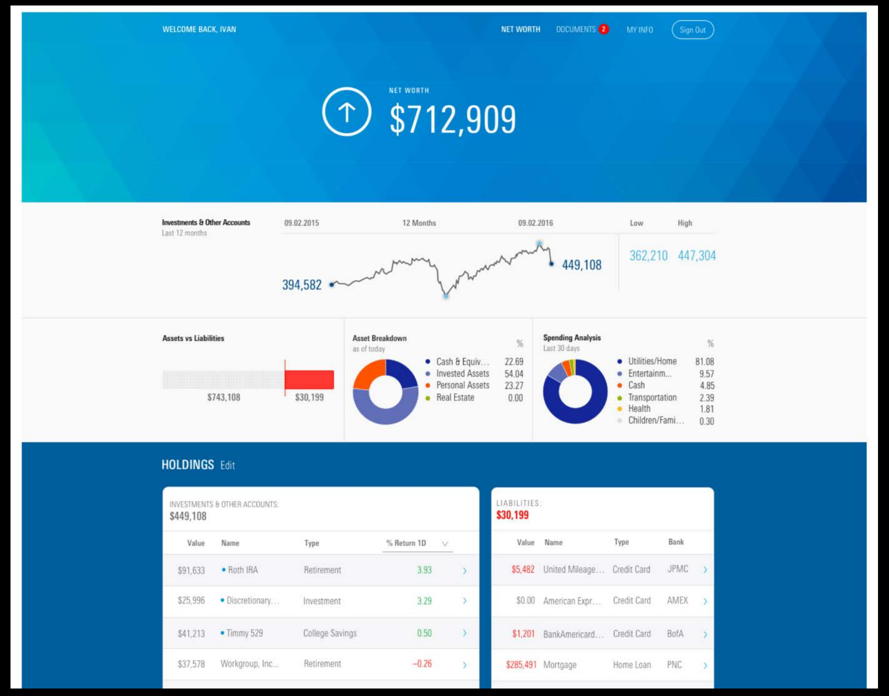


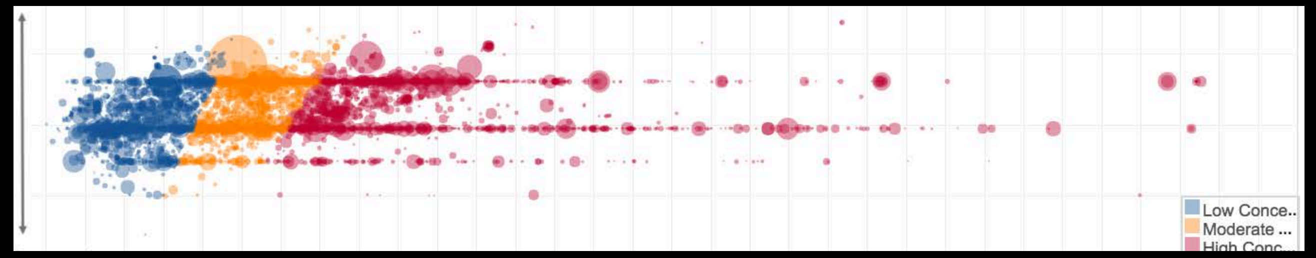


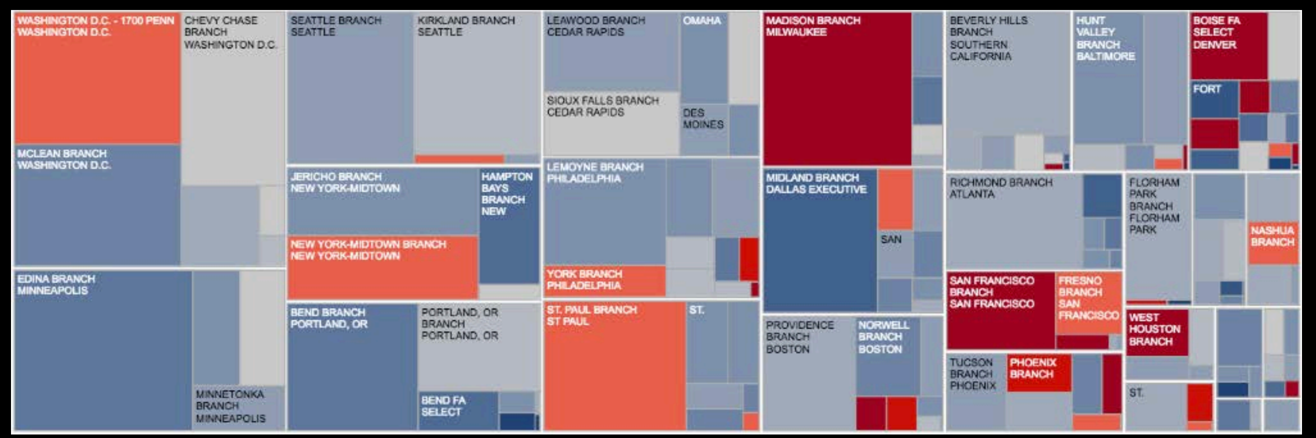
	Qualitative	Quantitative	Factor #1	Factor #2	Factor #3	Factor #4	Factor #5
Large Cap Equity Funds	Analyst Rating	Total Score	Quartile Rank	Quartile Rank	Quartile Rank	Quartile Rank	Quartile Rank
Vanguard Dividend Growth Fund	Gold	1	1	2	2	2	1
T. Rowe Price Dividend Growth Fund	Silver	1	1	1	1	2	1
Fidelity® Growth & Income Portfolio	Bronze	2	1	1	3	1	2
JPMorgan US Large Cap Core Plus Fund		2	1	1	2	1	2
Putnam Capital Spectrum Fund		3	2	1	2	2	3
Goldman Sachs US Tax-Managed Eq		3	2	2	3	3	3
Guggenheim StylePlus - Large Core Fund		4	1	3	4	4	4
Waddell & Reed Advisors Dividend Opps		4	4	4	4	4	4











Research

Technology

Design

DATA

Financial Highlights

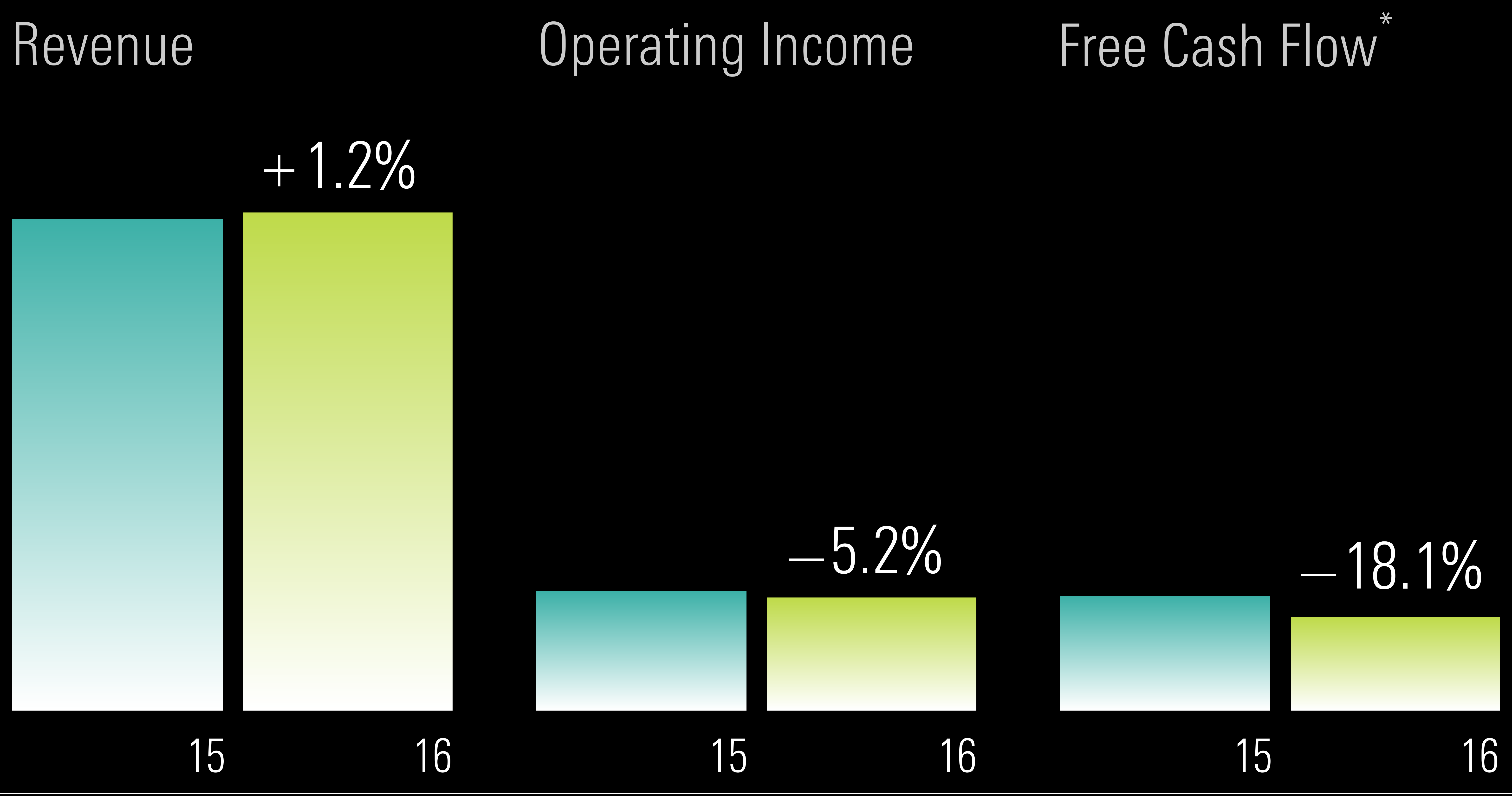
Kunal Kapoor
Chief Executive Officer and
Interim Chief Financial Officer

Financial Results

Capital Allocation

Financial Results

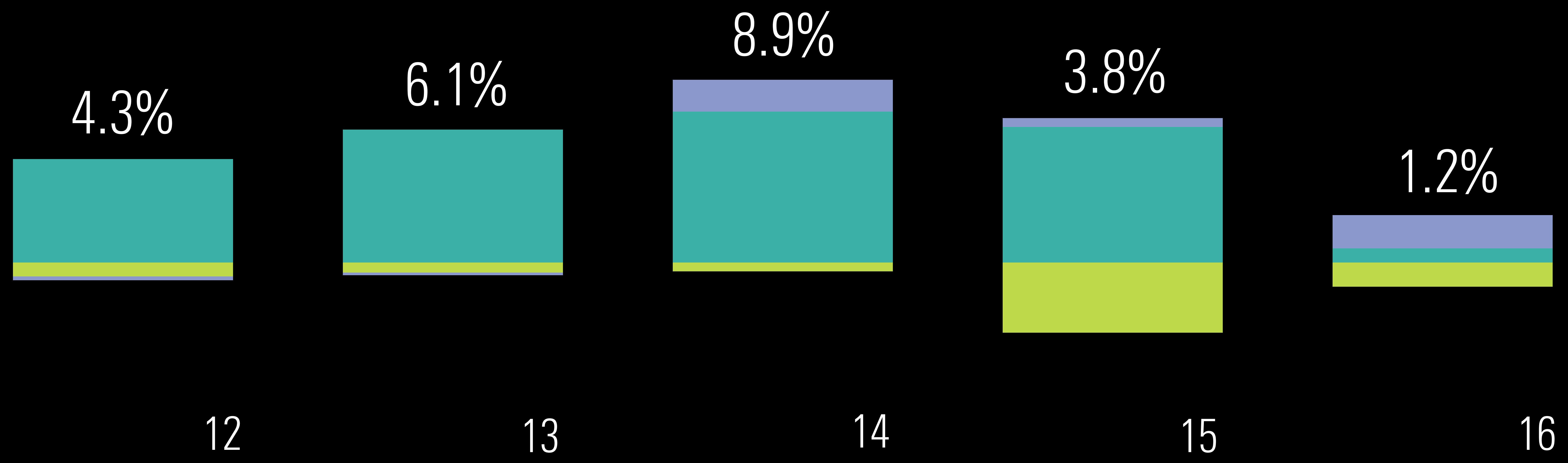
2016 Key Metrics ($mil)



	Revenue		Operating Income		Free Cash Flow*	
	15	16	15	16	15	16
	$788.8	$798.6	$190.6	$180.8	$184.2	$150.9

*Free cash flow is a non-GAAP financial measure.

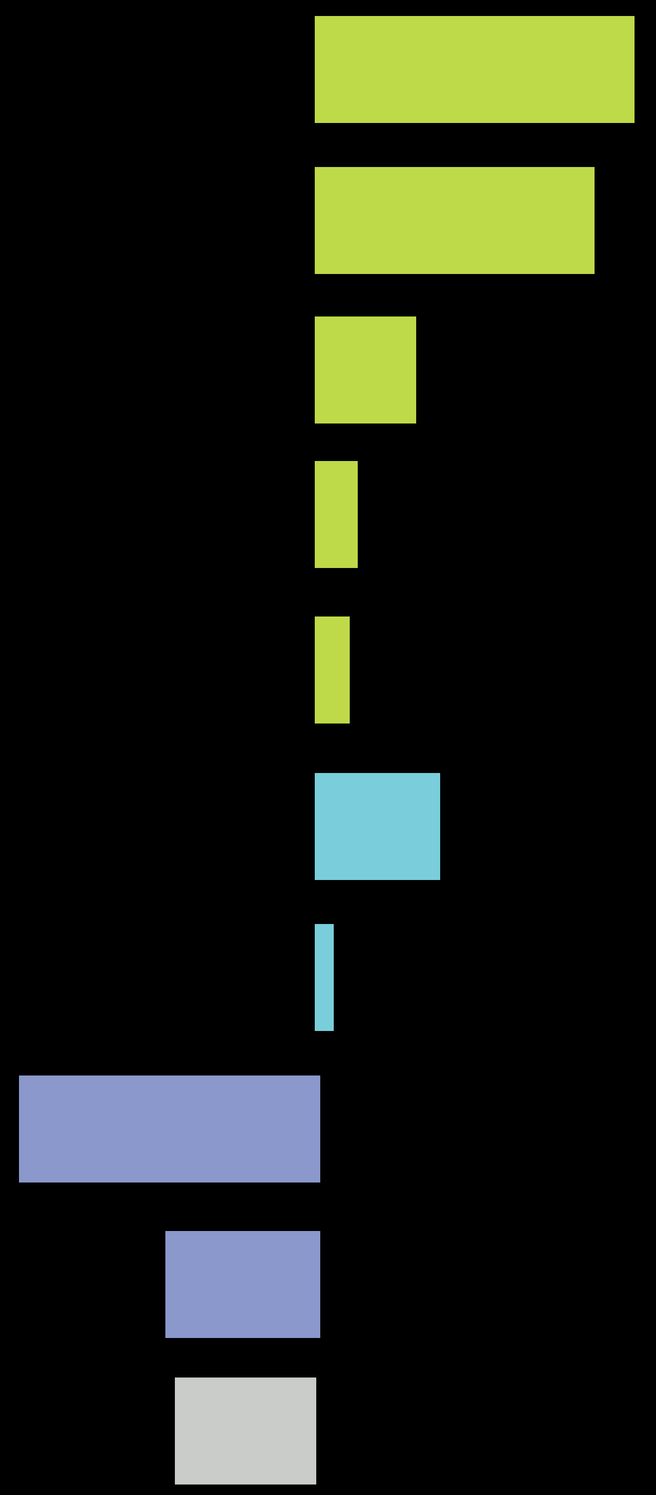
Contributors to Revenue Growth



	12	13	14	15	16
Acquisitions/divestitures	–0.2%	–0.1%	1.6%	0.5%	0.7%
Foreign currency translations	–0.7%	–0.5%	–0.3%	–3.5%	–1.2%
Organic growth	5.2%	6.7%	7.6%	6.8%	1.7%

Major Product Drivers — 2016

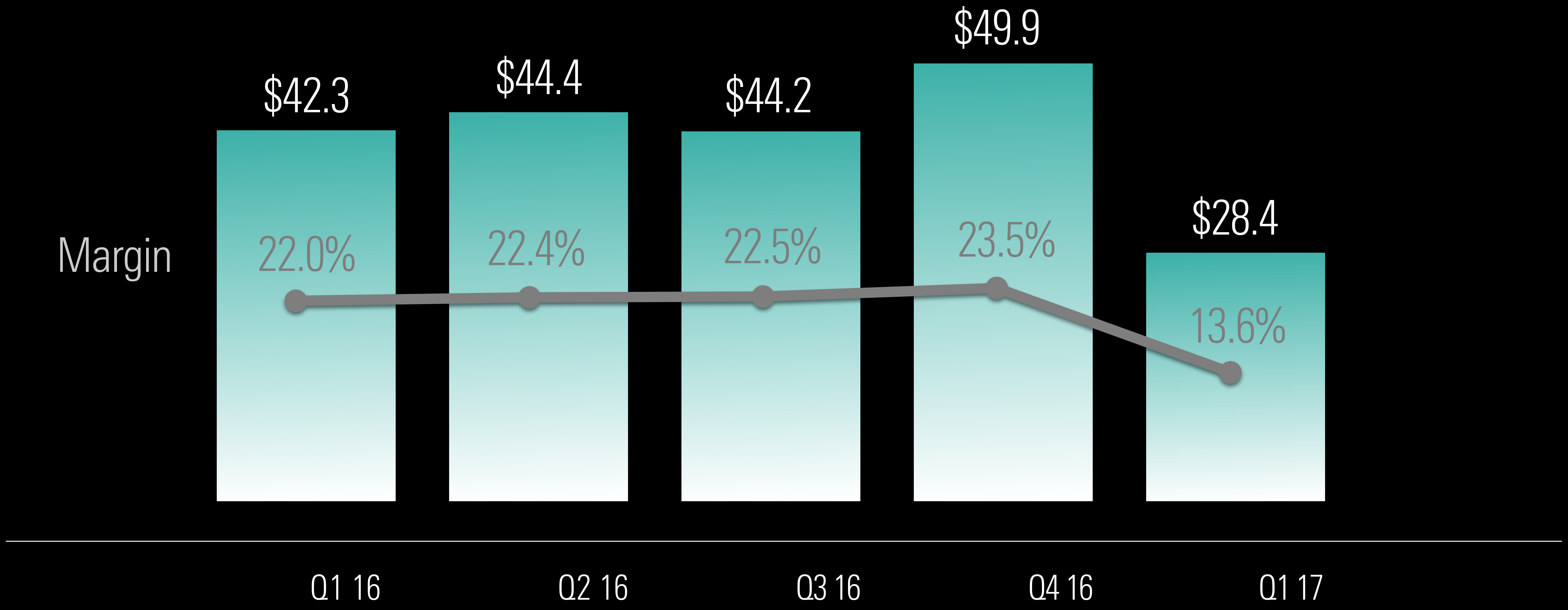
Change in organic revenue		($mil)	% change
License-based	Data	12.0	8.3
	Direct	10.5	10.4
	Research	3.8	9.8
	Investment Profiles	1.6	7.7
	Advisor Workstation	1.3	1.6
Asset-based fees	Workplace/Retirement	4.7	7.1
	Investment Management	0.7	0.7
Transaction-based	Credit Ratings	–11.3	–30.1
	Morningstar.com	–5.8	–9.7
	All other	–5.3	–13.0
Total		14.5	



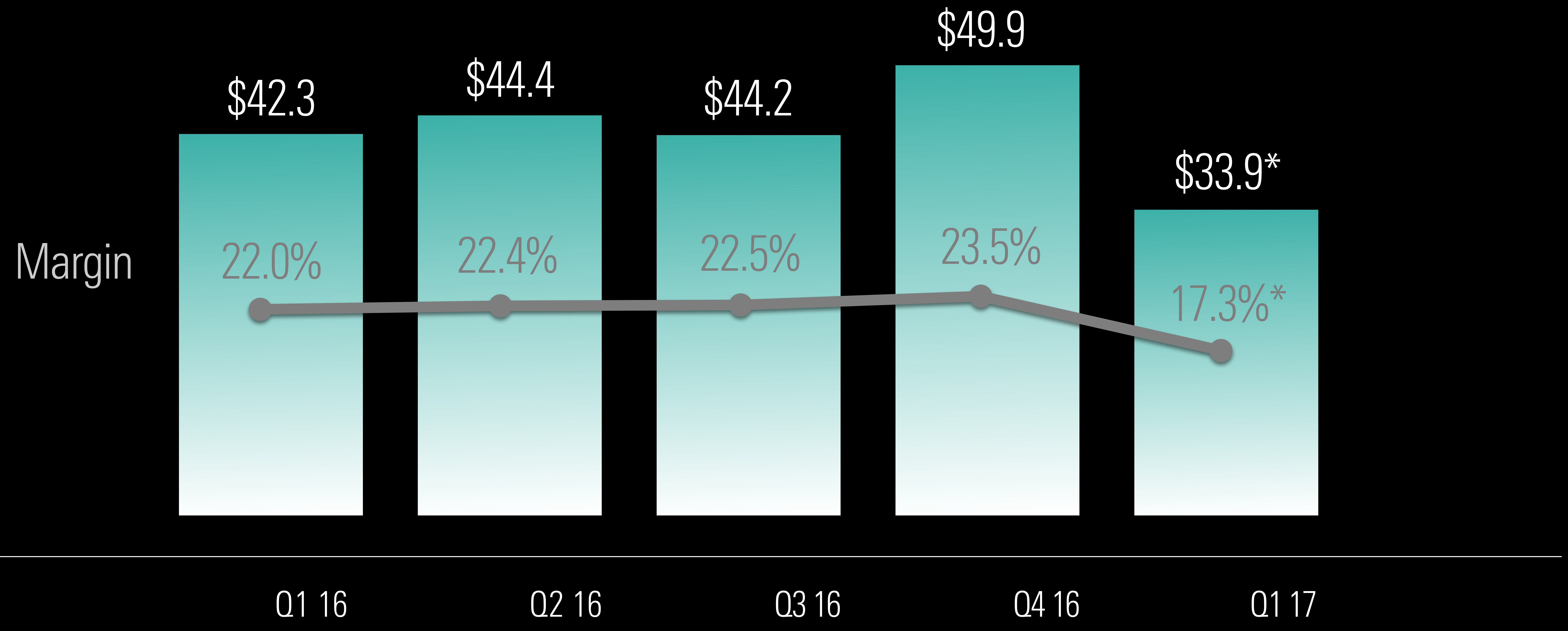
Major Product Drivers — Q1 2017

Change in organic revenue		($mil)	% change
License-based	Data	2.8	7.8
	Direct	2.3	8.6
	Enterprise Components	1.0	10.0
	Advisor Workstation	–0.8	–4.1
Asset-based fees	Workplace Solutions	1.9	13.6
	Investment Management	0.5	2.0
	Indexes	0.5	21.6
Transaction-based	Credit Ratings	—	–0.8
	Morningstar.com	–1.3	–19.5
	All other	–1.0	—
Total		5.9	

Quarterly Operating Income ($mil)



Adjusted Quarterly Operating Income ($mil)

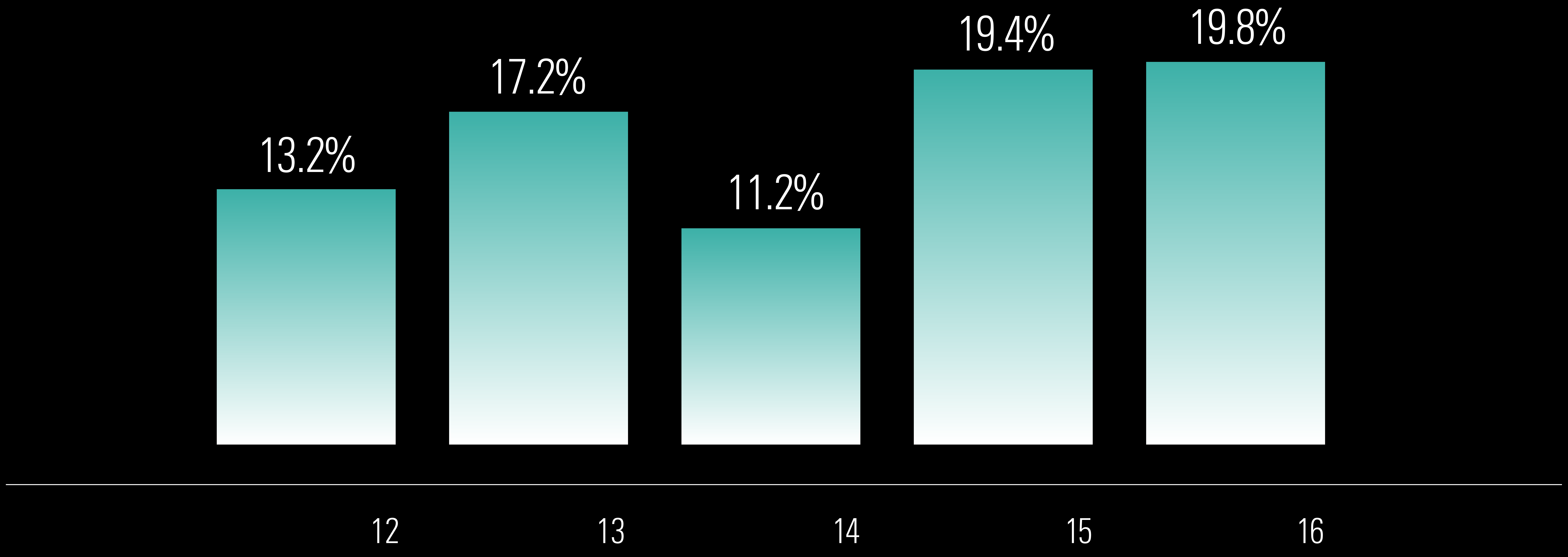


*Adjusted operating income is a non-GAAP measure.

Balance Sheet

($mil)	March 31 2017	Dec. 31 2016
Cash, cash equivalents, and investments	$ 317.5	$ 304.0
Working capital	$ 186.2	$ 177.1
Total assets	$ 1,355.6	$ 1,350.9
Deferred revenue	$ 187.9	$ 165.4
Long-term debt	$ 235.0	$ 250.0
Total equity	$ 718.7	$ 696.8

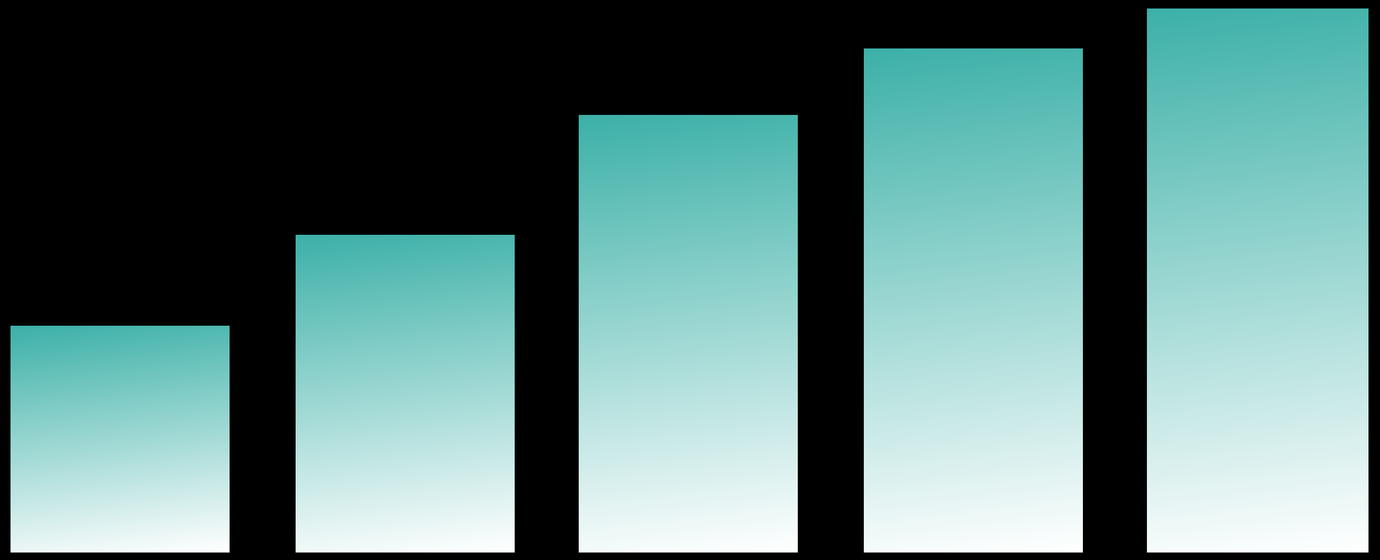
ROIC: Return On Invested Capital*



*Return on invested capital is considered a non-GAAP measure. We calculate this measure based on return divided by invested capital. Please refer to the reconciliation at the end of the section.

Capital Allocation

Potential Uses of Cash

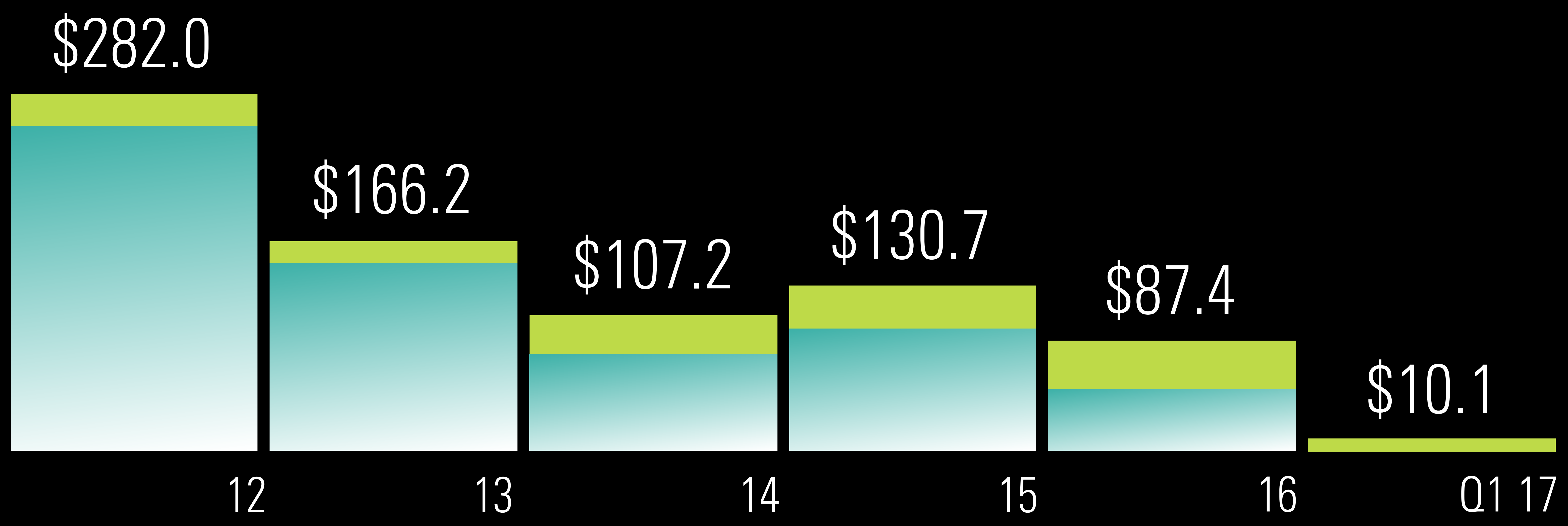


balance sheet strength

+

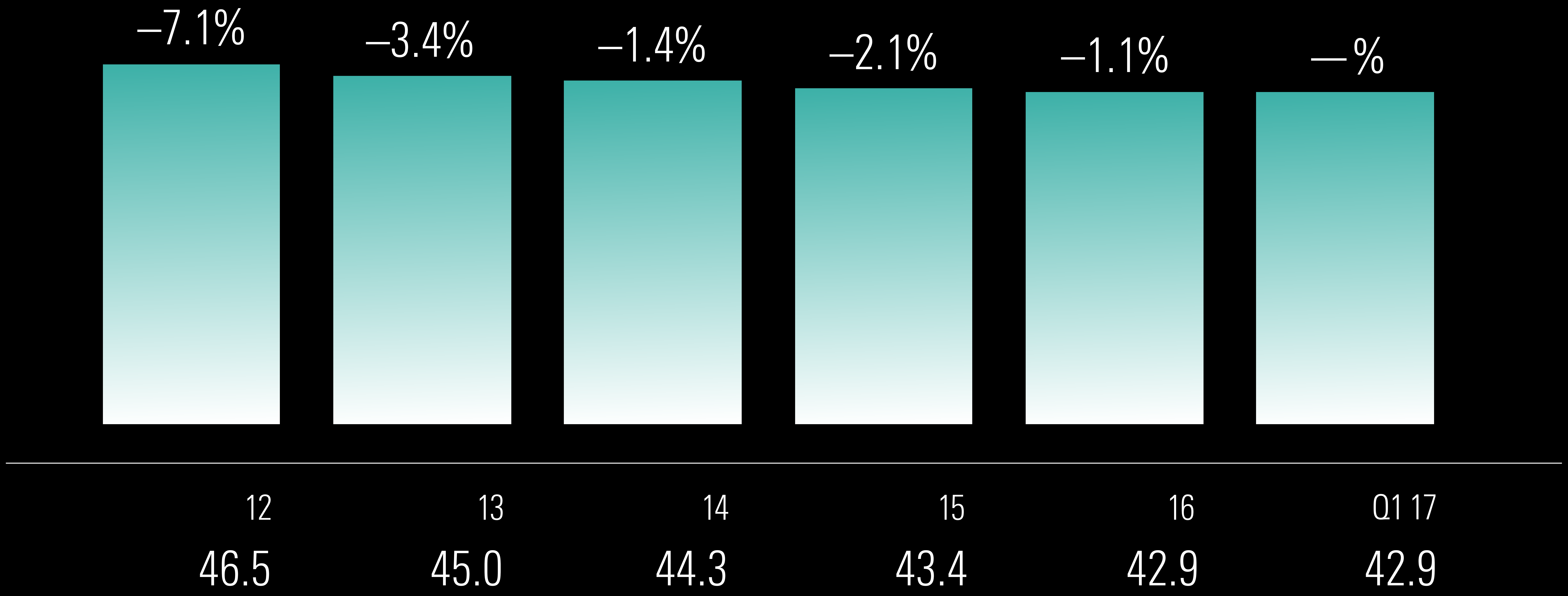
organic expansion
acquisitions
share repurchases
dividends

Dividends and Share Repurchases ($mil)



	12	13	14	15	16	Q1 17
Dividends paid	$25.5	$17.4	$30.5	$33.7	$37.9	$9.9
Share repurchases	$256.5	$148.8	$76.7	$97.0	$49.5	$0.2

Shares Outstanding (mil)



Morningstar Performance

Annual per-share growth rates through Dec. 31, 2016

	1 Year	3 Years	5 Years	10 Years
Revenue	4.0%	7.3%	8.4%	10.6%
Operating income	(2.5%)	4.6%	9.1%	9.7%
Free cash flow*	(14.6%)	2.1%	4.7%	5.7%
Total return	(7.4%)	(0.9%)	5.2%	5.5%

*Free cash flow is considered a non-GAAP financial measure under SEC regulations.

Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

($mil)	2016	2015
Cash provided by operating activities	$ 213.7	$ 241.5
Less: capital expenditures	$ (62.8)	$ (57.3)
Free cash flow*	$ 150.9	$ 184.2

*Free cash flow is considered a non-GAAP financial measure under SEC regulations.

Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

	Three Months Ended March 31		
(mil)	2017	2016	Change
Consolidated operating income	$28.4	$42.3	(32.8%)
Add back: management bonus plan expense	1.7	—	—
Add back: intangible amortization	2.6	—	—
Add back: other operating expense, net for PitchBook	1.2	—	—
Operating income, excluding PitchBook (adjusted operating income)	$33.9	$42.3	(19.7%)

Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

	Three Months Ended March 31		
	2017	2016	Change
Consolidated operating margin	13.6%	22.0%	(8.4) pp
Add back: management bonus plan expense	0.7%	—	0.7 pp
Add back: intangible amortization	1.1%	—	1.1 pp
Add back: other operating expense, net for PitchBook	1.9%	—	1.9 pp
Operating margin, excluding PitchBook (adjusted operating margin)	17.3%	22.0%	(4.7) pp

pp — percentage points

Reconciliation of Non-GAAP Measure with the Nearest Comparable GAAP Measure

($mil)	2012	2013	2014	2015	2016
Net income	$108.1	$123.5	$78.3 [1]	$132.6	$161.0
Net interest expense (after tax)	($3.4)	($1.9)	($1.4)	($0.9)	($0.2)
Return	$104.7	$121.6	$76.9	$131.7	$160.8
Shareholders' equity	$790.4	$707.9	$671.9	$646.9	$668.7
Long-term debt	$0.0	$0.0	$0.0	$0.0	$125.0
Short-term debt	$0.0	$0.0	$15	$32.5	$17.5
Invested Capital [2]	$790.4	$707.9	$686.9	$679.4	$811.2
ROIC [3]	13.2%	17.2%	11.2%	19.4%	19.8%

1. Includes after-tax expense of approximately $38.2 million for litigation settlement. 2. All items included in invested capital reflect average of 12/31 balance for current and previous year. 3. We calculate this measure based on return divided by invested capital.

Closing Thoughts

Joe Mansueto

Executive Chairman

Closing Thoughts

Focused, mission-led company

Closing Thoughts

Focused, mission-led company

Strong brand and reputation

Closing Thoughts

Focused, mission-led company

Strong brand and reputation

Extensive, proprietary investment databases and analytics

Closing Thoughts

Focused, mission-led company

Strong brand and reputation

Extensive, proprietary investment databases and analytics

Unique reach with individuals, advisors, and institutions globally

Closing Thoughts

Focused, mission-led company

Strong brand and reputation

Extensive, proprietary investment databases and analytics

Unique reach with individuals, advisors, and institutions globally

Strategy focused on large growth opportunities

Closing Thoughts

Focused, mission-led company

Strong brand and reputation

Extensive, proprietary investment databases and analytics

Unique reach with individuals, advisors, and institutions globally

Strategy focused on large growth opportunities

Solid balance sheet and profitability

10-Minute Break

To send in a question for the Q&A session, please visit:

http://morningstar.socialqa.com

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