

mission-driven

Morningstar
2019
Shareholders'
Meeting

educate

innovations

transparency

advocacy

success

empower

integrity

investor

independence

MORNINGSTAR[®]

Welcome

Joe Mansueto
Executive Chairman

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.

Morningstar: Mission and Strategy

Kunal Kapoor

Chief Executive Officer

OUR MISSION

Empowering investor success



Our opinions are **independent**

Our opinions are **independent**

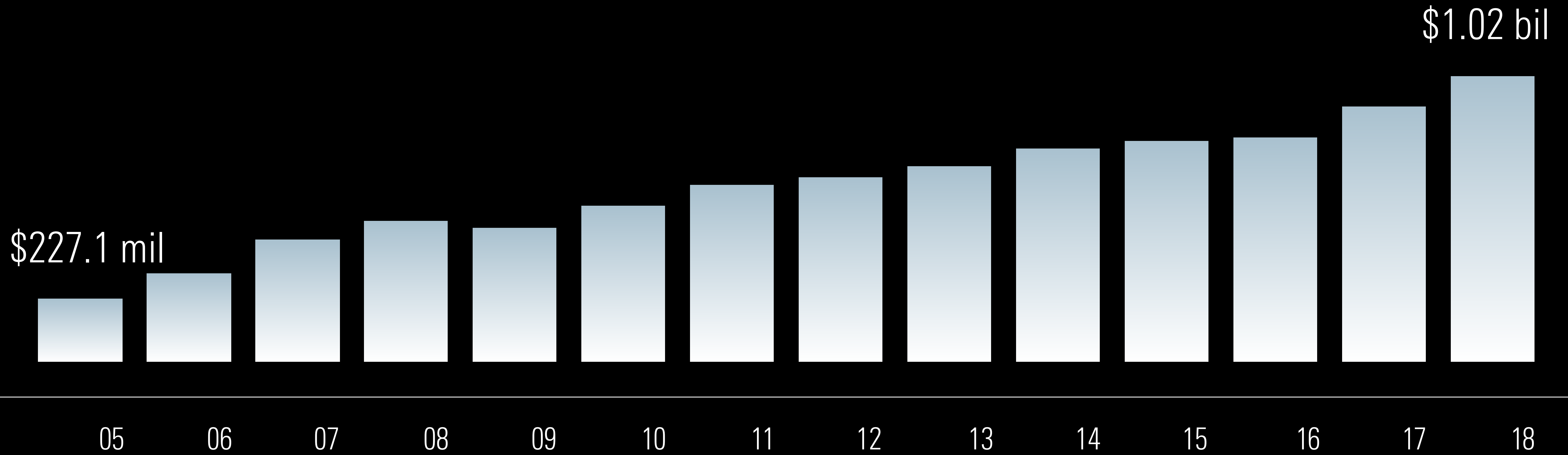
Our actions are **transparent**

Our opinions are **independent**

Our actions are **transparent**

We invest for the **long term**

Revenue 2005–2018



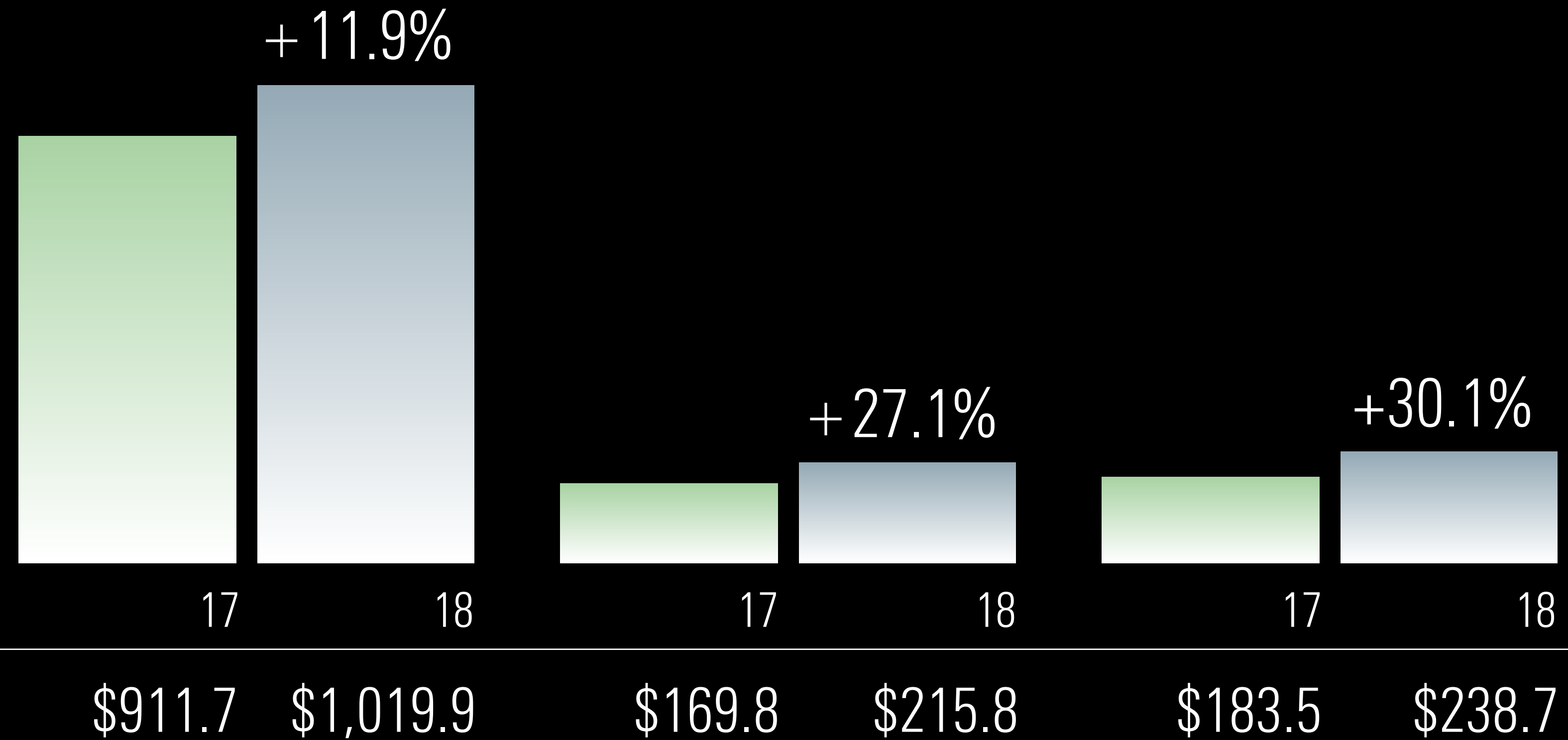
2018 Reported Performance

(\$mil)

Revenue

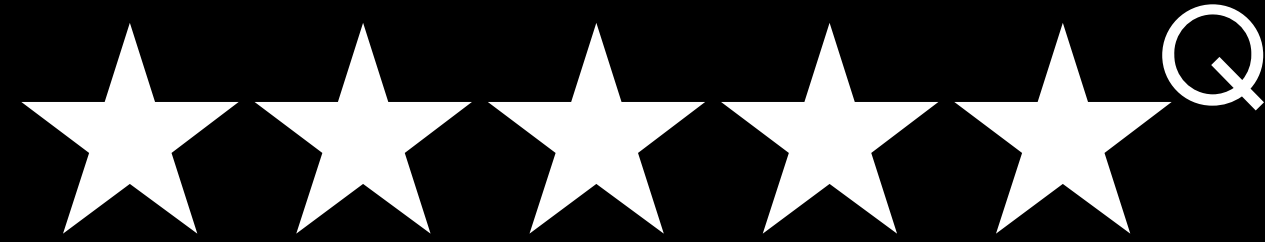
Operating Income

Free Cash Flow^{*}



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

2018 Highlights



Home

- Clients & Accounts
- Prospects
- Workbooks
- Lists & Screens
- Model Portfolios
- Custom Benchmarks
- Column Sets
- Reports
- Batch Schedules
- Markets Monitoring
- Morningstar Research
- Alerts
- Billing
- CRM
- Integrations
- Import
- Notes
- Securities

Morningstar Office

Search for Clients, Securities, Reports, and Research...

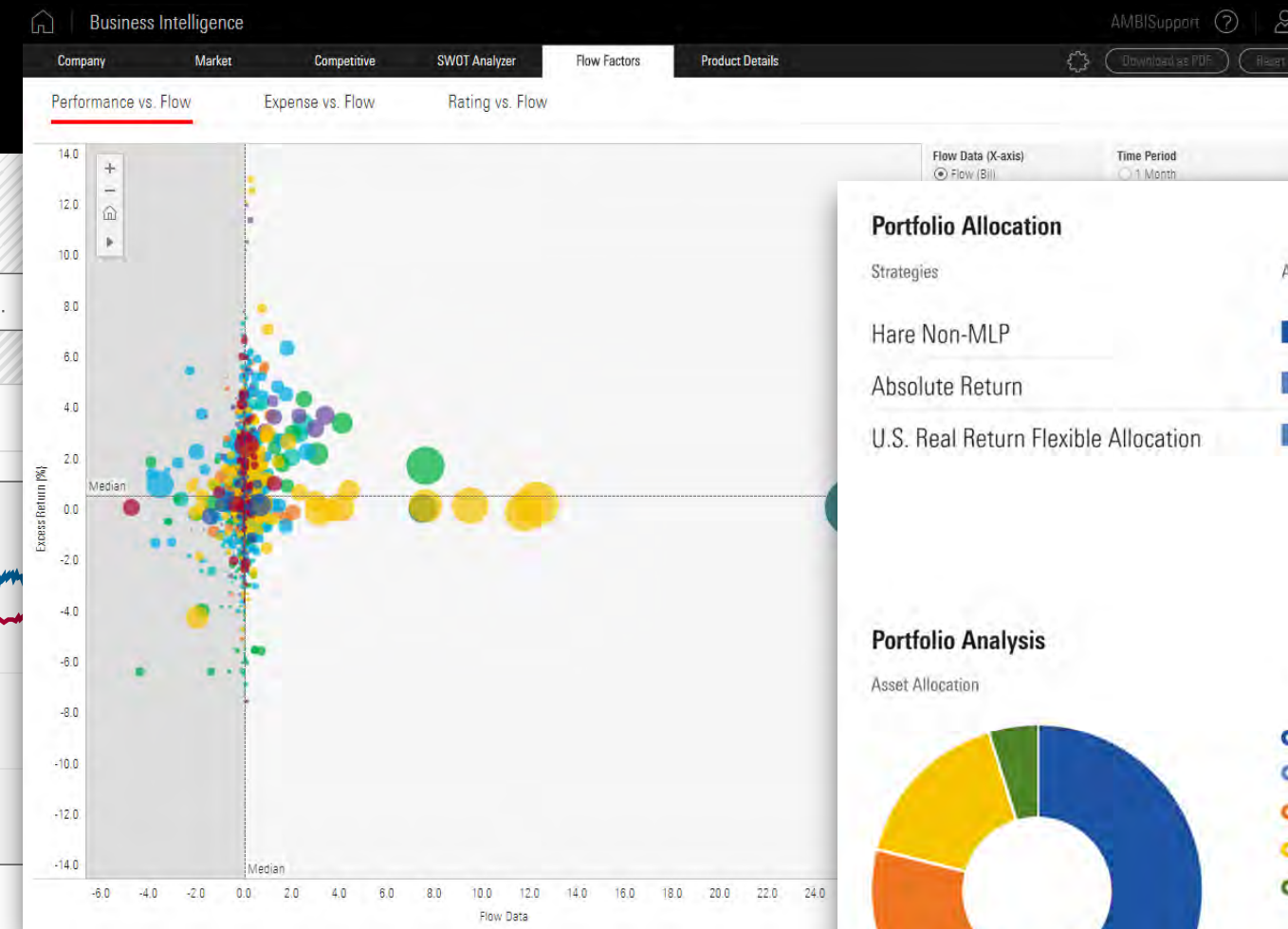
Practice Performance Activity +4.29% as of 01/17/2018

Clients

Name	Market Value

Lists & Screens

Name	Type	Last Modified



Portfolio Allocation

Strategies

Strategy	Asset Allocation	Allocated Amount \$
Hare Non-MLP		100,000
Absolute Return		50,000
U.S. Real Return Flexible Allocation		50,000

Portfolio Analysis

Asset Class	Net %
US Stocks	40.00
International Stocks	25.25
Taxable Bond	13.75
Alternative	16.50
Short Term Reserves	4.50

Top 10 Holdings

Identifier	Weight %
Morningstar Alternatives	16.50
Morningstar Unconstrained Allocation	15.75
Morningstar Defensive Bond	10.50
Mastercard Inc A	6.50
Alphabet Inc A	3.50
Cash	3.50
IQVIA Holdings Inc	3.50
Morningstar Multisector Bond	3.25
Enbridge Inc	3.00
Morningstar International Equity	3.00

July 11, 2018, as revised August 15, 2018

Morningstar Funds Trust

- Morningstar U.S. Equity Fund
- Morningstar International Equity Fund
- Morningstar Global Income Fund
- Morningstar Total Return Bond Fund
- Morningstar Municipal Bond Fund
- Morningstar Defensive Bond Fund
- Morningstar Multisector Bond Fund
- Morningstar Unconstrained Allocation Fund
- Morningstar Alternatives Fund

Morningstar Plan Advantage™

Dashboard Lineups and Reports Contracts and Documents

Rochester Native American Museum

24 On Watch Funds 02 On Watch Funds 24 Removed Funds

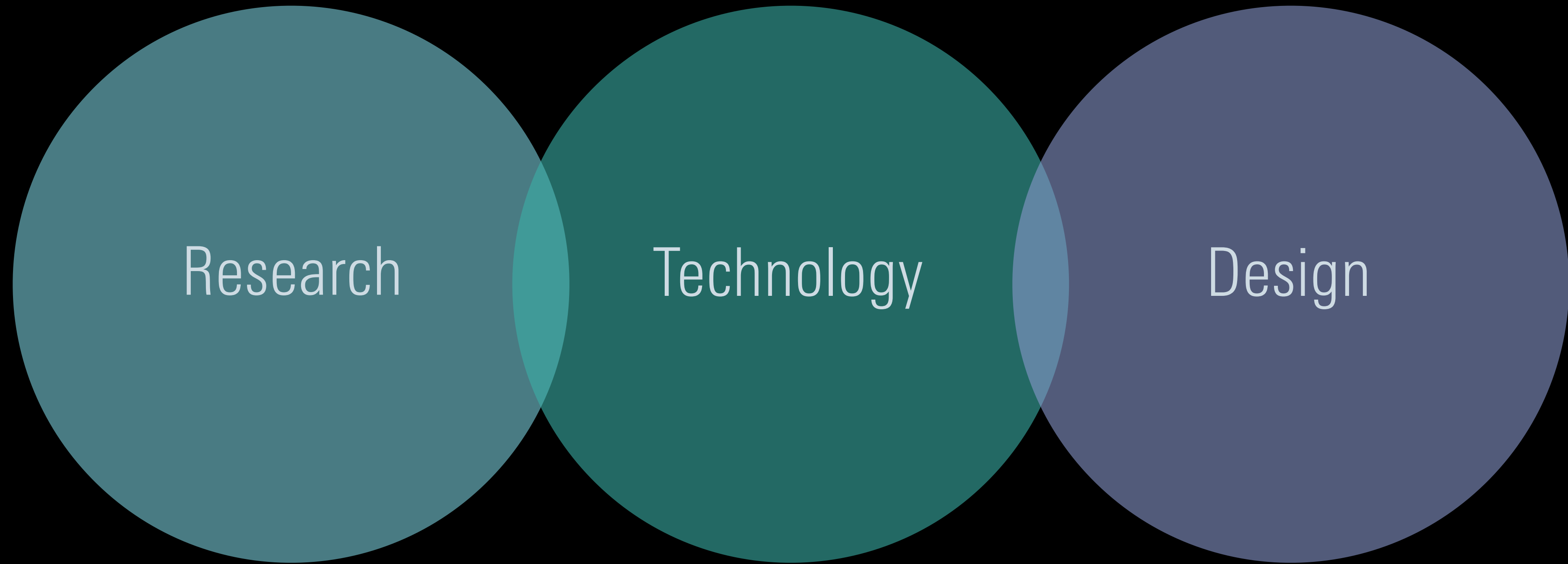
Active Lineup Assets

US Stock	44.32%
Non-US Stock	25.67%
Fixed Income	8.18%
Target Date	14.87%
Alternative	3.58%
Balanced	3.4%

Total Assets \$300,000

Date as of: 7/25/2017

Three Core Capabilities



Research

Technology

Design

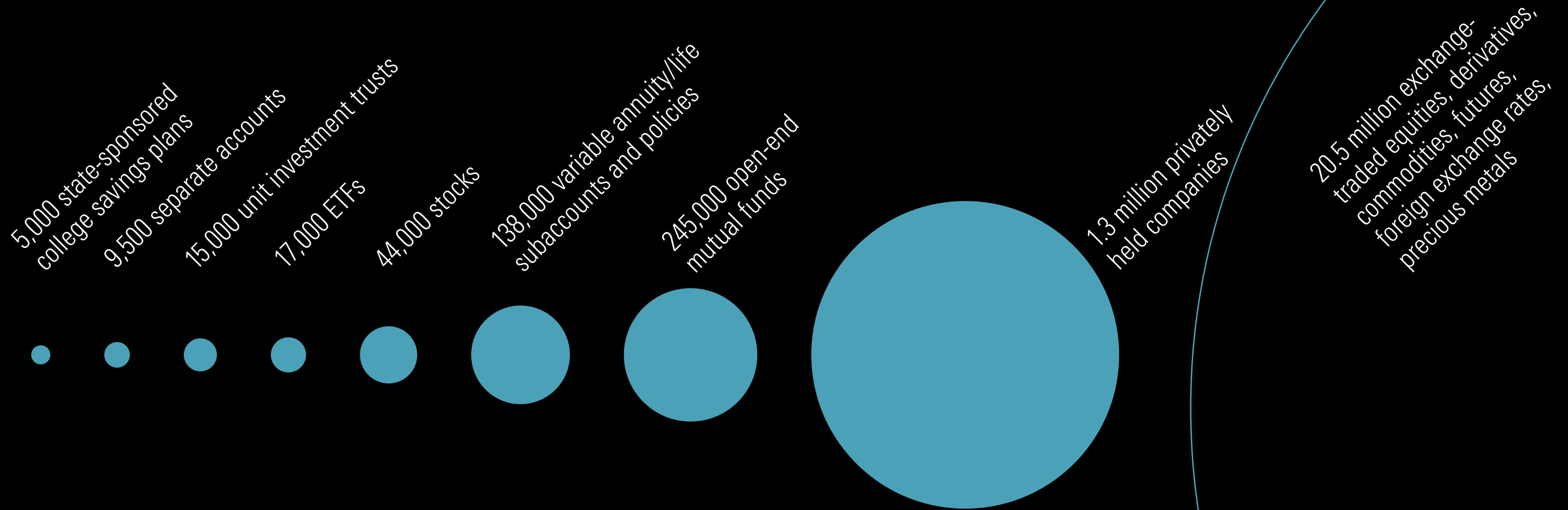
Secular Trend 1: In a sea of big data, investors increasingly seek differentiated data, research, and analytics.

Secular Trend 2: Investor demand for added value from advice providers in the form of measurable outcomes, lower price points, and beautiful experiences, is rising.

Secular Trend 3: Convergence of public and private markets

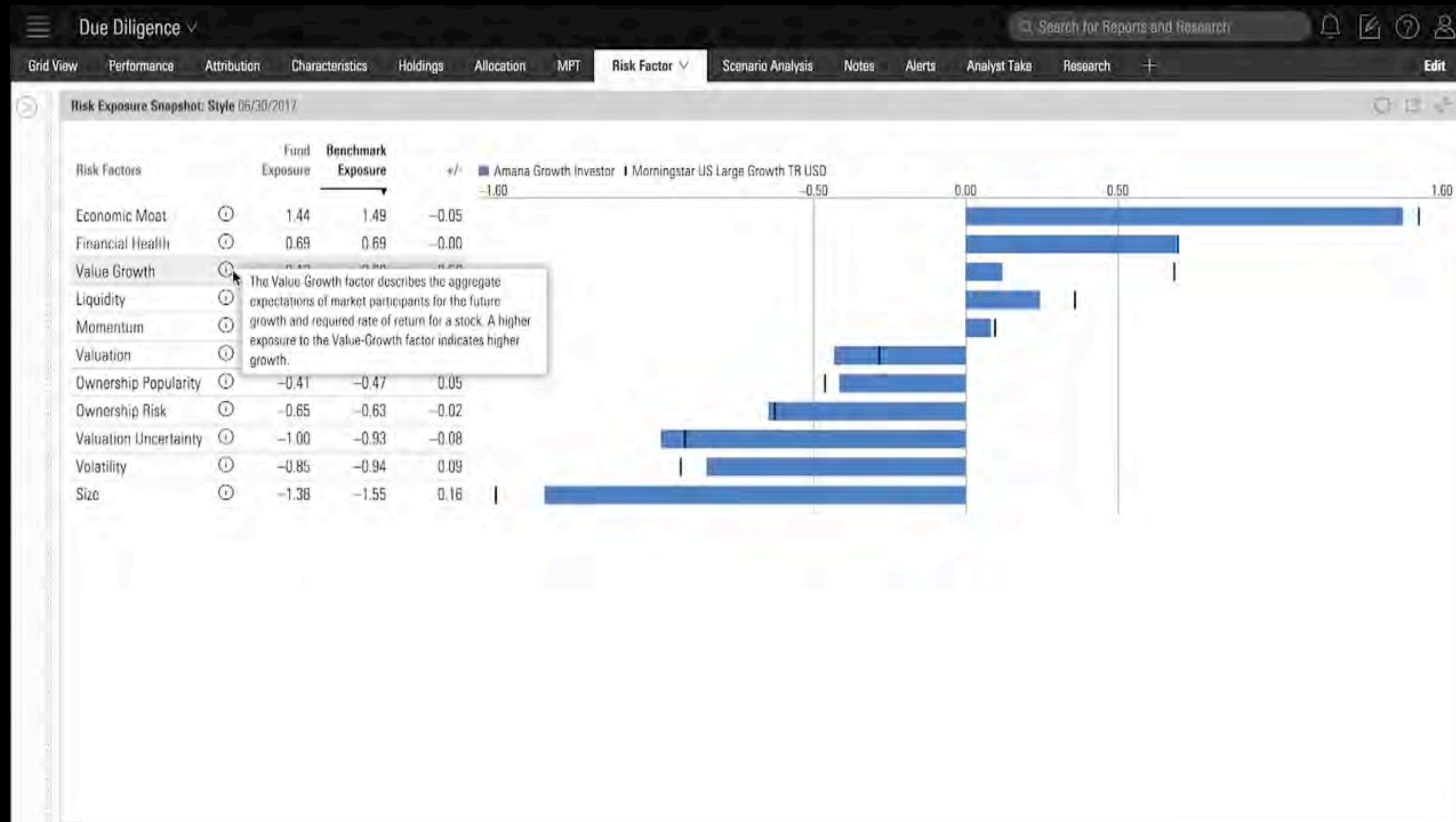
Secular Trend 1: In a sea of big data, investors increasingly seek differentiated data, research, and analytics.

Secular Trend 1: Coverage Universe



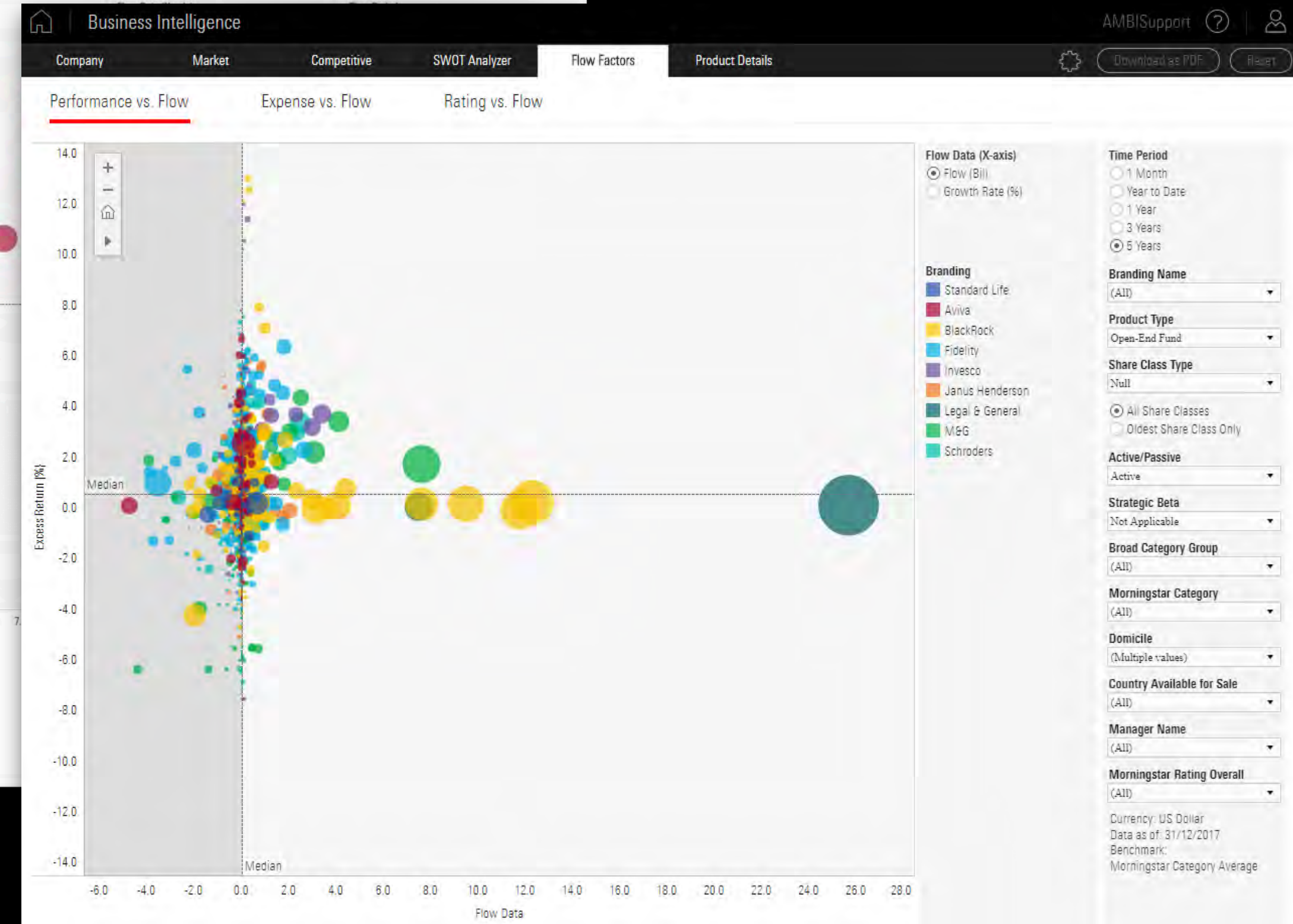
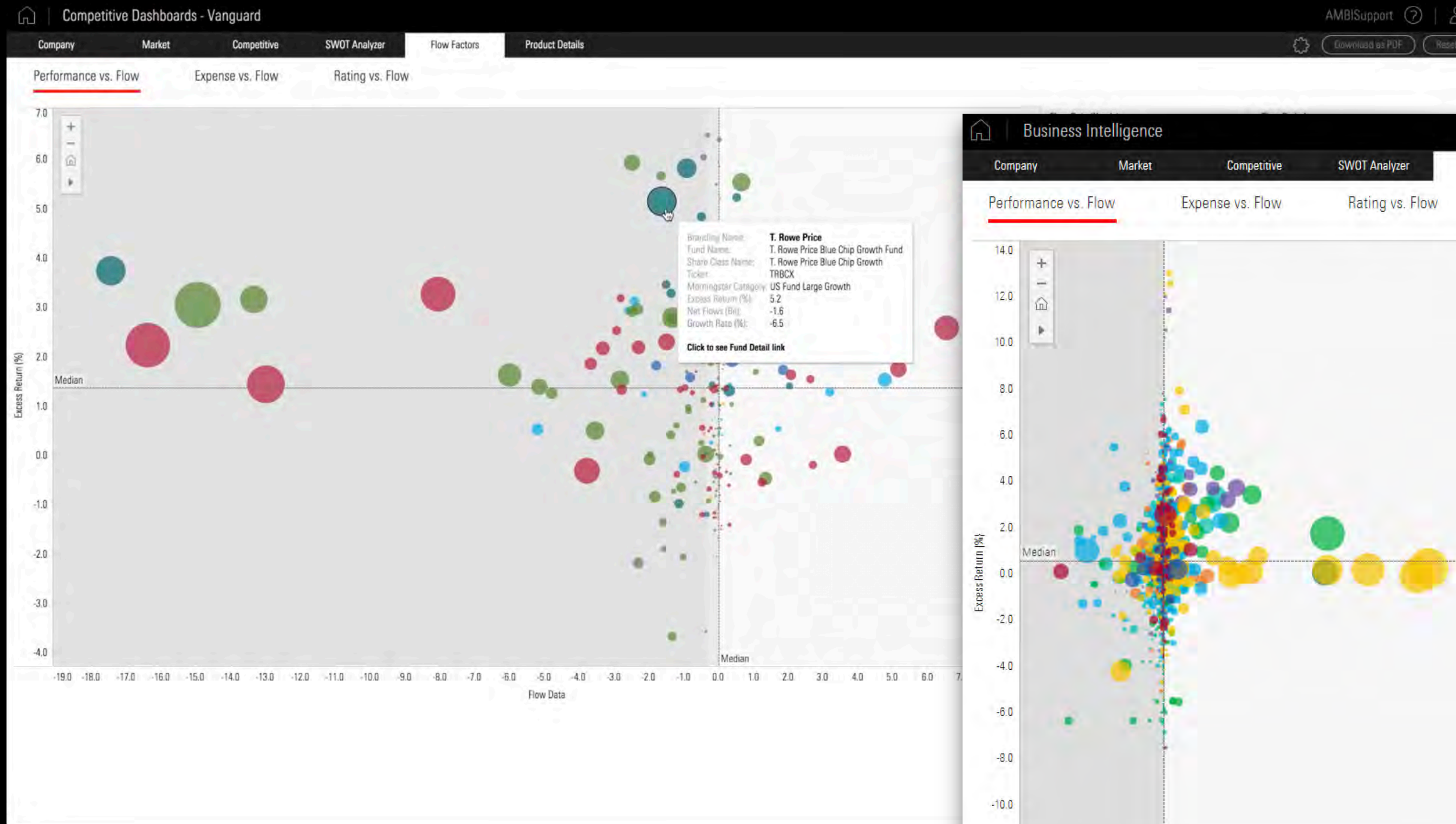
Data as of 12/31/18

Secular Trend 1



Risk Model

Secular Trend 1



Investor Pulse

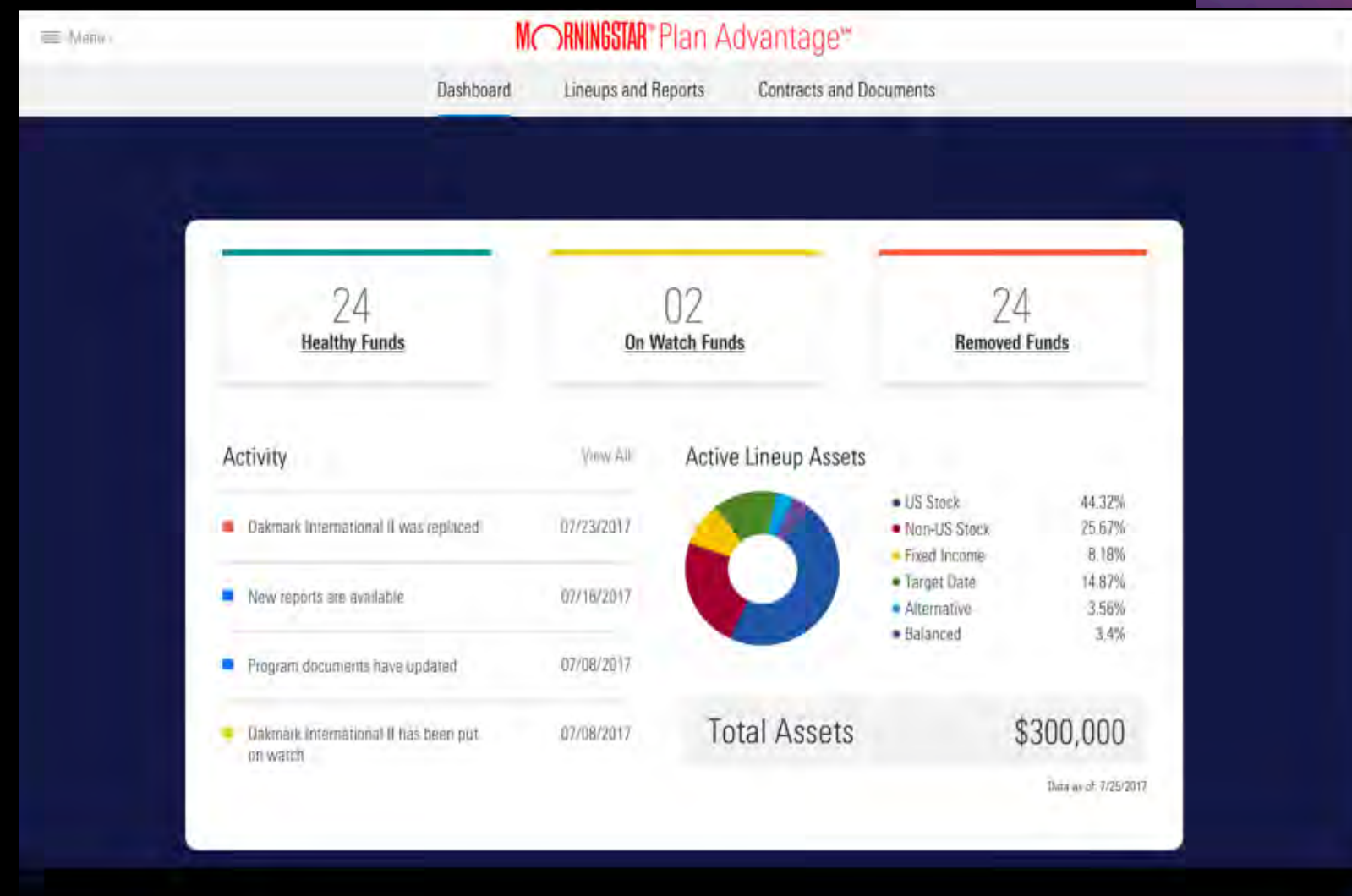
Secular Trend 1: In a sea of big data, investors increasingly seek differentiated data, research, and analytics.

Secular Trend 2: Investor demand for added value from advice providers in the form of measurable outcomes, lower price points, and beautiful experiences, is rising.

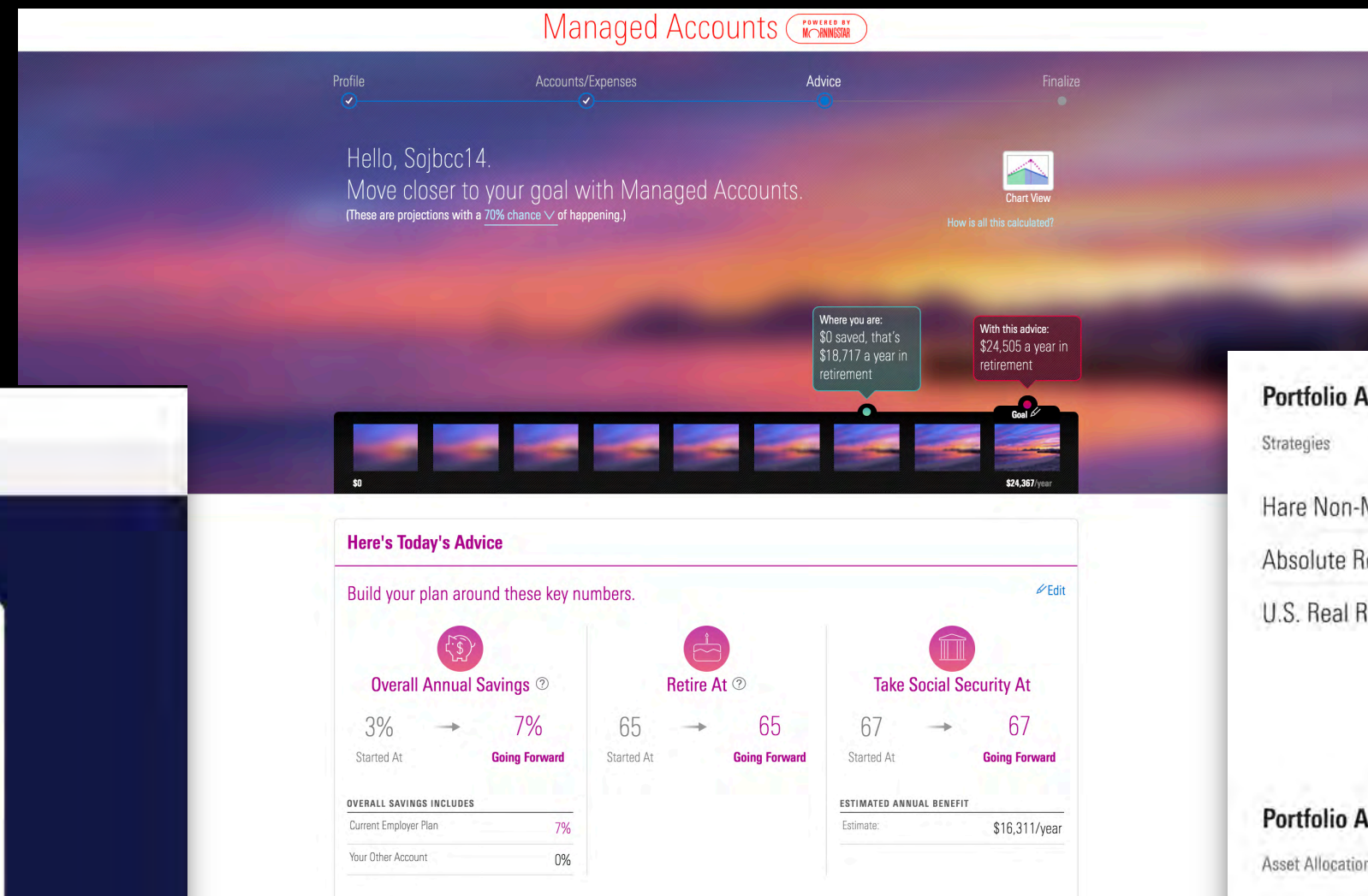
Secular Trend 3: Convergence of public and private markets

Secular Trend 2: Investor demand for added value from advice providers in the form of measurable outcomes, lower price points, and beautiful experiences, is rising.

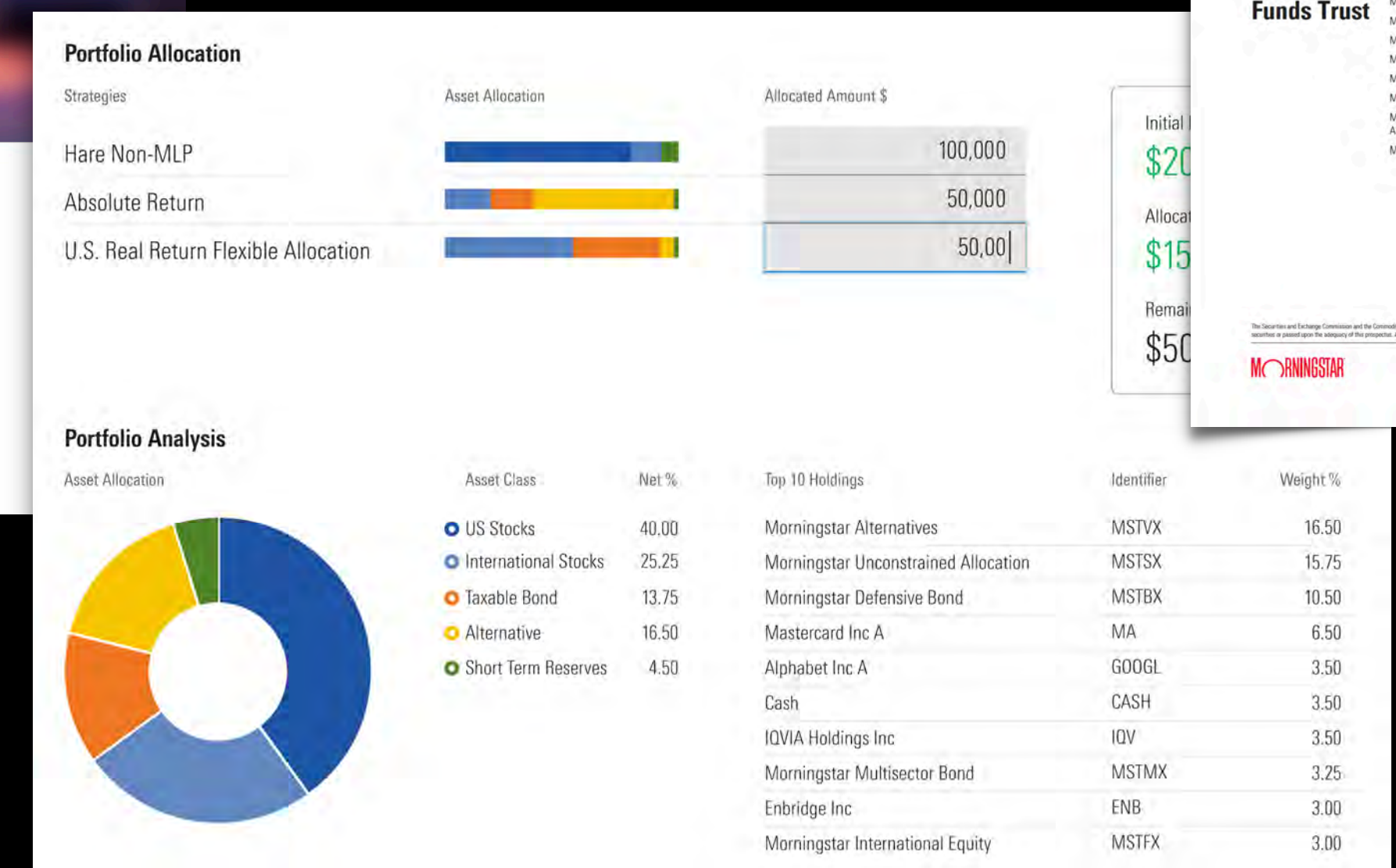
Secular Trend 2



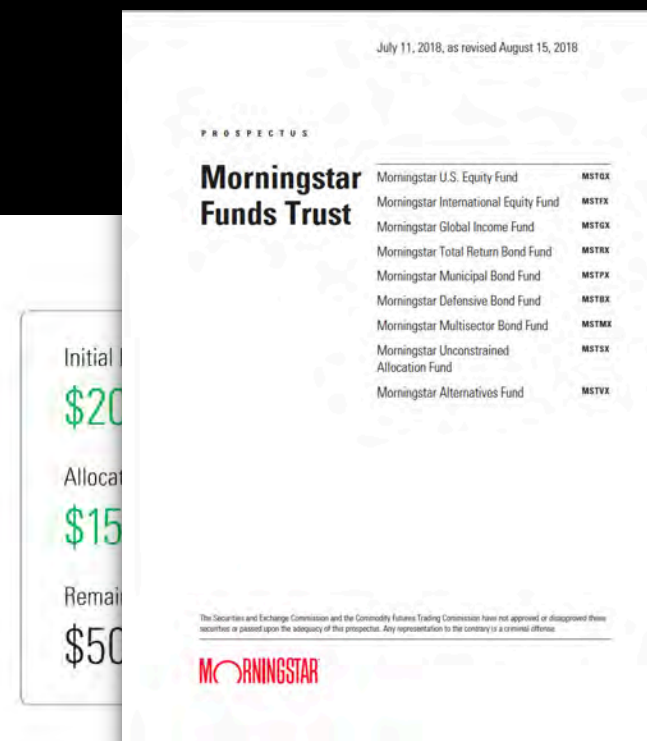
Morningstar Plan Advantage



Advisor Managed Accounts



Morningstar Mutual Funds & Morningstar Managed Portfolios



Secular Trend 2

Menu

MORNINGSTAR

Join the Morningstar Open Indexes Project

When Investors Win, We All Win

The goal of the Morningstar Open Indexes Project is to lower the cost of equity indexes and improve outcomes for all investors.

We believe that investment performance measurement should be reliable, transparent, and accessible. As part of the Open Indexes Project, we're delivering our equity indexes for benchmarking purposes – for free.

Participants will receive price return, total return, net return, and month-end constituent data from the 100+ global equity indexes included in the project. [See how our indexes correlate with standard benchmarks and how we compare with other index providers.](#)

We have expanded the Open Indexes Project. Through a strategic collaboration with Euronext, Morningstar has added two new indexes to the Open Indexes Project; including the [Morningstar Eurozone 50 Index](#) and the [Morningstar Developed Europe 100](#).

[Get Involved](#)

Indexes

Secular Trend 2

The collage displays four key screens from the financial planning software:

- Top Left:** A screen titled "Doe's Goal Plan" showing the process of creating and analyzing goals. It compares an "Initial Plan" (74% of desired amount) with a "Proposed Plan" (100% of desired amount).
- Top Right:** A "Summary and Report" screen for "Doe Family Retirement" showing a 100% projected amount against a desired amount, along with a target asset allocation pie chart and a table of funding sources.
- Bottom Left:** A "Goals Over Time" screen comparing the initial and proposed plans. It features two asset growth charts for "Initial Plan" and "Proposed Plan" from 2019 to 2025, and a table of "Year 2025" assets.
- Bottom Right:** An "Investment Plan Summary" screen comparing the "Current Investment Plan" (risk level 5.3) with the "Proposed Investment Plan" (risk level 3.3). It includes risk deviation charts and tables for "Top 10 Current Investments" and "Top 10 Proposed Investments".

Goal Bridge

Secular Trend 1: In a sea of big data, investors increasingly seek differentiated data, research, and analytics.

Secular Trend 2: Investor demand for added value from advice providers in the form of measurable outcomes, lower price points, and beautiful experiences, is rising.

Secular Trend 3: Convergence of public and private markets

Secular Trend 3: Convergence of public
and private markets

Secular Trend 3

The image shows two overlapping web pages. The background page is Morningstar's profile for Zoom Video Communications Inc (ZM), dated April 26, 2019. The foreground page is PitchBook's profile for Zoom Video Communications, which includes a detailed timeline of the company's history from 2012 to 2019.

Morningstar Trailing Returns (As of Apr 26, 2019)

Total Return %	1-Day	1-Week	1-Month	3-Month	YTD	1-Year	3-Year	5-Year
ZM	1.88	6.81	—	—	—	—	—	—
Telecom Services	0.95	-1.89	-2.87	0.13	5.33	1.17	1.73	2.80
Morningstar US Market TR USD	0.53	1.27	4.47	10.77	18.44	11.96	14.27	11.52
+/-Telecom Services	0.93	8.69	—	—	—	—	—	—
+/-Morningstar US Market TR USD	1.35	5.54	—	—	—	—	—	—

As of Apr 26, 2019 | Sector: Telecom Services | Index: Morningstar US Market TR USD

PitchBook Timeline Data (2012-2019)

- 2012: Date Founded
- 2013: Series A (Completed)
- 2014: Series B (Completed)
- 2015: Series C (Completed)
- 2017: Series D (Completed)
- 2019: IPO (Completed)

IPO Details (18-Apr-2019)

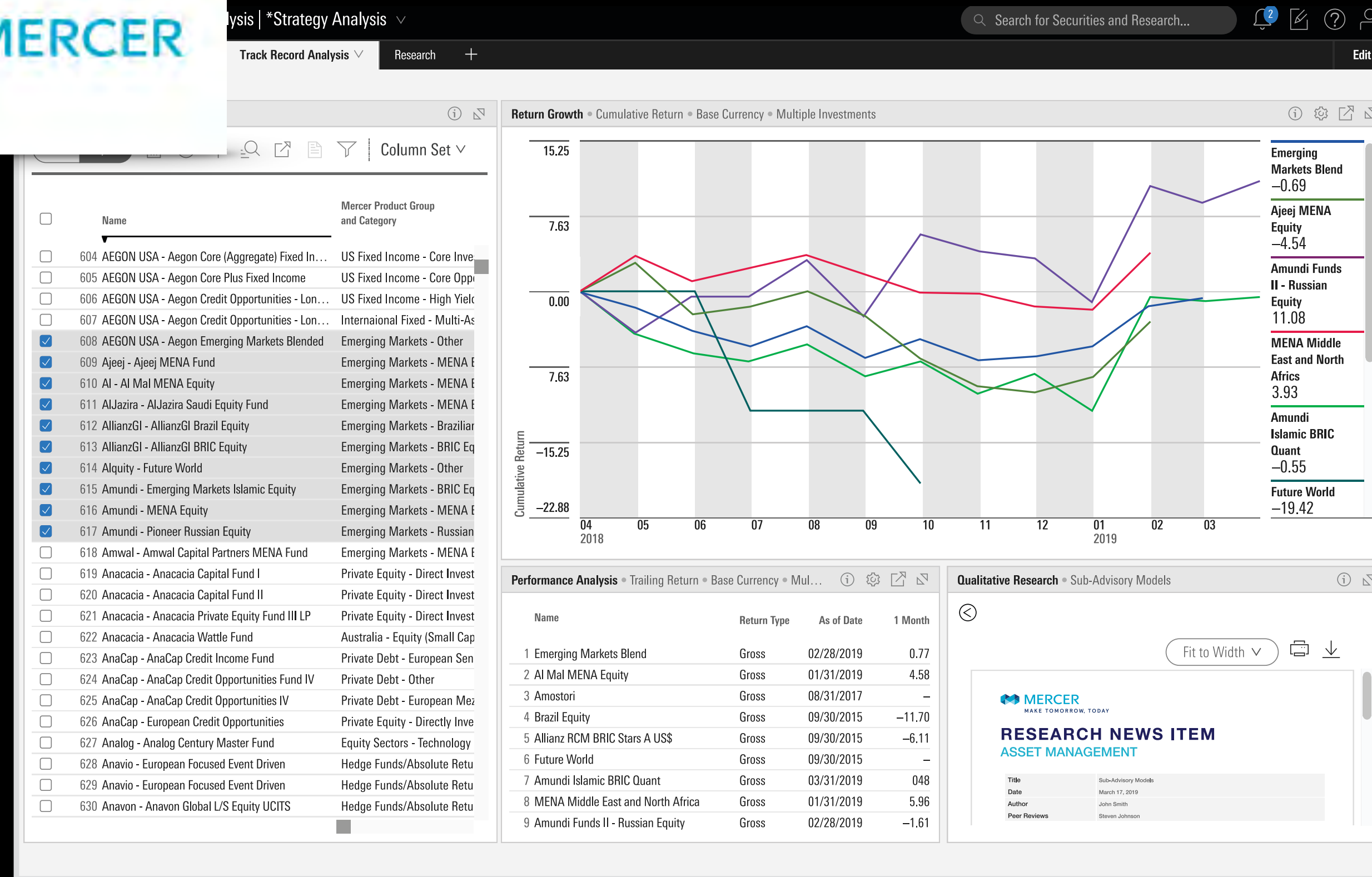
Amount	Post-Val	Acquired	% Change
\$751.3M	\$9.24B	8.13%	▲ 103.70%
			▲ 103.70%
			▲ 103.70%

Sellers/Exiters (24)

- AME Cloud Ventures
- Bart Swanson
- Bask Iyer
- Bill Tai
- Charlie Giancarlo
- + 19 More

Morningstar and PitchBook

Secular Trend 3



Morningstar and Mercer

OUR MISSION

Empowering investor success



Financial Highlights

Jason Dubinsky
Chief Financial Officer

OUR MISSION

Empowering investor success



Building on Our Foundation for Financial Success



Strategy and
Economic Moat



Unique Culture
& Global Talent



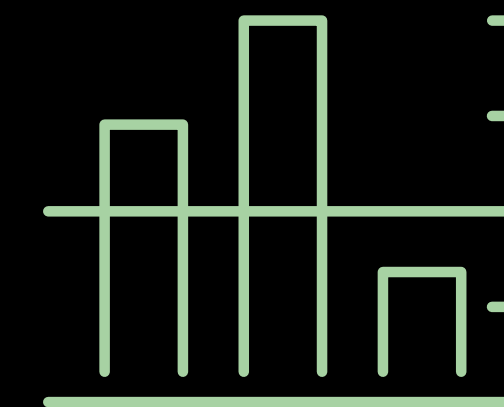
Brand and Mission



Products & IP



Scalable &
Diverse Business



Strong Balance Sheet
and Cash Flow

Building on Our Foundation for Financial Success

2018 Financial Highlights

Double digit organic revenue growth

Margin expansion and operating leverage

Record free cash flow



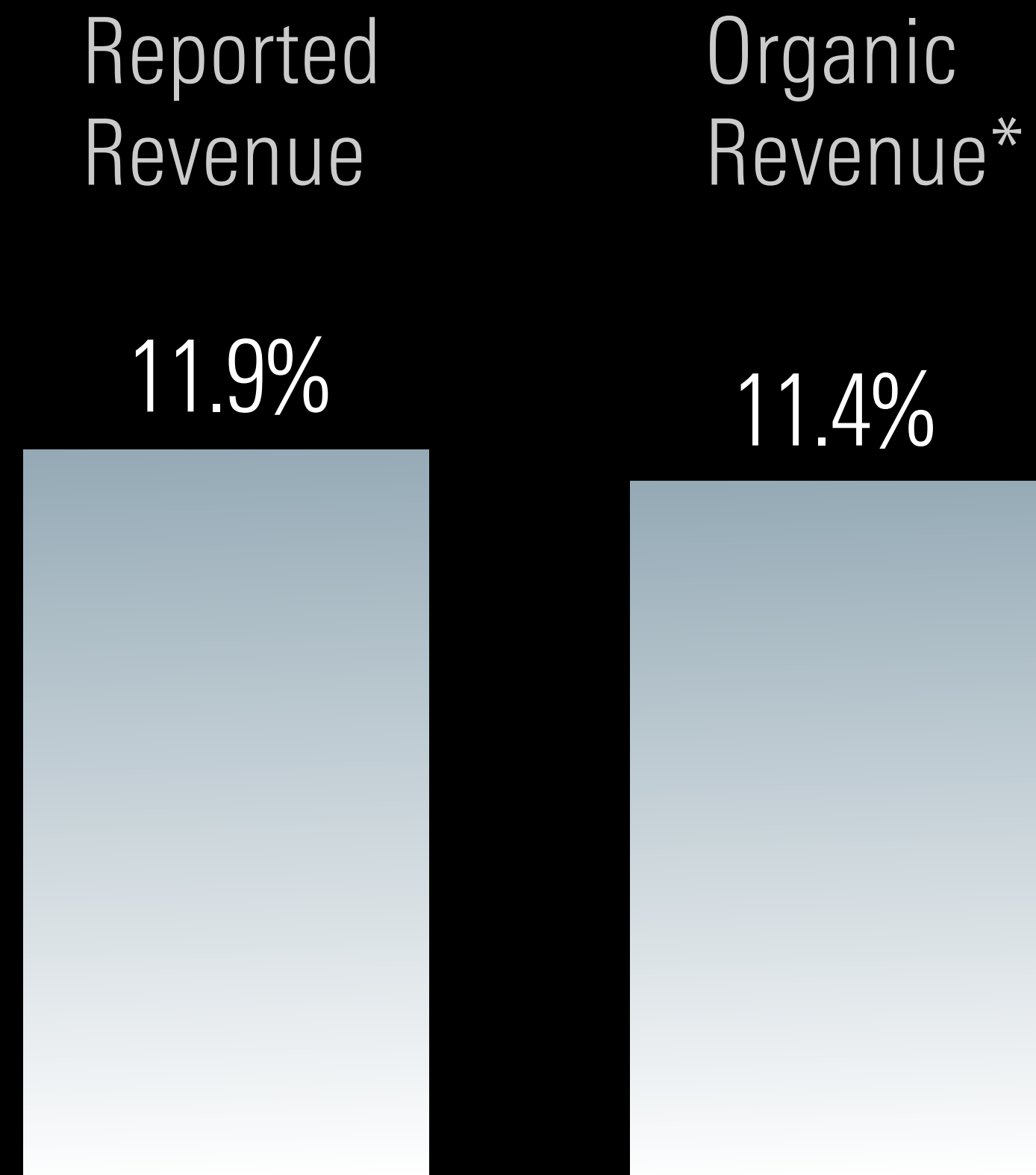
2018 Revenue Growth

Reported
Revenue

11.9%

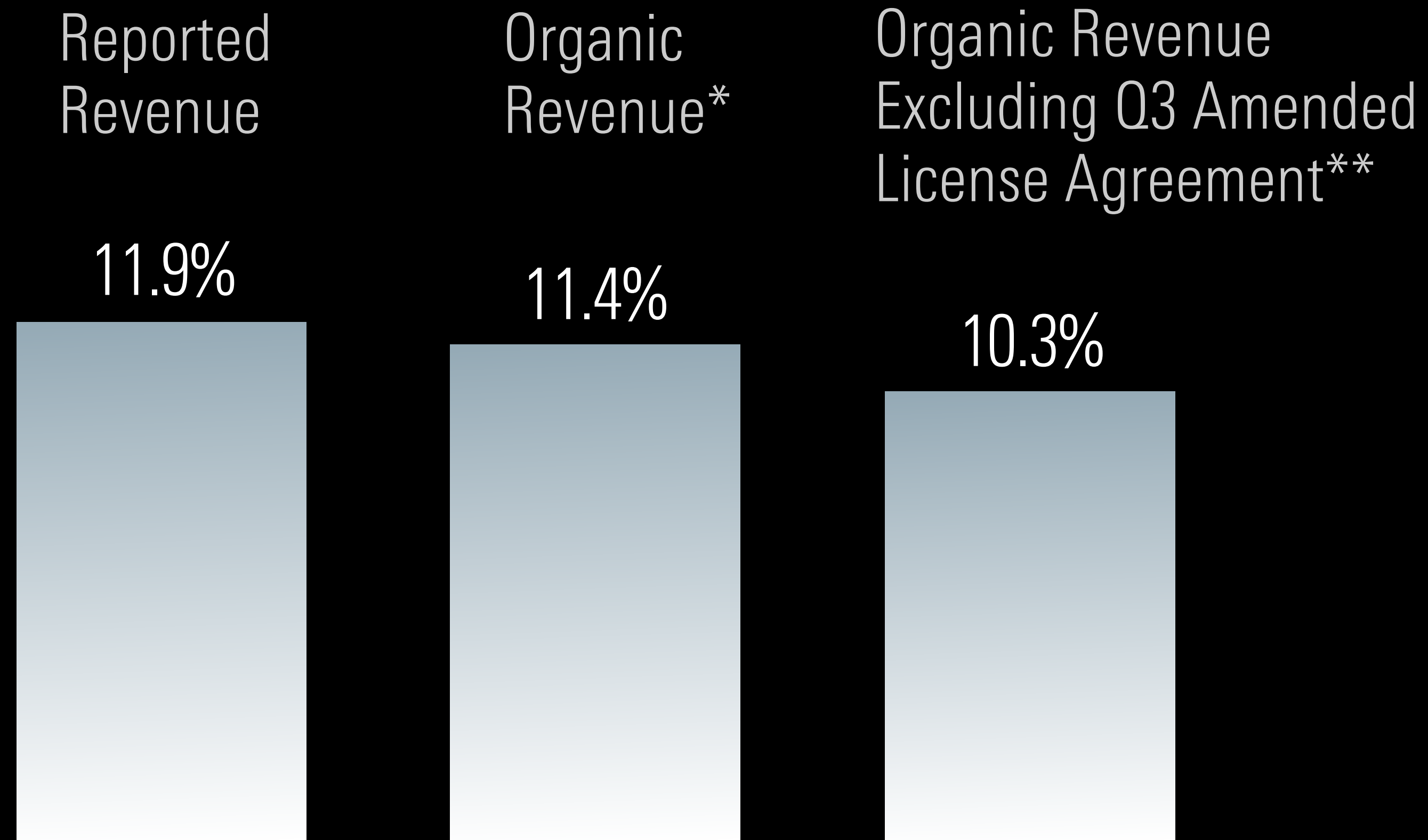


2018 Revenue Growth



*Excludes the impact of currency, M&A, and adoption of accounting changes

2018 Revenue Growth



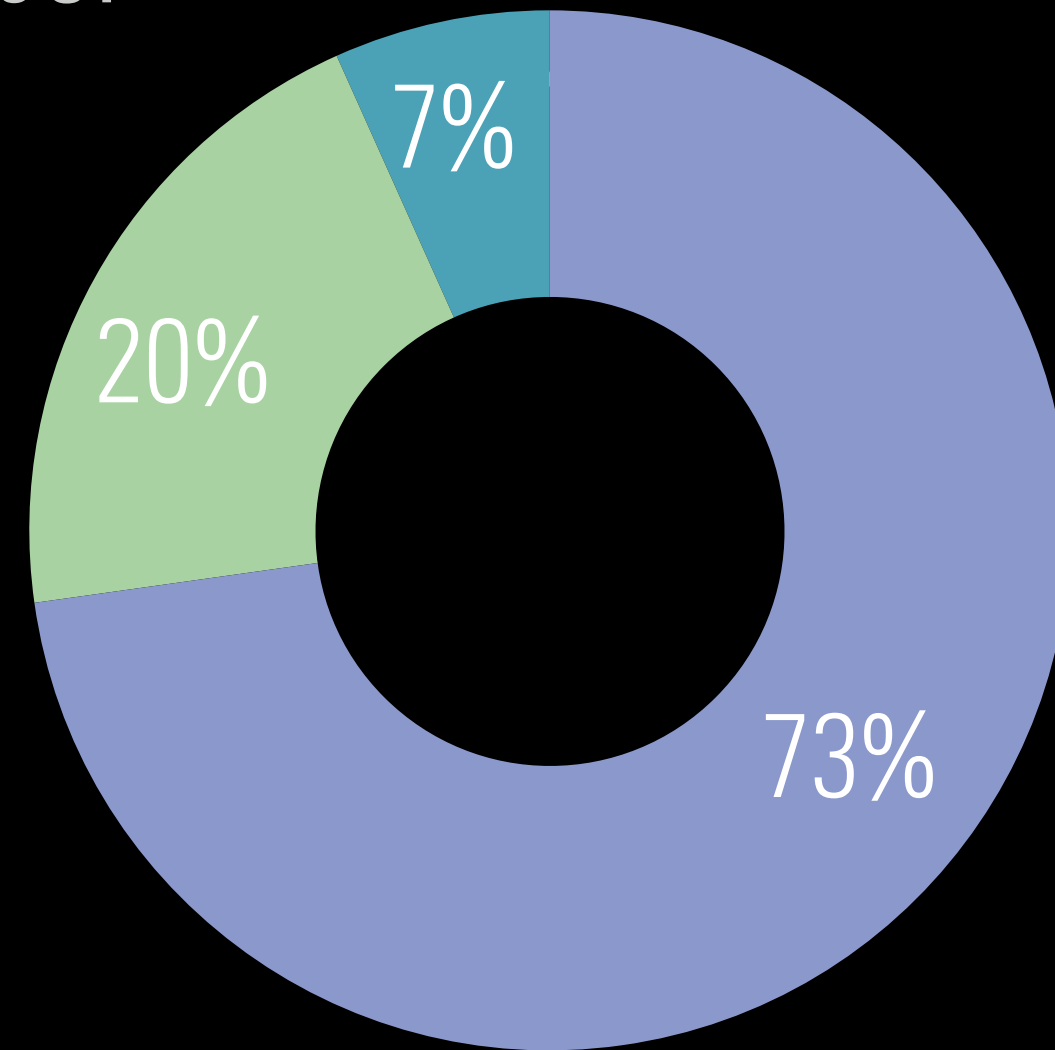
*Excludes the impact of currency, M&A, and adoption of accounting changes

**Excludes the impact of a \$10.5 million amended license agreement in the third quarter

Drivers of Growth: Diversification

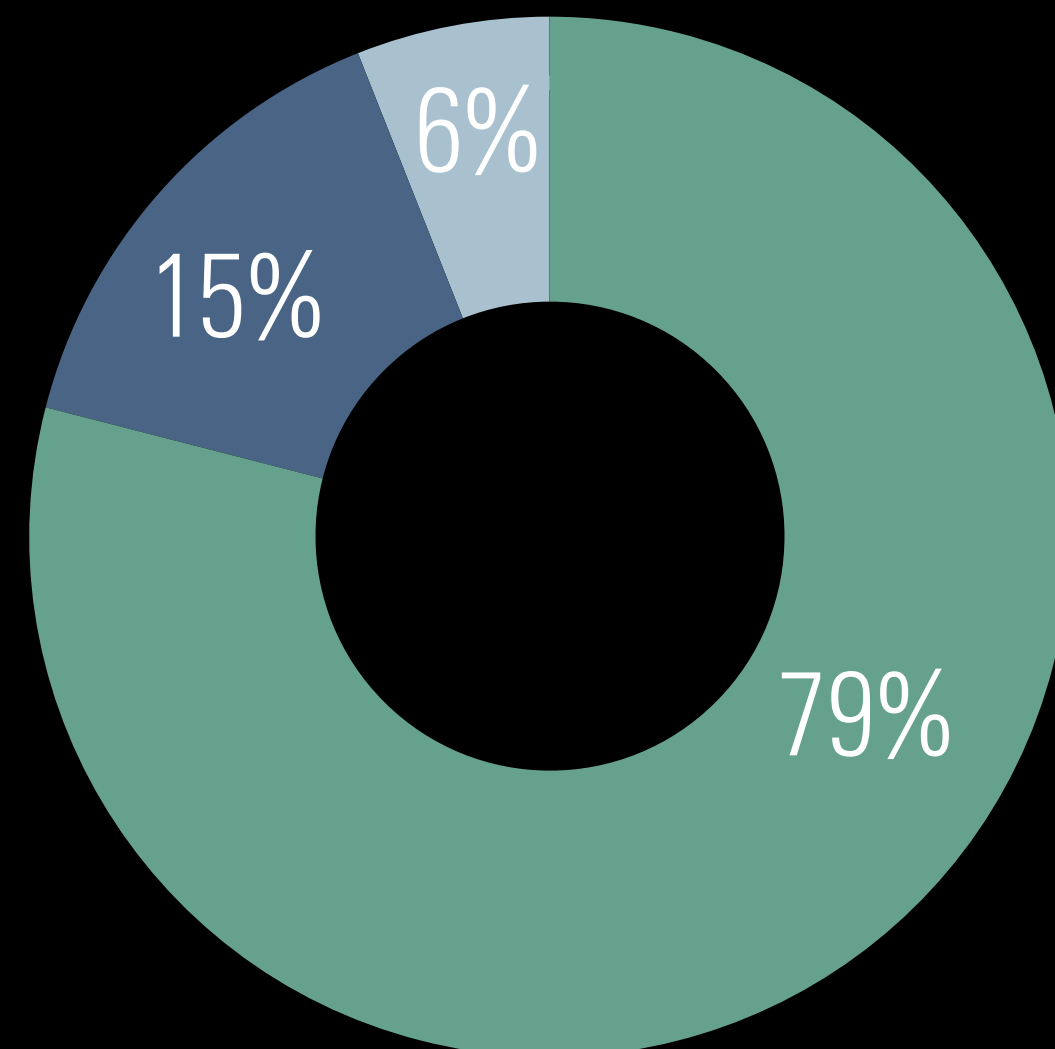
Revenue by Type:

Product



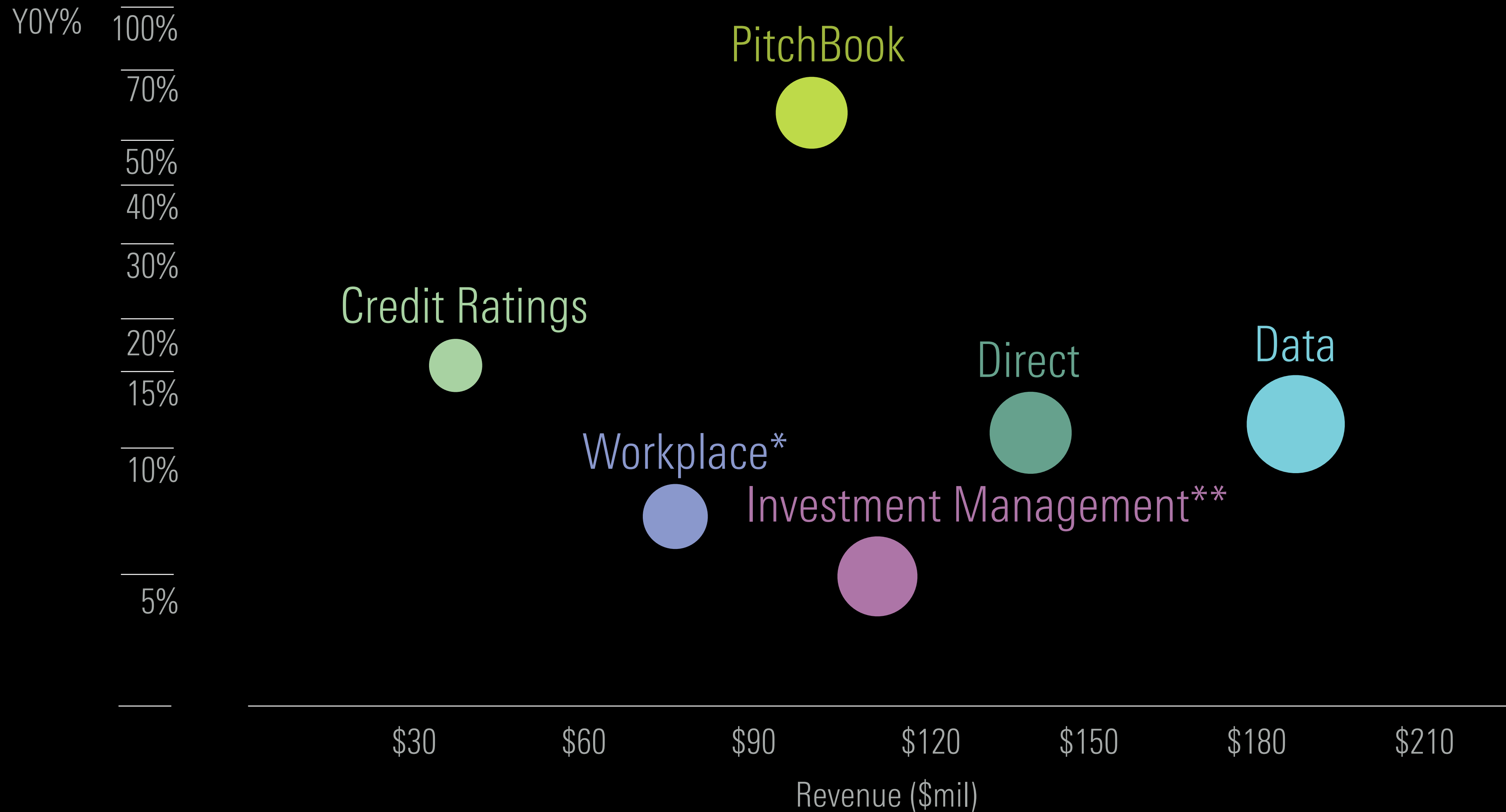
	2018 Growth
License-based	12.6%
Asset-based	10.0%
Transaction-based	9.8%

Geography



Americas	11.0%
EMEA	14.1%
APAC	17.2%

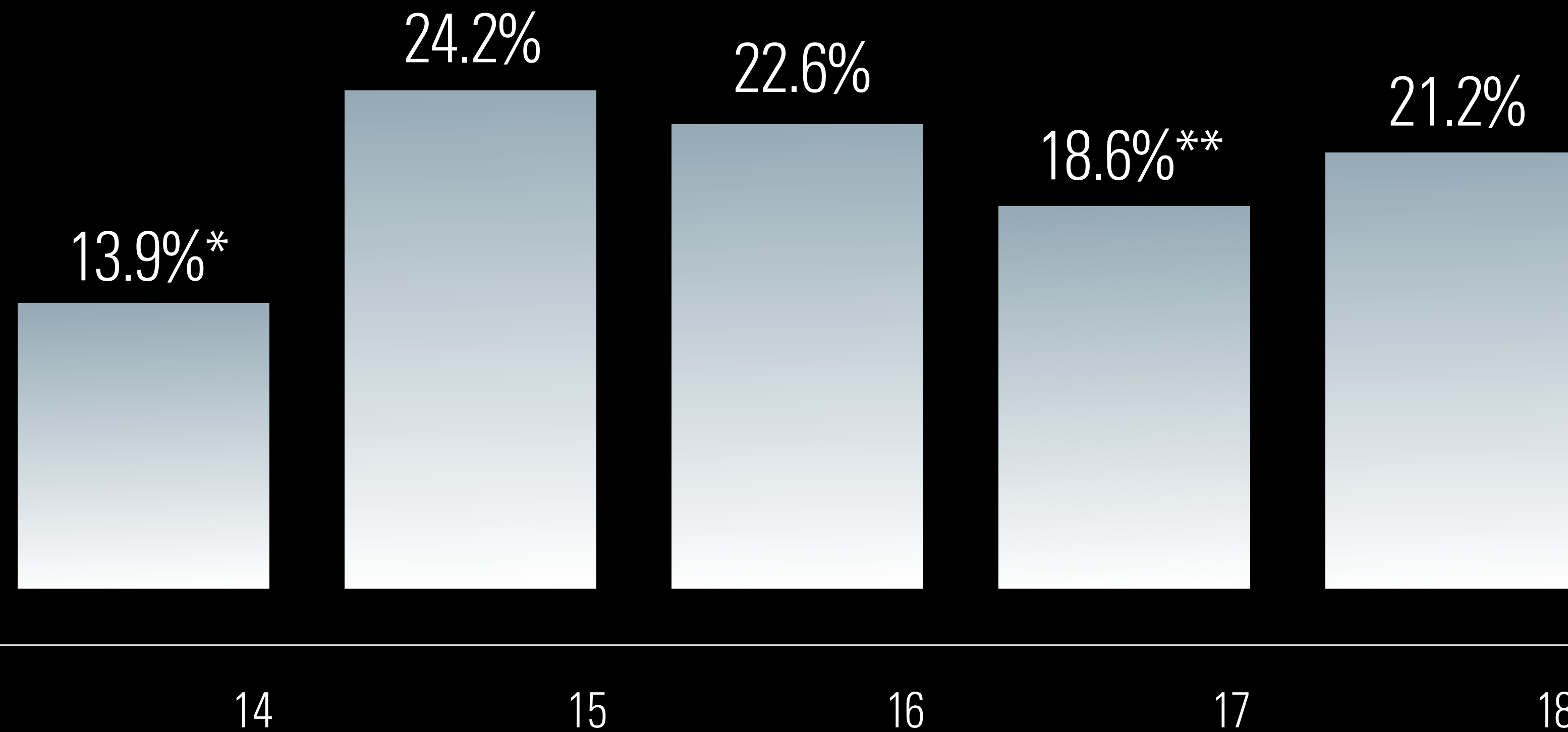
Key Products Area Growth: 2018 vs 2017



*Excluding the negative 4.6 percentage point impact of HelloWallet divestiture, 2018 revenue increased by 7.0%

**The adoption of ASC 606 had a \$5.0 million or 5.0% favorable impact on revenue growth.

Historical Performance: Operating Margin



*Includes a \$61.0 million litigation settlement which adversely impacted operating margin by 8.1 percentage points

**Includes a \$4.1 million impairment charge which adversely impacted operating margin by 0.5 percentage points

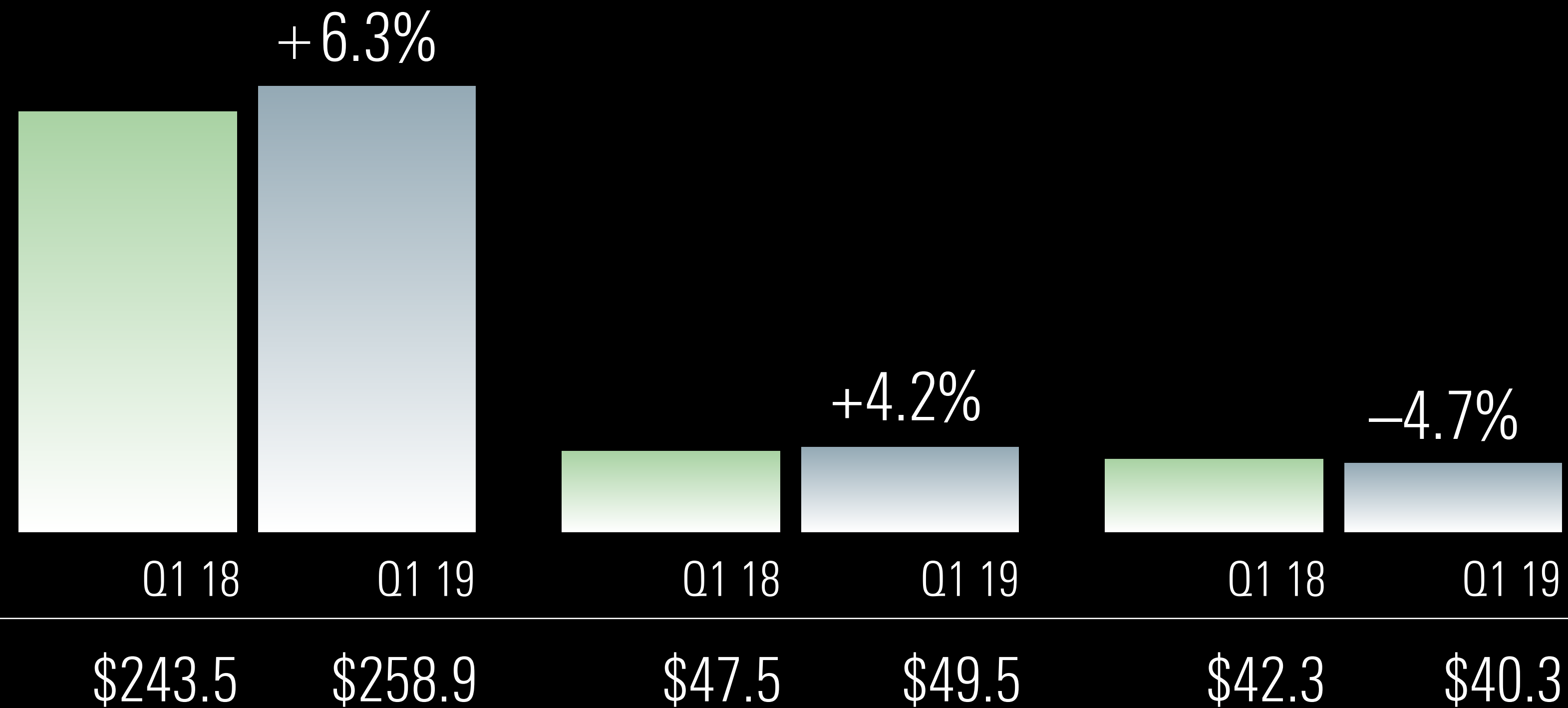
First Quarter 2019 Performance

(\$mil)

Revenue

Operating Income

Free Cash Flow^{*}



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

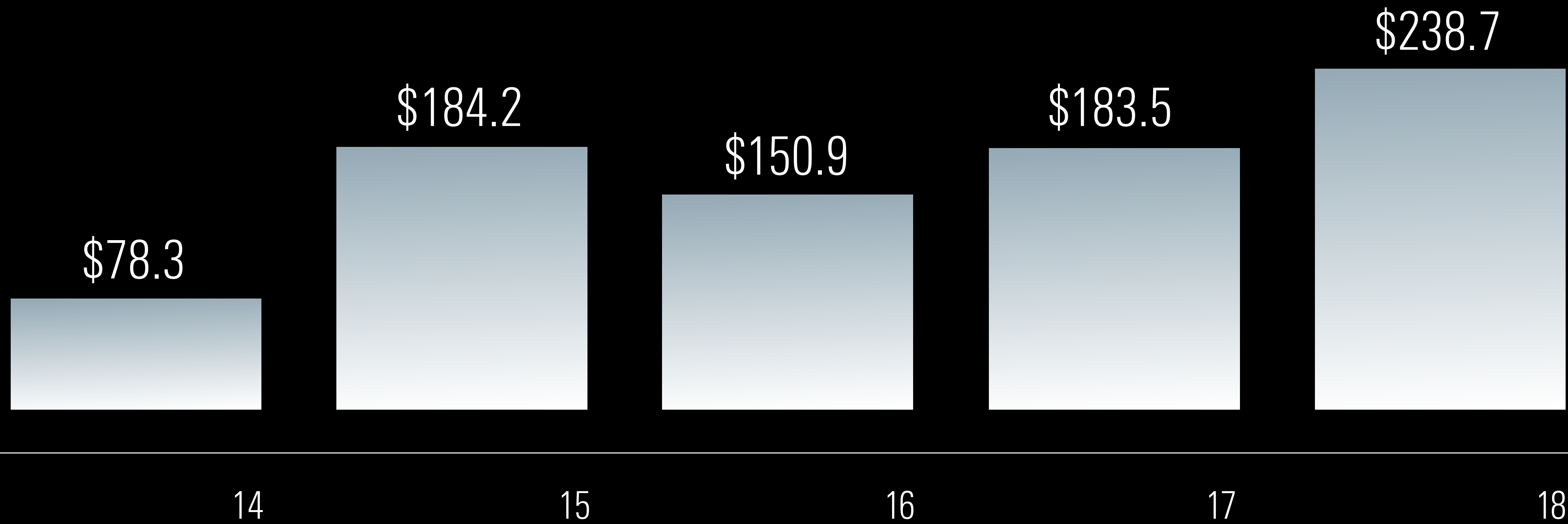
First Quarter Key Products Area Growth: 2019 vs 2018

	<u>Reported</u>	<u>Organic*</u>
PitchBook	54.5%	54.5%
Credit Ratings	26.7%	26.7%
Direct	7.1%	10.0%
Data	5.8%	9.3%
Workplace	-2.6%	-2.6%
Investment Management	-6.3%	-4.6%

*In Q1 2019, foreign currency translation comprised the only difference between reported and organic revenue growth.

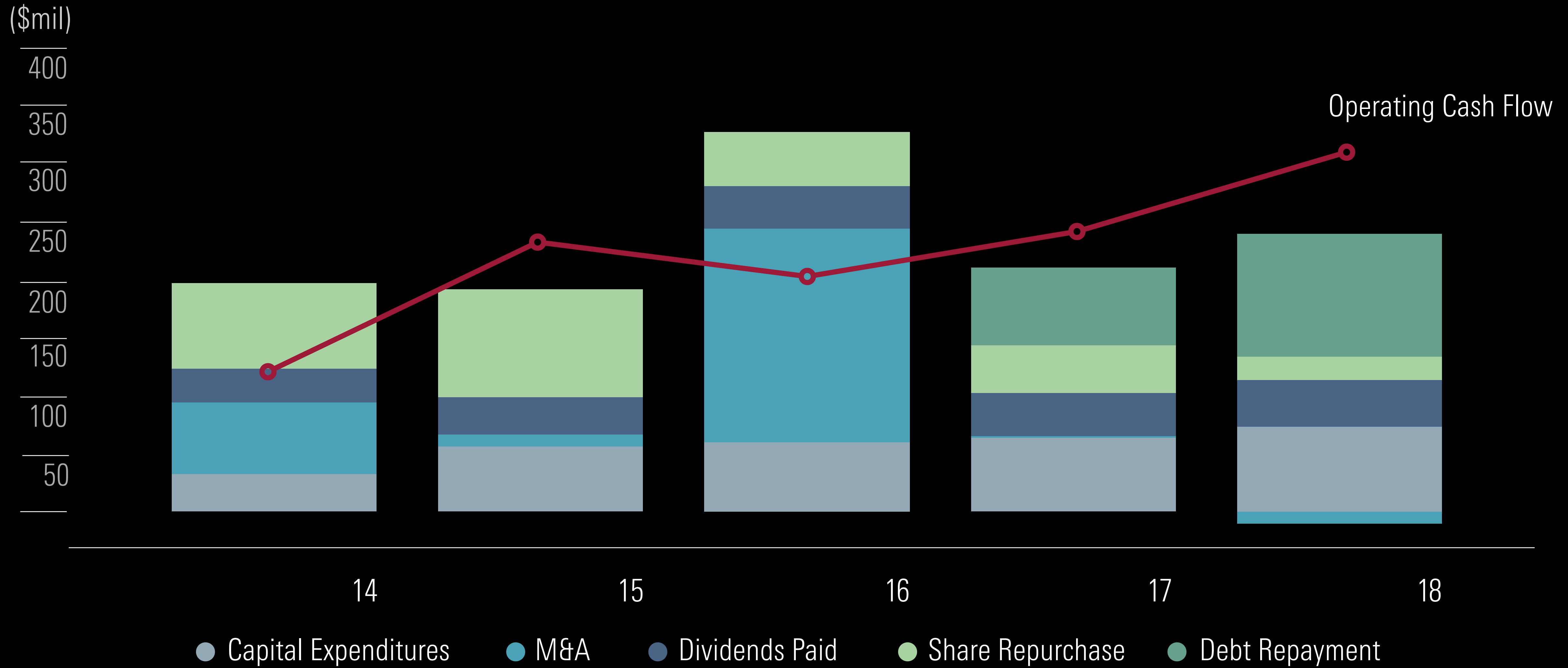
Cash Flow Generation

Free Cash Flow* (\$mil)



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

Capital Allocation & Deployment



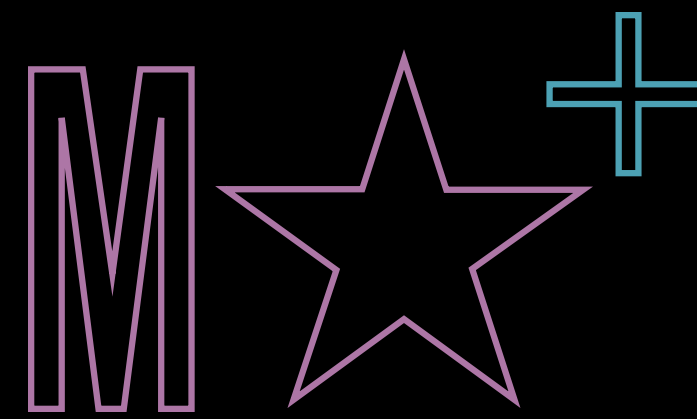
Capital Allocation Priorities



Organic Growth

Emphasizing high growth areas

Infrastructure needs



Mergers and Acquisitions

Disciplined approach to deals

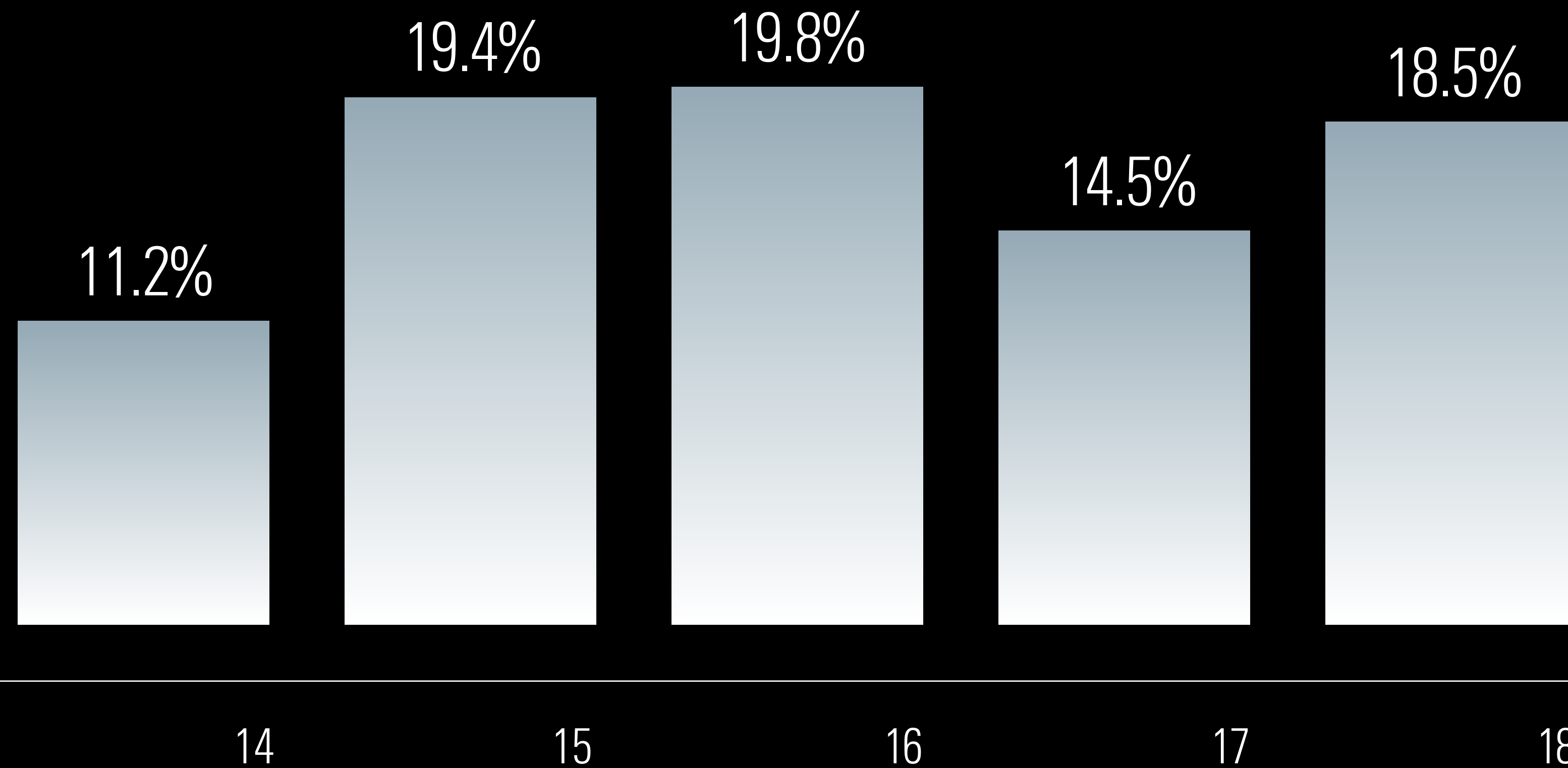


Dividends and Share Repurchases

Consistent dividend payout range

Opportunistic share repurchase

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.

MORN Total Return

		Cumulative		Annualized
	MORN	Morningstar US Market Total Return	MORN	Morningstar US Market Total Return
Since IPO (05/03/2005)	621.9%	245.3%	15.1%	9.2%
10-year	242.1%	285.6%	12.7%	14.5%
5-year	90.9%	68.1%	13.4%	11.0%
3-year	66.3%	47.1%	18.1%	13.7%
1-year	22.0%	7.5%	22.0%	7.5%

Date as of May 10, 2019

Research and Data: How They Power Morningstar

Frannie Besztery
Head of Data

Haywood Kelly
Head of Research

OUR MISSION

Empowering investor success



OUR STRATEGY

Delivering insights and experiences essential to investing



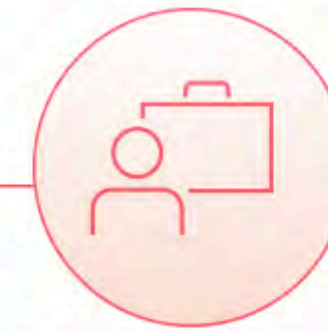
Our values

- Investors first
- Great products
- Great people
- Uncompromising ethics
- Entrepreneurial spirit
- Financial success



Our work

- Proprietary data
- Forward-looking research
- Effective investment strategies
- Meaningful analytics



Our clients

- Individual investors
- Advisors
- Asset managers
- Private market investors
- Retirement participants



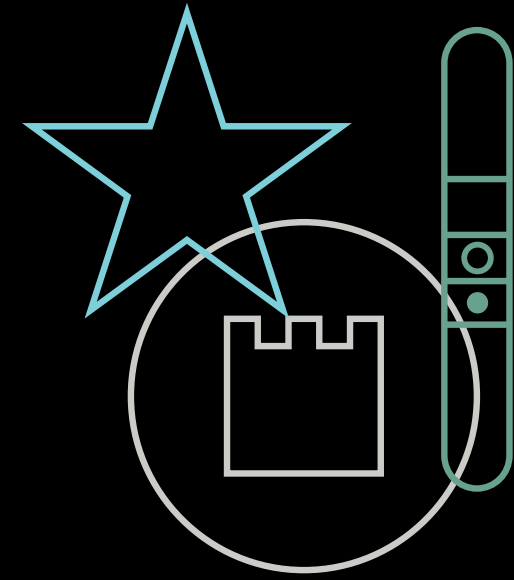
Our brand

- Advocacy
- Independence
- Empowerment
- Clarity

Research Overview



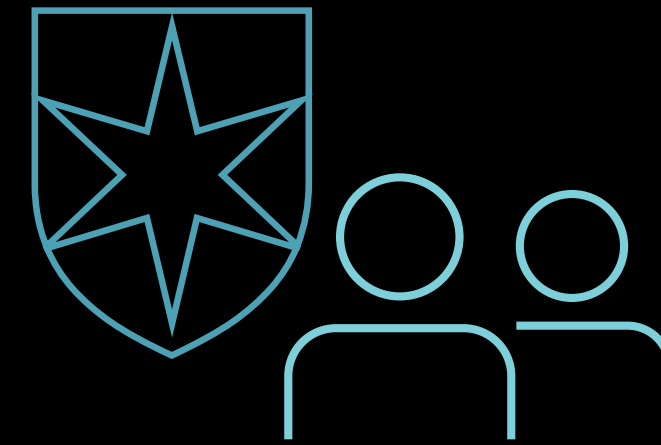
Data



Equity
Research



Credit
Ratings



Manager
Research

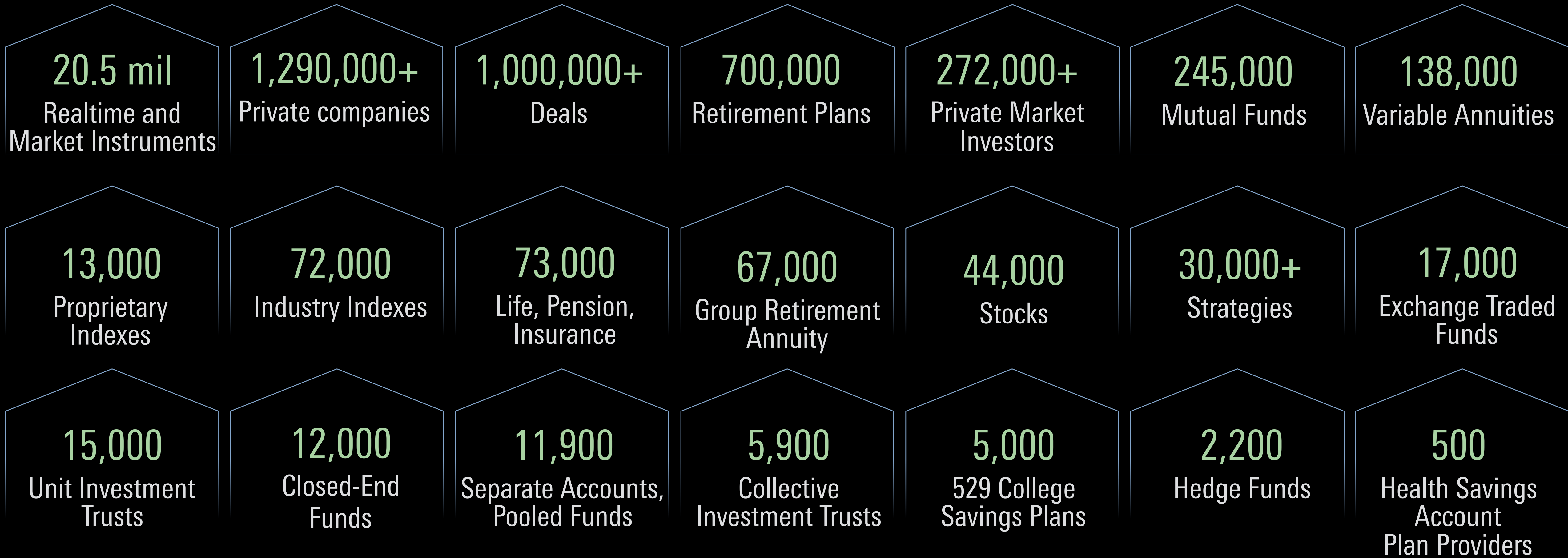


Quantitative
Research

How We Monetize Our Data and Research

	Directly	Software	Investment Products
Morningstar Data	X		
Morningstar Direct		X	
Investment Management			X
PitchBook Data		X	
Morningstar Advisor Workstation		X	
Morningstar Office		X	
Workplace Solutions		X	X
Morningstar.com		X	
Credit Ratings	X		
Indexes			X

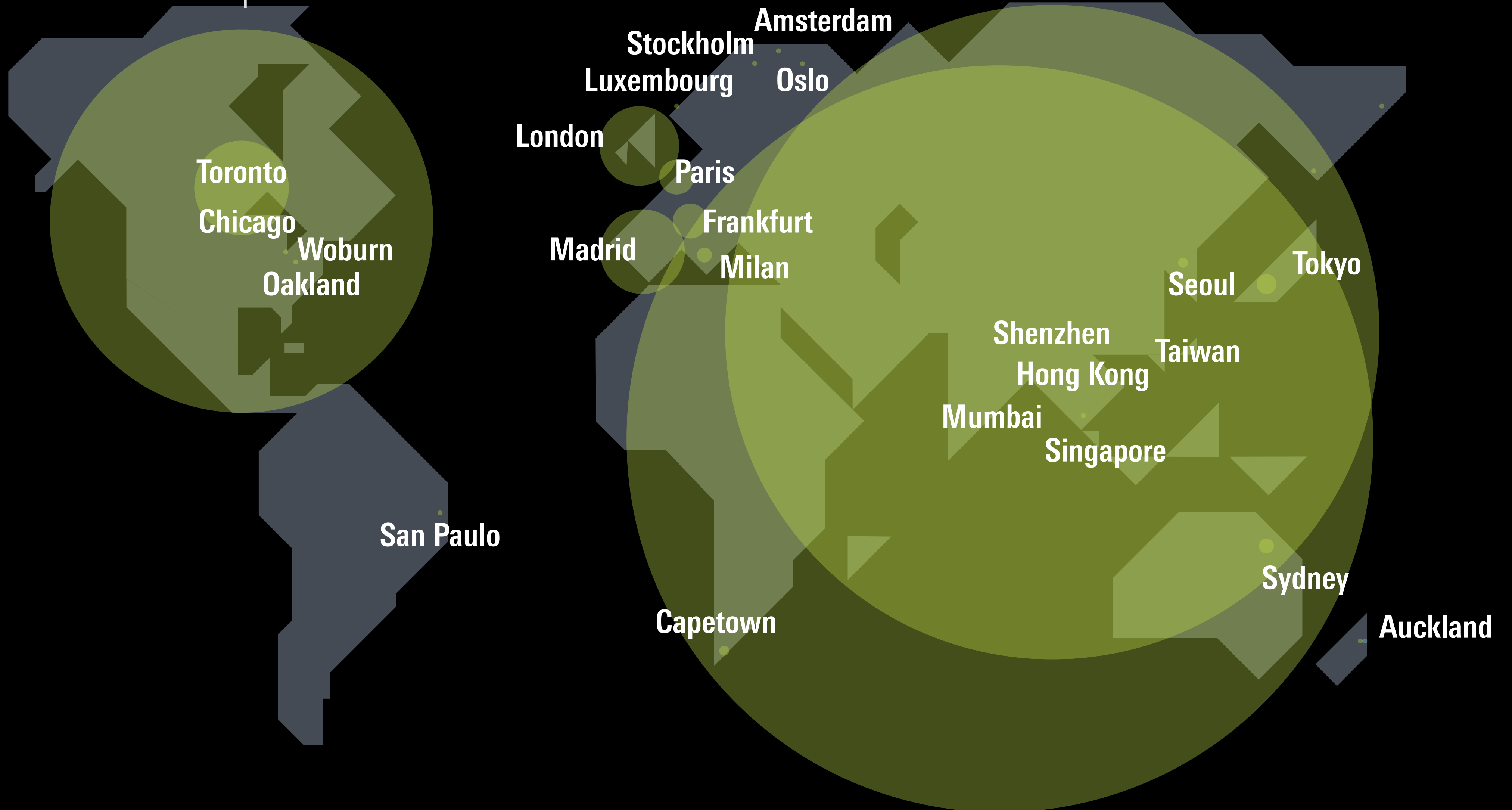
An Ever-Expanding Set of Databases



Data as of 12/31/18

Global Scope, Local Expertise

Distribution of Data Specialists



Morningstar's Competitive Advantage in Data

Data Tier

Foundational

Price, operational, fees, fundamentals, etc.

Positioning

Our quality is **essential** in a machine learning world

Morningstar's Competitive Advantage in Data

Data Tier

Foundational

Price, operational, fees, fundamentals, etc.

Contextual

Categories, category ratios, style-box standardized calculations, historical ratings (i.e. Star Ratings) etc.

Positioning

Our quality is **essential** in a machine learning world

Morningstar is the **lingua franca** of the retail investing world; our context helps investors tell up from down in an increasingly complex world

Morningstar's Competitive Advantage in Data

Data Tier

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Price, operational, fees, fundamentals, etc.

Contextual

Categories, category ratios, style-box standardized calculations, historical ratings (i.e. Star Ratings) etc.

Unique

Tick data, historical holdings data, retirement plan data combined with Morningstar investment data

Positioning

Our quality is **essential** in a machine learning world

Morningstar is the **lingua franca** of the retail investing world; our context helps investors tell up from down in an increasingly complex world

The value of our unique, **hard-to-replicate** data grows every year

Morningstar's Competitive Advantage in Data

Data Tier

Foundational

Price, operational, fees, fundamentals, etc.

Contextual

Categories, category ratios, style-box standardized calculations, historical ratings (i.e. Star Ratings) etc.

Unique

Tick data, historical holdings data, retirement plan data combined with Morningstar investment data

Analytics IP

Risk model, ESG scores, attribution, quant analyst ratings, fixed-income, and more!

Positioning

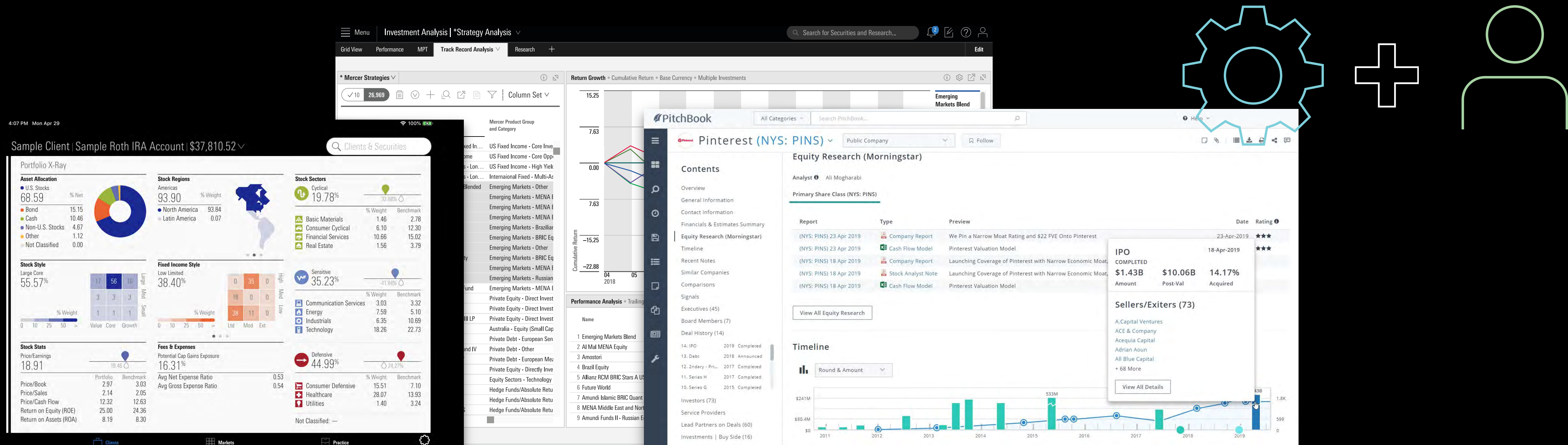
Our quality is **essential** in a machine learning world

Morningstar is the **lingua franca** of the retail investing world; our context helps investors tell up from down in an increasingly complex world

The value of our unique, **hard-to-replicate** data grows every year

Morningstar derived insights deliver **successful** investing and business **outcomes**

Our Current Data Initiatives



Portfolio Matching:
Bonds & Derivatives

Strategies

Equity Data Expansion

Automation Technology

Our Current Data Initiatives: Portfolio Matching: Bonds & Derivatives

4:07 PM Mon Apr 29

100%

Sample Client | Sample Roth IRA Account | \$37,810.52

Clients & Securities

Portfolio X-Ray

Asset Allocation

- U.S. Stocks: 68.59% Net
- Bond: 15.15%
- Cash: 10.46%
- Non-U.S. Stocks: 4.67%
- Other: 1.12%
- Not Classified: 0.00%

Stock Regions

Americas: 93.90% Weight

- North America: 93.84%
- Latin America: 0.07%

Stock Sectors

Cyclical: 19.78% (Benchmark: 33.88%)

Sector	% Weight	Benchmark
Basic Materials	1.46	2.78
Consumer Cyclical	6.10	12.30
Financial Services	10.66	15.02
Real Estate	1.56	3.79

Stock Style

Large Core: 55.57%

Style	Value	Core	Growth
Large	17	56	16
Med	3	3	3
Small	1	1	1

Fixed Income Style

Low Limited: 38.40%

Style	Ltd	Mod	Ext
High	0	35	0
Med	16	0	0
Low	38	11	0

Sensitive

Sensitive: 35.23% (Benchmark: 41.84%)

Sector	% Weight	Benchmark
Communication Services	3.03	3.32
Energy	7.59	5.10
Industrials	6.35	10.69
Technology	18.26	22.73

Stock Stats

Price/Earnings: 18.91 (Benchmark: 19.46)

Stat	Portfolio	Benchmark
Price/Book	2.97	3.03
Price/Sales	2.14	2.05
Price/Cash Flow	12.32	12.63
Return on Equity (ROE)	25.00	24.36
Return on Assets (ROA)	8.19	8.30

Fees & Expenses

Potential Cap Gains Exposure: 16.31%

Avg Net Expense Ratio	0.53
Avg Gross Expense Ratio	0.54

Defensive

Defensive: 44.99% (Benchmark: 24.27%)

Sector	% Weight	Benchmark
Consumer Defensive	15.51	7.10
Healthcare	28.07	13.93
Utilities	1.40	3.24

Not Classified: —

Clients

Markets

Practice



Our Current Data Initiatives: Strategies



Analysis | *Strategy Analysis

Track Record Analysis | Research

Search for Securities and Research...

26,969

Column Set

Name	Mercer Product Group and Category
<input type="checkbox"/> 604 AEGON USA - Aegon Core (Aggregate) Fixed In...	US Fixed Income - Core Inve
<input type="checkbox"/> 605 AEGON USA - Aegon Core Plus Fixed Income	US Fixed Income - Core Opp
<input type="checkbox"/> 606 AEGON USA - Aegon Credit Opportunities - Lon...	US Fixed Income - High Yield
<input type="checkbox"/> 607 AEGON USA - Aegon Credit Opportunities - Lon...	Internaional Fixed - Multi-As
<input checked="" type="checkbox"/> 608 AEGON USA - Aegon Emerging Markets Blended	Emerging Markets - Other
<input checked="" type="checkbox"/> 609 Ajeej - Ajeej MENA Fund	Emerging Markets - MENA t
<input checked="" type="checkbox"/> 610 AI - AI Mal MENA Equity	Emerging Markets - MENA t
<input checked="" type="checkbox"/> 611 AlJazira - AlJazira Saudi Equity Fund	Emerging Markets - MENA t
<input checked="" type="checkbox"/> 612 AllianzGI - AllianzGI Brazil Equity	Emerging Markets - Braziliar
<input checked="" type="checkbox"/> 613 AllianzGI - AllianzGI BRIC Equity	Emerging Markets - BRIC Eq
<input checked="" type="checkbox"/> 614 Alquity - Future World	Emerging Markets - Other
<input checked="" type="checkbox"/> 615 Amundi - Emerging Markets Islamic Equity	Emerging Markets - BRIC Eq
<input checked="" type="checkbox"/> 616 Amundi - MENA Equity	Emerging Markets - MENA t
<input checked="" type="checkbox"/> 617 Amundi - Pioneer Russian Equity	Emerging Markets - Russian
<input type="checkbox"/> 618 Amwal - Amwal Capital Partners MENA Fund	Emerging Markets - MENA t
<input type="checkbox"/> 619 Anacacia - Anacacia Capital Fund I	Private Equity - Direct Invest
<input type="checkbox"/> 620 Anacacia - Anacacia Capital Fund II	Private Equity - Direct Invest
<input type="checkbox"/> 621 Anacacia - Anacacia Private Equity Fund III LP	Private Equity - Direct Invest
<input type="checkbox"/> 622 Anacacia - Anacacia Wattle Fund	Australia - Equity (Small Cap
<input type="checkbox"/> 623 AnaCap - AnaCap Credit Income Fund	Private Debt - European Sen
<input type="checkbox"/> 624 AnaCap - AnaCap Credit Opportunities Fund IV	Private Debt - Other
<input type="checkbox"/> 625 AnaCap - AnaCap Credit Opportunities IV	Private Debt - European Mez
<input type="checkbox"/> 626 AnaCap - European Credit Opportunities	Private Equity - Directly Inve
<input type="checkbox"/> 627 Analog - Analog Century Master Fund	Equity Sectors - Technology
<input type="checkbox"/> 628 Anavio - European Focused Event Driven	Hedge Funds/Absolute Retu
<input type="checkbox"/> 629 Anavio - European Focused Event Driven	Hedge Funds/Absolute Retu
<input type="checkbox"/> 630 Anavon - Anavon Global L/S Equity UCITS	Hedge Funds/Absolute Retu

Return Growth • Cumulative Return • Base Currency • Multiple Investments

Fund Name	Cumulative Return
Emerging Markets Blend	-0.69
Ajeej MENA Equity	-4.54
Amundi Funds II - Russian Equity	11.08
MENA Middle East and North Africa	3.93
Amundi Islamic BRIC Quant	-0.55
Future World	-19.42

Performance Analysis • Trailing Return • Base Currency • Mul...

Name	Return Type	As of Date	1 Month
1 Emerging Markets Blend	Gross	02/28/2019	0.77
2 AI Mal MENA Equity	Gross	01/31/2019	4.58
3 Amostori	Gross	08/31/2017	-
4 Brazil Equity	Gross	09/30/2015	-11.70
5 Allianz RCM BRIC Stars A US\$	Gross	09/30/2015	-6.11
6 Future World	Gross	09/30/2015	-
7 Amundi Islamic BRIC Quant	Gross	03/31/2019	048
8 MENA Middle East and North Africa	Gross	01/31/2019	5.96
9 Amundi Funds II - Russian Equity	Gross	02/28/2019	-1.61

Qualitative Research • Sub-Advisory Models

Fit to Width

MERCER
MAKE TOMORROW. TODAY

RESEARCH NEWS ITEM
ASSET MANAGEMENT

Title: Sub-Advisory Models
Date: March 17, 2019
Author: John Smith
Peer Reviews: Steven Johnson

Our Current Data Initiatives: Equity Data Expansion

PitchBook | All Categories | Search PitchBook... | **Pinterest (NYS: PINS)** | Public Company | Follow

Equity Research (Morningstar)
Analyst: Ali Mogharabi
Primary Share Class (NYS: PINS)

Report	Type	Preview
(NYS: PINS) 23 Apr 2019	Company Report	We Pin a Narrow Moat Rating and \$22 FVE Onto Pinterest
(NYS: PINS) 23 Apr 2019	Cash Flow Model	Pinterest Valuation Model
(NYS: PINS) 18 Apr 2019	Company Report	Launching Coverage of Pinterest with Narrow Economic M
(NYS: PINS) 18 Apr 2019	Stock Analyst Note	Launching Coverage of Pinterest with Narrow Economic M
(NYS: PINS) 18 Apr 2019	Cash Flow Model	Pinterest Valuation Model

[View All Equity Research](#)

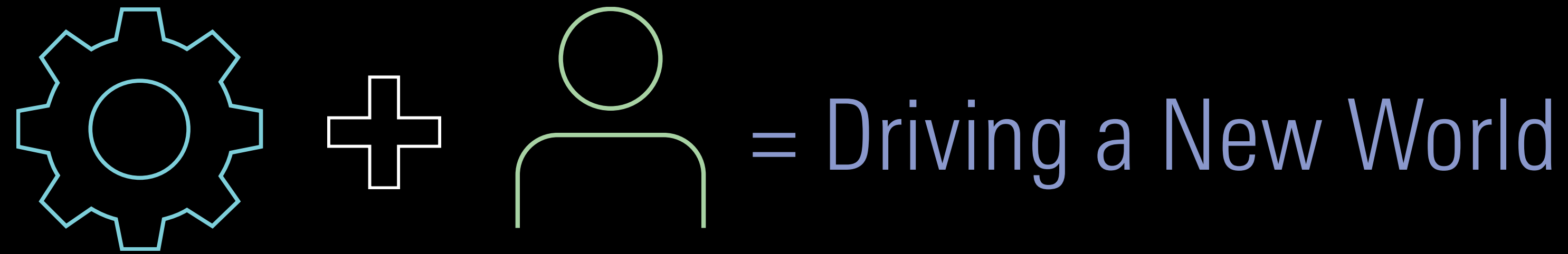
Timeline
Round & Amount

[View All Details](#)

Earnings Per Share Momentum		Amounts in thousands, USD	
TTM Dec 2018		31-Dec-2017 to 31-Dec-2018	
$= \frac{EPS_t - EPS_{t-1}}{EPS_{t-1}}$			
t	Earnings Per Share Used for Calculations	4,25	11.78%
t-1	Earnings Per Share Used for Calculations (TTM)	4,17	22.78%
=	Earnings Per Share Momentum	1.92%	23.17%
		6.65%	-4.92%
		6.99%	-14.97%
			31.48%

Degree of Operational Leverage (TTM)		Amounts in thousands, USD	
TTM Dec 2018		31-Dec-2017 to 31-Dec-2018	
$= \frac{EBIT_t - EBIT_{t-1}}{EBIT_{t-1}} \cdot \frac{Revenue_t - Revenue_{t-1}}{Revenue_{t-1}}$			
t	Earnings Before Interest and Tax (EBIT)	234,700	1.78
t-1	Earnings Before Interest and Tax (EBIT) (TTM)	228,600	1.69
t	Total Revenue	1,019,900	1.60
t-1	Total Revenue (TTM)	1,000,300	1.10
=	Degree of Operational Leverage (TTM)	1.36	1.75
		1.43	1.11
		0.95	0.75
		0.78	0.42
		50.80	41.48
		42.76	33.58
			51.16

Our Current Data Initiatives: Automation Technology



Machine

Machine Learning Models to Identify
Data and Documents

Robotic Process Automation (RPA)
for Micro Processes

Training Data: Powering
Future Models

Human

Agile Squads

Cross Geography/Function
Collaboration

Data Specialists

Data Scientists

Creating New ESG Solutions

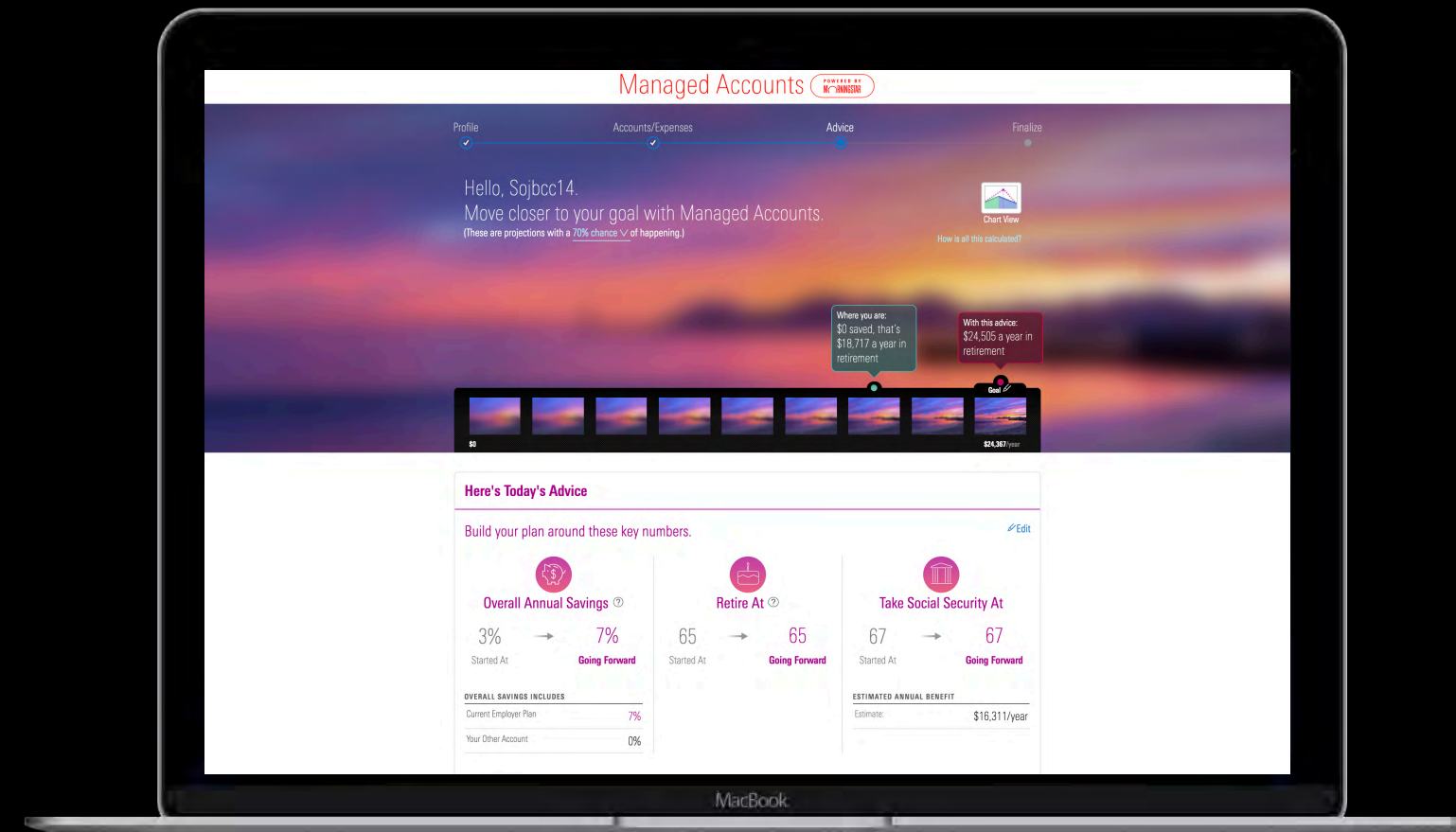


ESG Proprietary Data

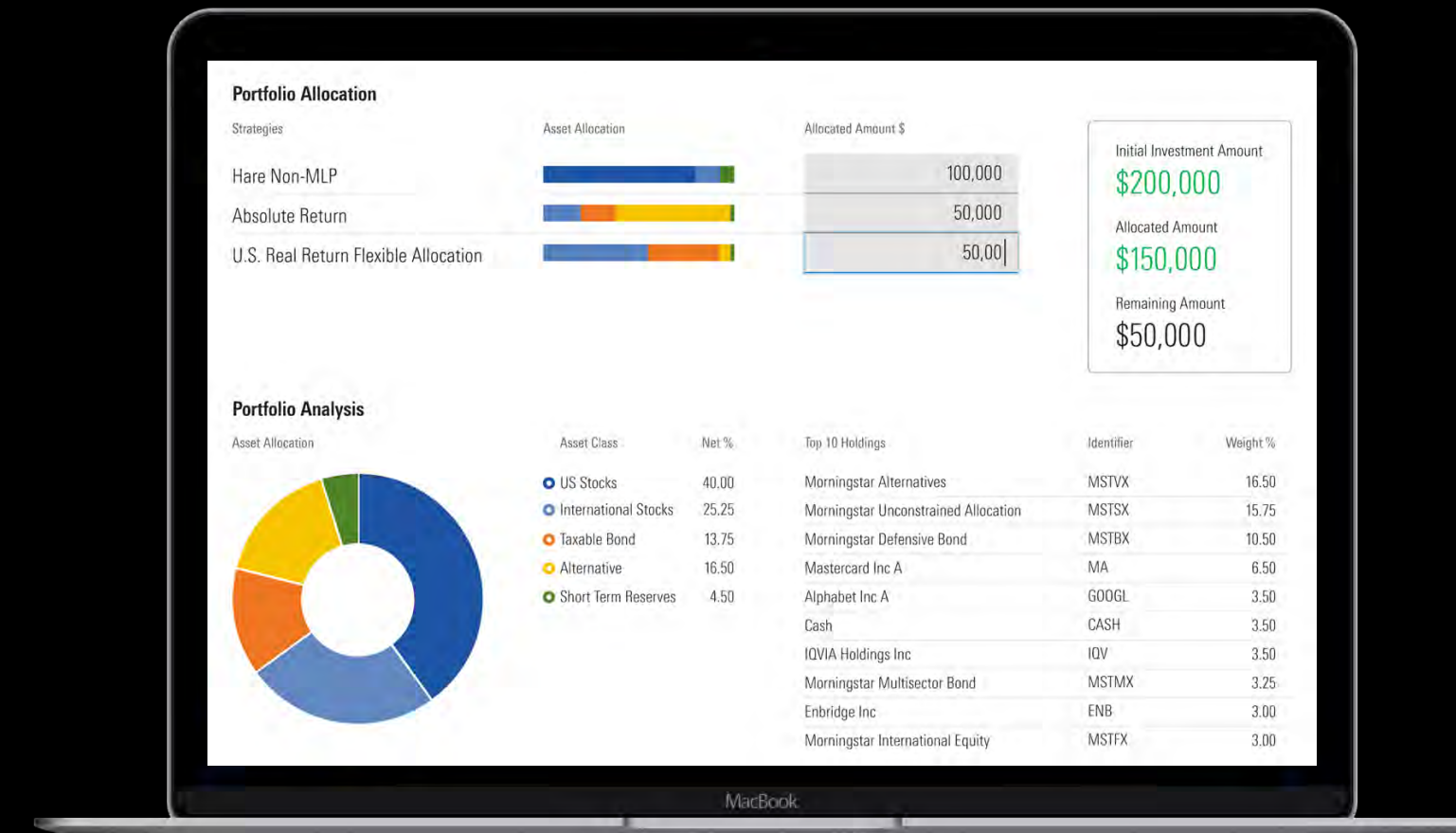


Low Carbon

Research, Insights, Ratings



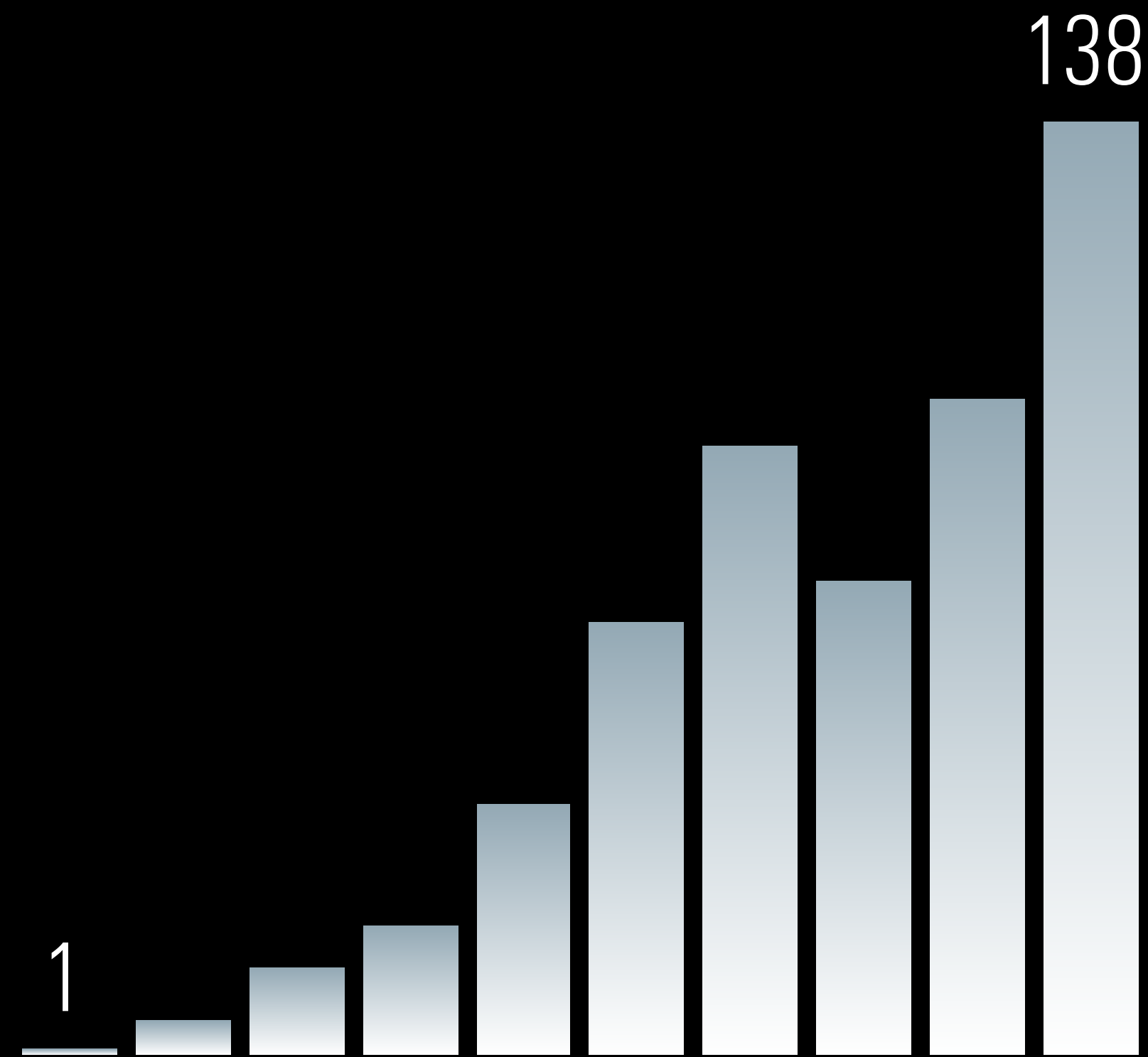
Software and Tools



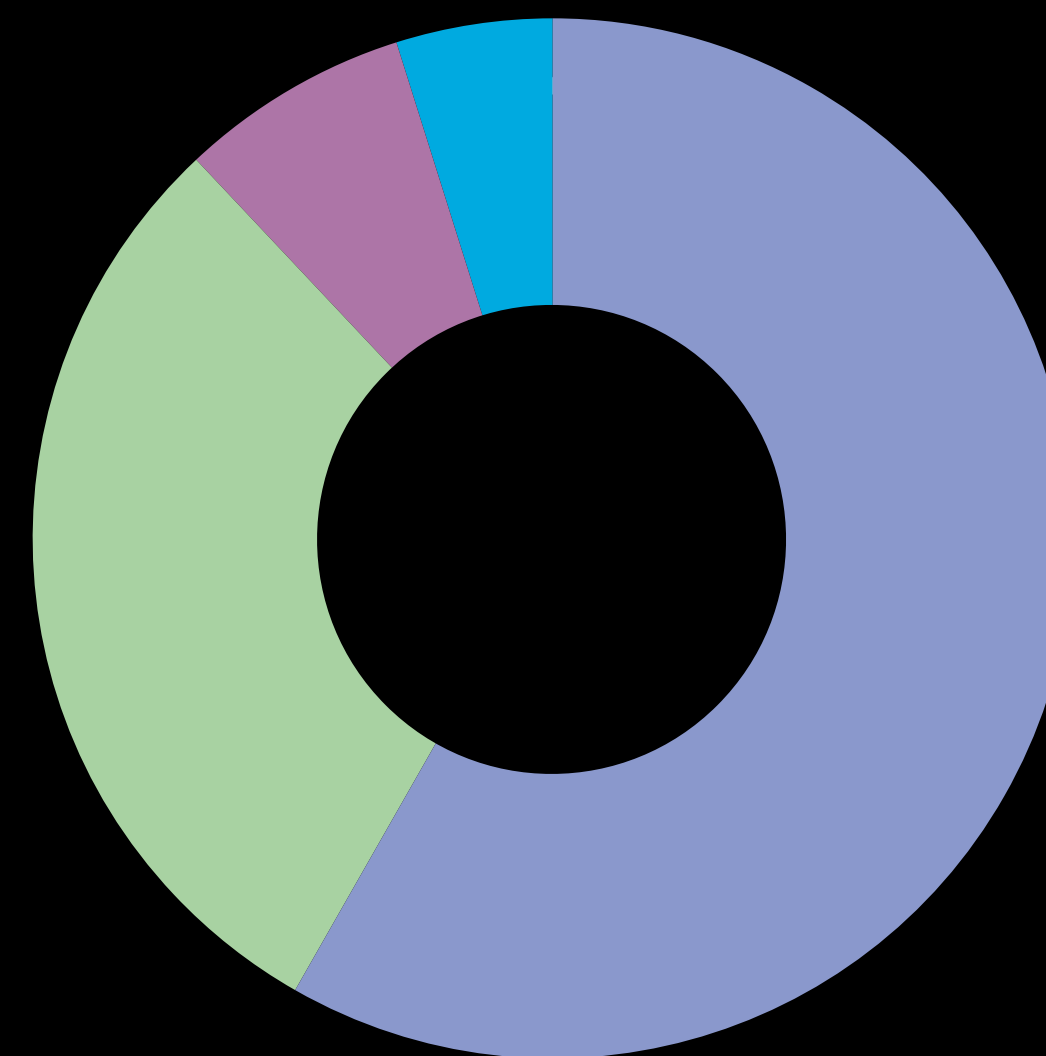
Developing Investment Products

Expanding Our Bond Research Capabilities

New Issue Deal Count
2009–2018



Credit Ratings Breakdown



CMBS	2098
RMBS	1071
ABS	258
Corp/Finance	175
Total	3602

2009-2010 data include Realpoint prior to being acquired by Morningstar.

Next Generation of Risk Analytics

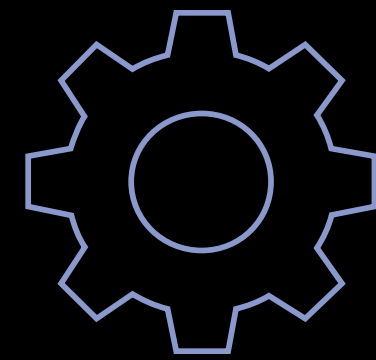


Meeting Increased Demand for Manager Research



Analyst Ratings

Independent ratings for mutual funds and ETFs on a five-tiered scale



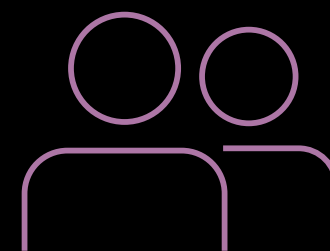
Quant Ratings

Machine-learning algorithm that expands our coverage globally



Analyst Commentary

Thousands of pages with insights about funds and trending investment themes



Analyst Access

Engage with our manager research group



Scorecard Reports

Data-driven analysis to compare funds and fund families



Select Lists

Hand-picked selections of well-run strategies customized to specific needs

Leading with Research

Lyft Inc Class A LYFT ★★★★★ May 14, 2019

After Hours: \$53.90 0.14 | 0.26%

Quote Key Ratios Short Interest News

Bid/Size: 53.61x1 Ask/Size: 53.90x1 Day Range: 49.86 - 54.85 Volume / Avg: 7.9 Mil / 13.6 Mil

Year Range: 47.17 - 88.60 Forward Div Yield: — Market Cap: 13.7194 Bil Investment Style: —

Price: 54.04 ↑ 3.52 | 6.97%

Previous Close: 50.52

USD | NASDAQ | Last close prices updated as of May 15, 2019, 4:15 PM EST | After hours prices updated as of May 15, 2019, 6:01 PM EST | BATS BZX Real-Time Price

Morningstar's Analysis Summary Competitors Bulls Say/Bears Say

Valuation Mar 28, 2019 Currency in USD

LYFT is Undervalued at a 30% Discount.

Fair Value: 72.00 (Uncertainty: Very High)

Last Close: 50.52

1-Star Price: > 126.00 5-Star Price: < 36.00

Economic Moat: Narrow Stewardship: Standard

Price vs. Fair Value

Nicolas Owens • 2nd
Editor in Chief at Morningstar
1mo

In case you weren't invited to the Lyft IPO roadshow, here is Morningstar's 'on the road' take on the ride share firm's competitive position and valuation. Featuring **Ali Mogharabi** and **Jake VanKersen** -- it's a 4 min watch. #ipo #valuation #morningstar

https://lnkd.in/ewaVB_b

Morningstar Research
@MstarResearch

Follow

On March 15 our @Morningstar & @PitchBook research team published an intrinsic value estimate of \$24 bn for narrow-moat \$LYFT

Lyft raises share price range ahead of initial public offering
Ride-hailing company sets new range of \$70-\$72 a share for a \$24bn-plus valuation

ft.com

Morningstar Equity Research

Lyft Inc LYFT (NAS) Pending

Last Price: — Fair Value: 72.00 USD Uncertainty: Very High Economic Moat™: Narrow Moat Trend™: Stable Stewardship: Standard Industry Group: Application Software

Launching Coverage of Lyft with Narrow Economic Moat, Stable Moat Trend and a \$72 FVE

Analyst Note 28 Mar 2019

We are initiating coverage of Lyft with a narrow moat rating and a fair value estimate of \$72 per share, or a \$24 billion market capitalization based on our estimated share count. Lyft is becoming a public company as it will sell 30.8 million shares at an IPO price of \$72 per share (which is at the high-end of the range that the firm was seeking) on March 29, 2019. The IPO price is in line with our fair value estimate and we would recommend a wider margin of safety before investing in this very high uncertainty name.

Founded in 2012, Lyft has emerged as the number two ride-sharing player in the U.S. market, a position we think the firm will keep for years ahead. Lyft has successfully gained market share going head to head against the market leader, Uber, in pursuing riders in an addressable market that we assume will be growing 24% per year over the next five years to over \$500 billion (based on gross revenue) by 2023. In our view, Lyft warrants a narrow economic moat and a stable moat trend rating, thanks to the network effect around its ride-sharing platform and intangible assets associated with rider, rides, and mapping data, which we think can drive Lyft to profitability and excess returns on invested capital in the future.

We believe Lyft is well on its way to becoming a one-stop shop for on-demand transportation. It has tapped into the bike- and scooter-sharing markets, which we think are worth over \$9 billion and growing 9% annually through 2028. Lyft also appears to be pursuing the autonomous vehicle route as it understands that self-driving cars may help the firm expand its margins. In contrast to Uber, Lyft is not focused on food transportation or logistics. We like Lyft's relatively narrower focus on consumer transportation but still note that Uber has an edge on Lyft in terms of an earlier start, higher market share, and a stronger network effect around its service.

Vital Statistics

Market Cap (USD Mil)	—
52-Week High (USD)	—
52-Week Low (USD)	—
52-Week Total Return %	—
YTD Total Return %	—
Last Fiscal Year End	31 Dec 2018
5-Yr Forward Revenue CAGR %	39.8
5-Yr Forward EPS CAGR %	—
Price/Fair Value	—

Valuation Summary and Forecasts

Fiscal Year:	2017	2018	2019(E)	2020(E)
Price/Earnings	—	—	—	—
EV/EBITDA	—	—	—	—
EV/EBIT	—	—	—	—
Free Cash Flow Yield %	—	—	—	—
Dividend Yield %	—	—	—	—

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2017	2018	2019(E)	2020(E)
Revenue	1,060	2,157	3,530	5,295
Revenue YoY %	208.7	103.5	63.7	50.0
EBIT	-708	-978	-1,068	-794
EBIT YoY %	2.3	38.0	9.2	-25.6
Net Income, Adjusted	-688	-958	-843	-627
Net Income YoY %	0.8	39.2	-11.9	-25.6
Diluted EPS	-688.30	-2.83	-2.50	-1.86
Diluted EPS YoY %	—	-99.6	-11.9	-25.6
Free Cash Flow	-431	-682	-162	192
Free Cash Flow YoY %	-16.4	58.3	-76.3	-219.0

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Lyft is the second largest ride-sharing service provider in the U.S., connecting riders and drivers over the Lyft app. Lyft has recently entered the Canadian market, in efforts to expand its market outside of the U.S. Incorporated in 2013, Lyft offers a variety of rides via private vehicles, including traditional private rides, shared rides, and luxury ones. Besides ride-share, Lyft also has entered the bike- and scooter-share market to bring multi-modal transportation options to users.

Page 1 of 13

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YouTube

Lyft IPO: What Is Lyft Worth?

728 views

Morningstar, Inc.
Published on Mar 22, 2019

Morningstar's Ali Mogharabi gives his take on the company's value, how it stacks up against Uber, and the threat that regulation poses

Comments are disabled for this video.

Leading with Research

Morningstar's manager and equity research is used by:

Over **750** financial advisory firms globally,
including over **100** firms and **75,000** financial advisors
in the United States

Leading with Research

Morningstar's manager and equity research is used by:

More than **100,000** paid subscribers
on Morningstar.com

Nearly all premium online brokerage firms
in the United States and Canada

Leading with Research

Morningstar's manager and equity research is used by:

More than **300** institutional asset managers globally, representing over **1,500** portfolio managers and buy-side equity analysts

Speaking Up For Investors

Last year, Morningstar was mentioned more than **61,000** times across mainstream, financial and trade media. This included **25,000** analyst quotes and mentions of their research, and nearly **10,000** citations of Morningstar data.

Advocacy, Independence, Empowerment, Clarity

Bloomberg
LIVE Singapore
Lorraine Tan
PREVIOUSLY LED S&P'S EQUITY RESEARCH BUSINESS IN ASIA
TAN HAS A "BUY" RATING ON SAMSONITE
MORNINGSTAR LAUNCHES PORTFOLIO CARBON RISK SCORE
CNBC

FinancialPlanning All Sections ▾

How Morningstar is preparing for a robot apocalypse

By Sean Alge...

What would happen to your client's portfolio during a robot apocalypse?

FORTUNE

BRIEFING • COLLEGE SAVINGS

Morningstar Ranks the Best College Savings Plans for 2018

f t in e

AP

Top Stories Topics ▾ Video

Why so few female fund managers? It's not their performance

By STAN CHOE March 15, 2018

NEW YORK (AP) — Why is just one of every 10 managers at the helm of U.S. mutual funds a woman?

Many reasons may be behind the disparity, but researchers at Morningstar say they have disqualified one as a possibility: performance. After measuring how 11,272 funds have fared since 2003, the researchers found no big, statistically significant difference in performance

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INVESTMENT WEEK

Morningstar: Which sectors will be most hit by disorderly Brexit?

Less than four months to go

MarketWatch

State-sponsored 'auto-enrollment' could avert retirement crisis, says Morningstar analyst

By Ryan Vlastelica
Published: June 11, 2018 4:41 p.m. ET

'Auto-enrollment is the most powerful tool we've ever seen,' says Morningstar's Szapiro

MONTH FOR
PROTECT
PENSION

The New York Times

YOUR MONEY ADVISER

How to Get the Most From a Health Savings Account

ve any guesses on what the data would show? I
estors because they tend to take less risk than
ne long term.
n't see too many differences, on a pure peer-
roducing better risk-adjusted outcomes and
read some research that said men suffer from
or research. If you look at the financial crisis,
r and women teams outperforming. That lends

Workplace Solutions

Brock Johnson

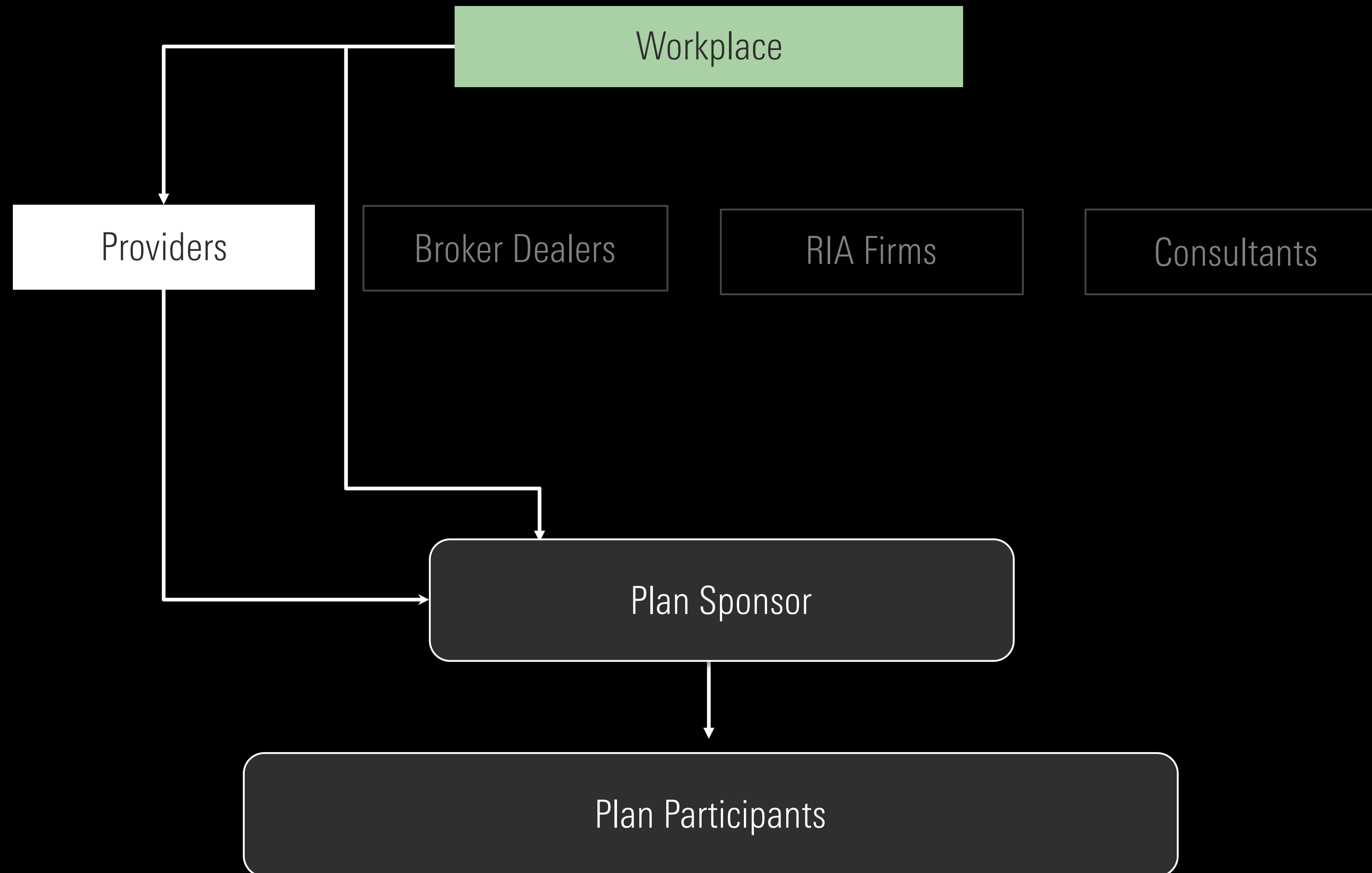
President, Morningstar Workplace Solutions

OUR MISSION

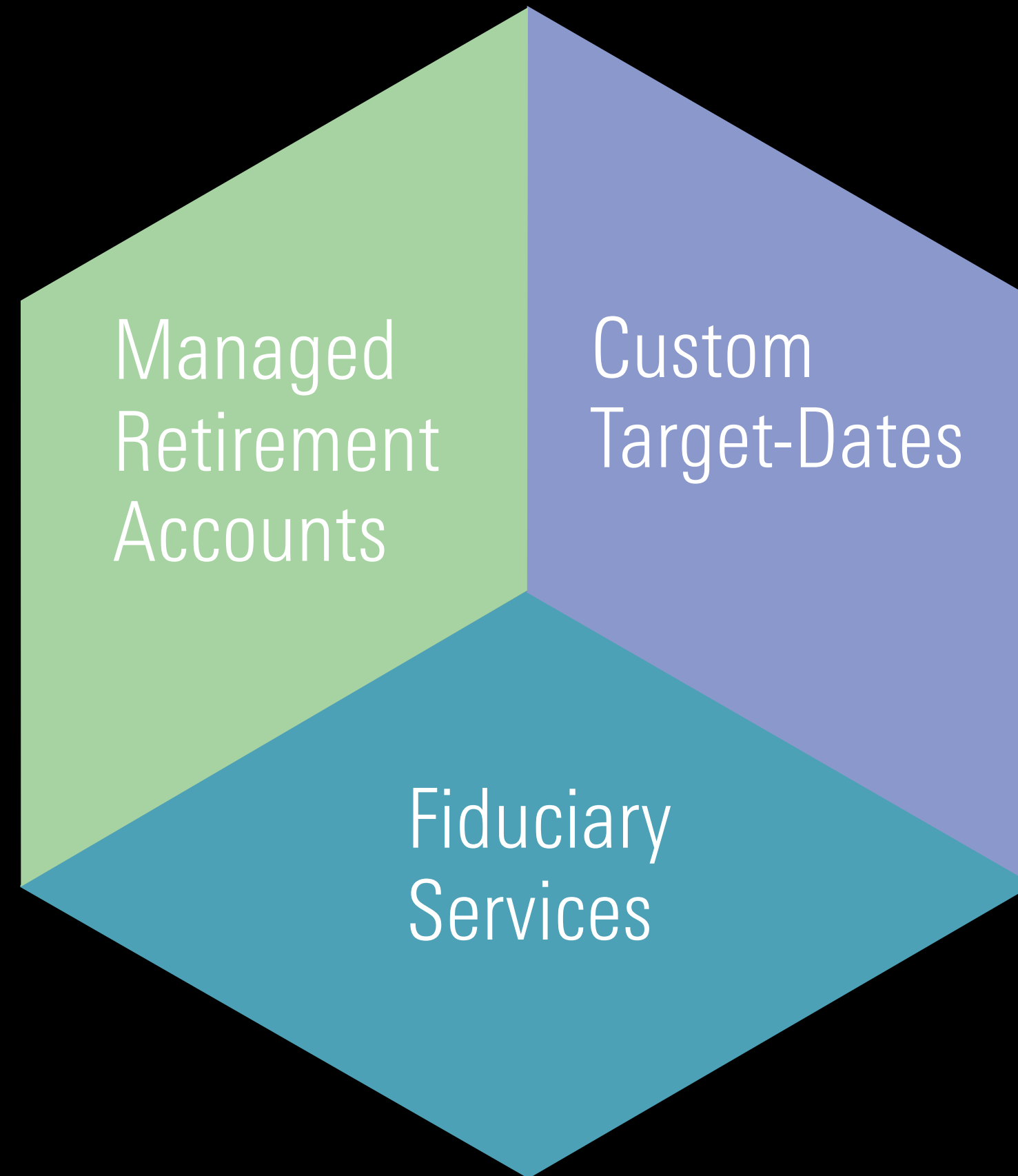
Empowering investor success



Historical Distribution Strategy

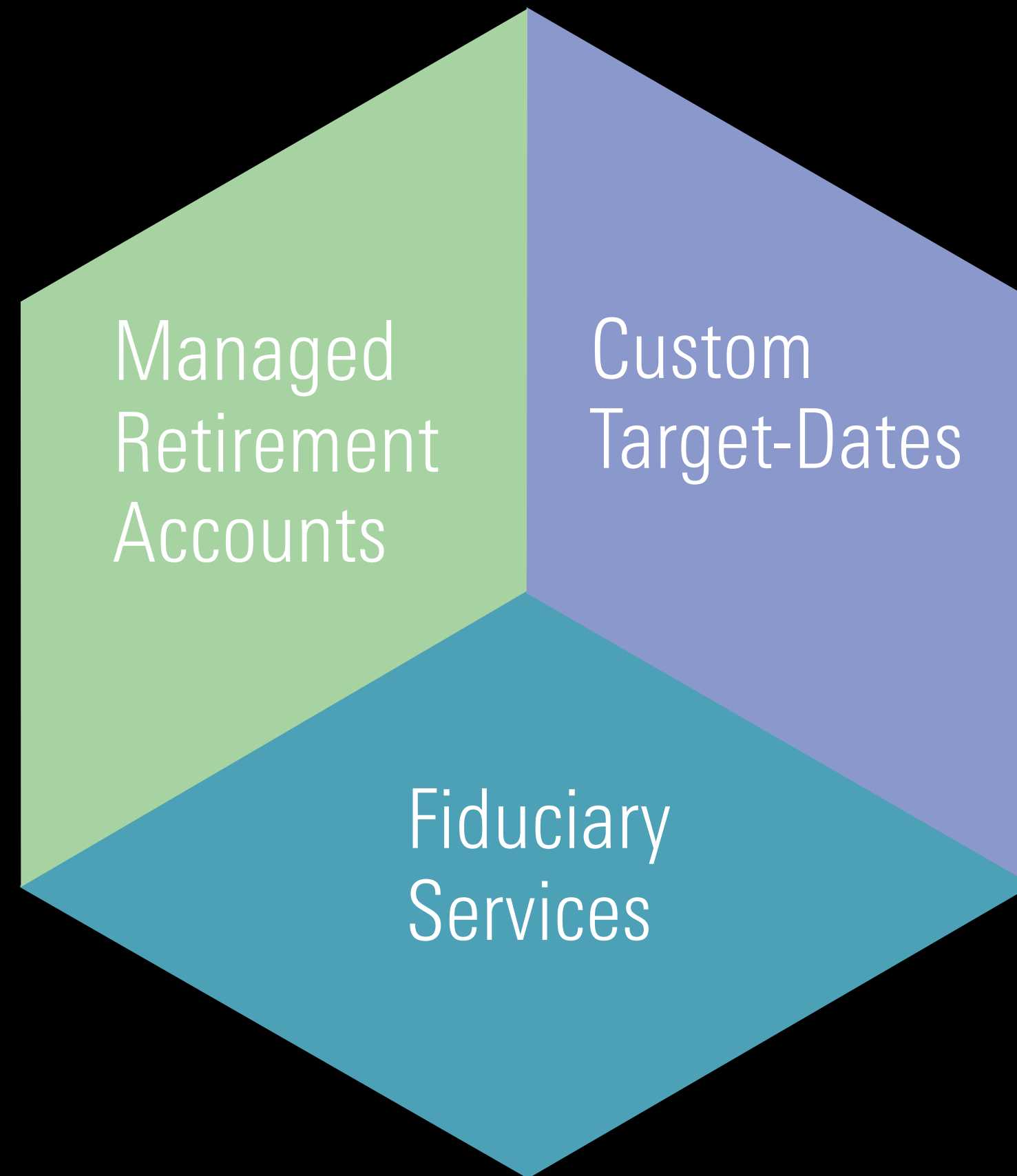


Product Composition



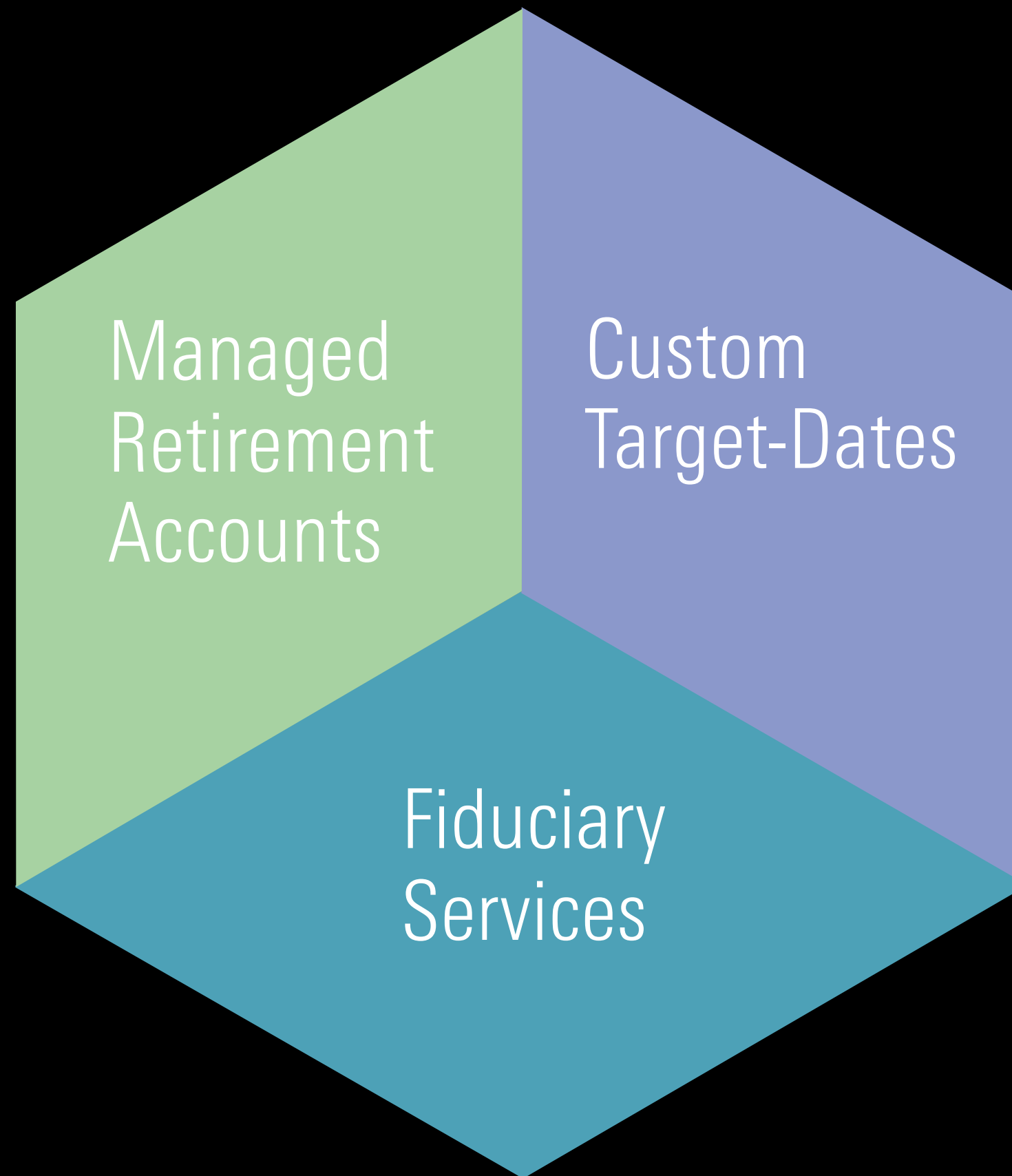
Product Composition

\$64.9B AUM
22 plan providers
247,650 plans
1.466M Participants



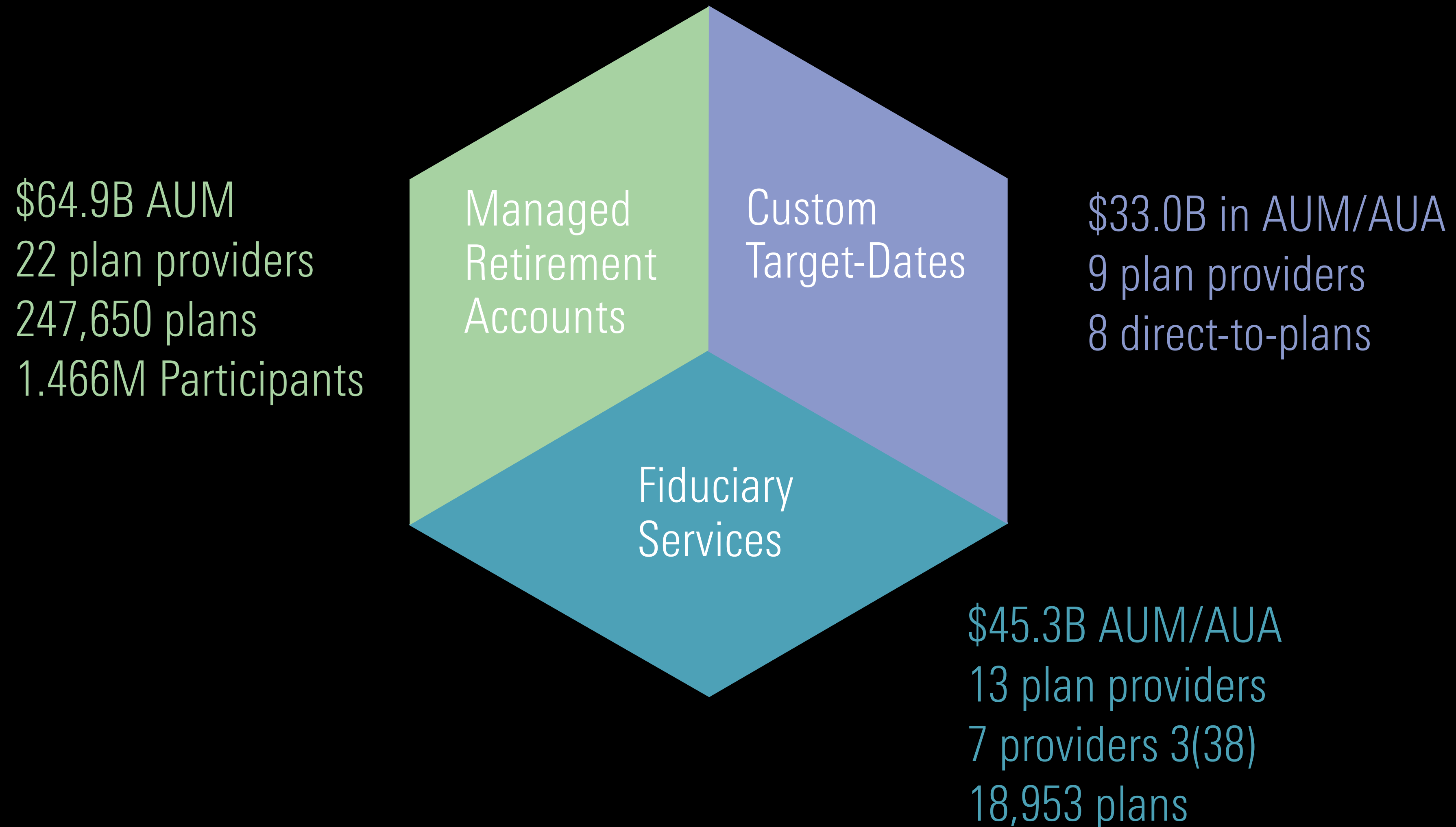
Product Composition

\$64.9B AUM
22 plan providers
247,650 plans
1.466M Participants



\$33.0B in AUM/AUA
9 plan providers
8 direct-to-plans

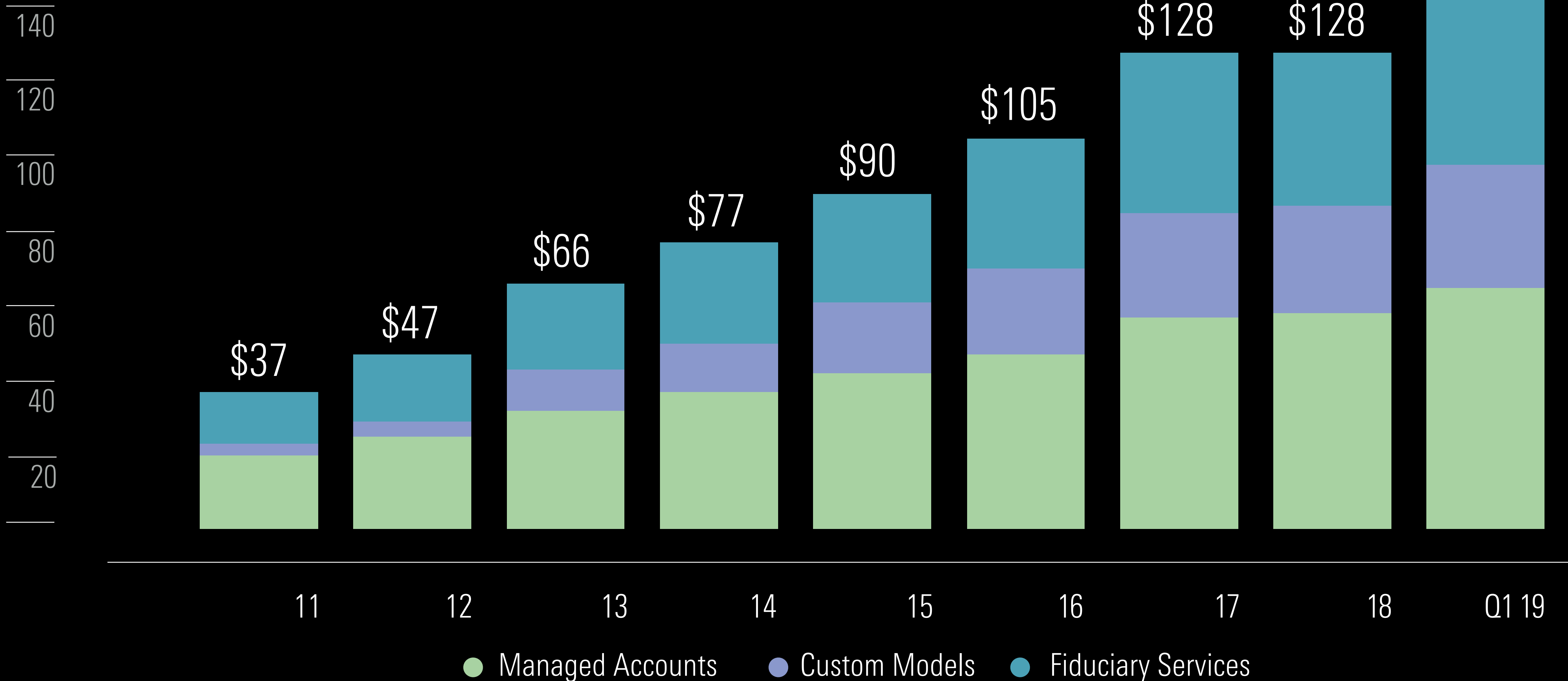
Product Composition



Data as of 03/31/19

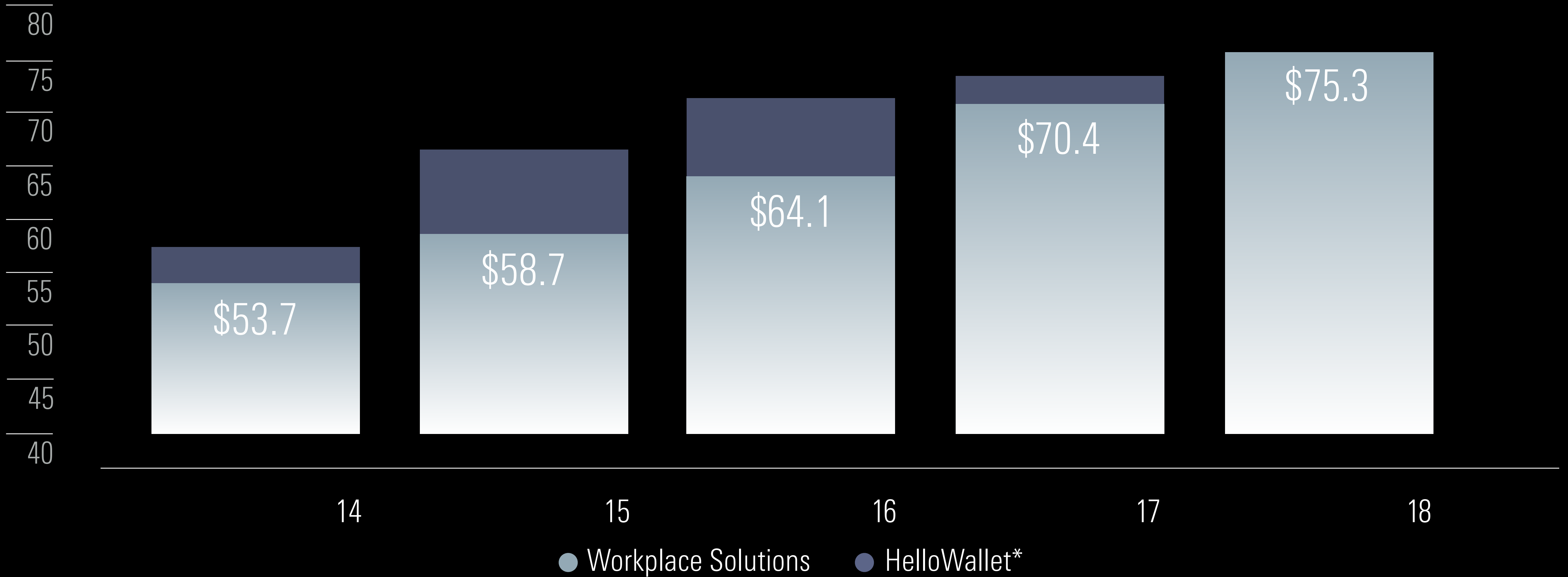
Historical Product Composition

Average Assets Under Management/Advisement (\$bil)



Historical Revenue

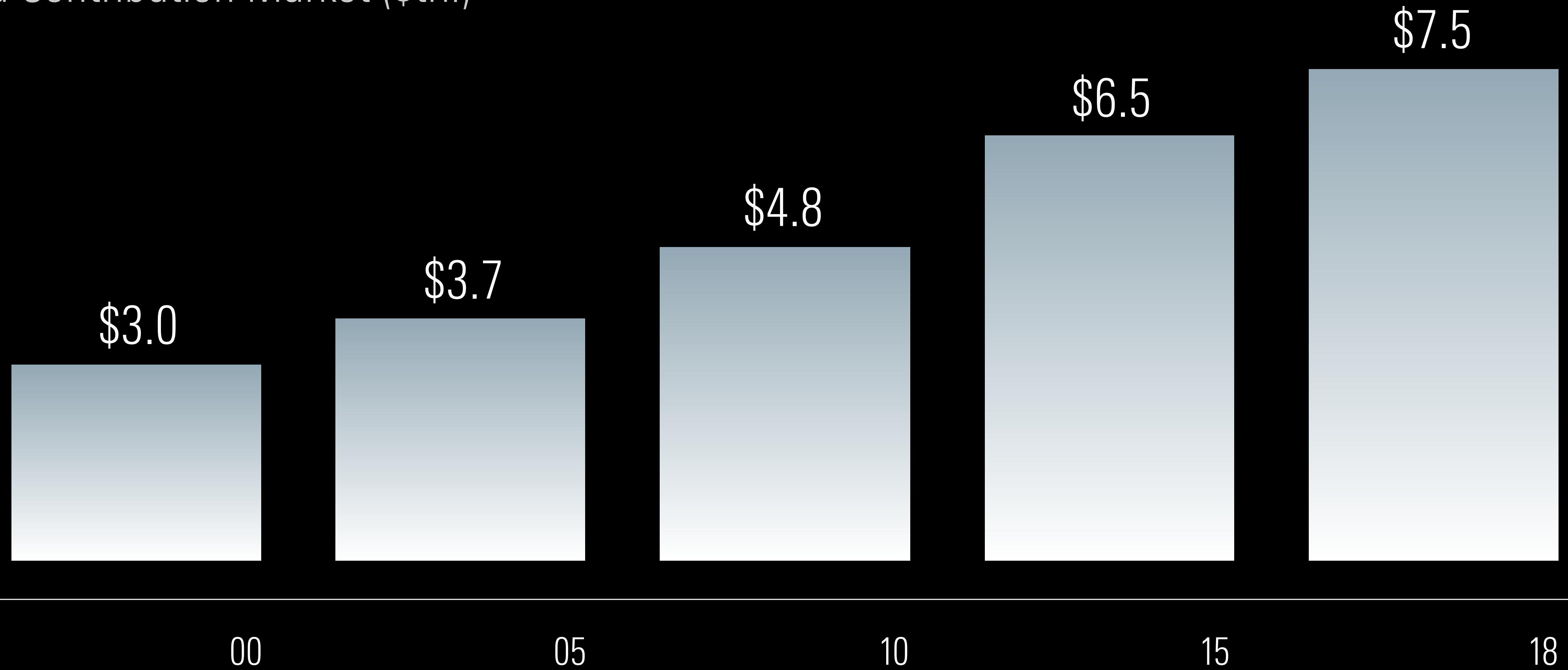
Workplace Solutions Revenue (\$mil)



* HelloWallet was divested in 2017.

Significant Growth Opportunity

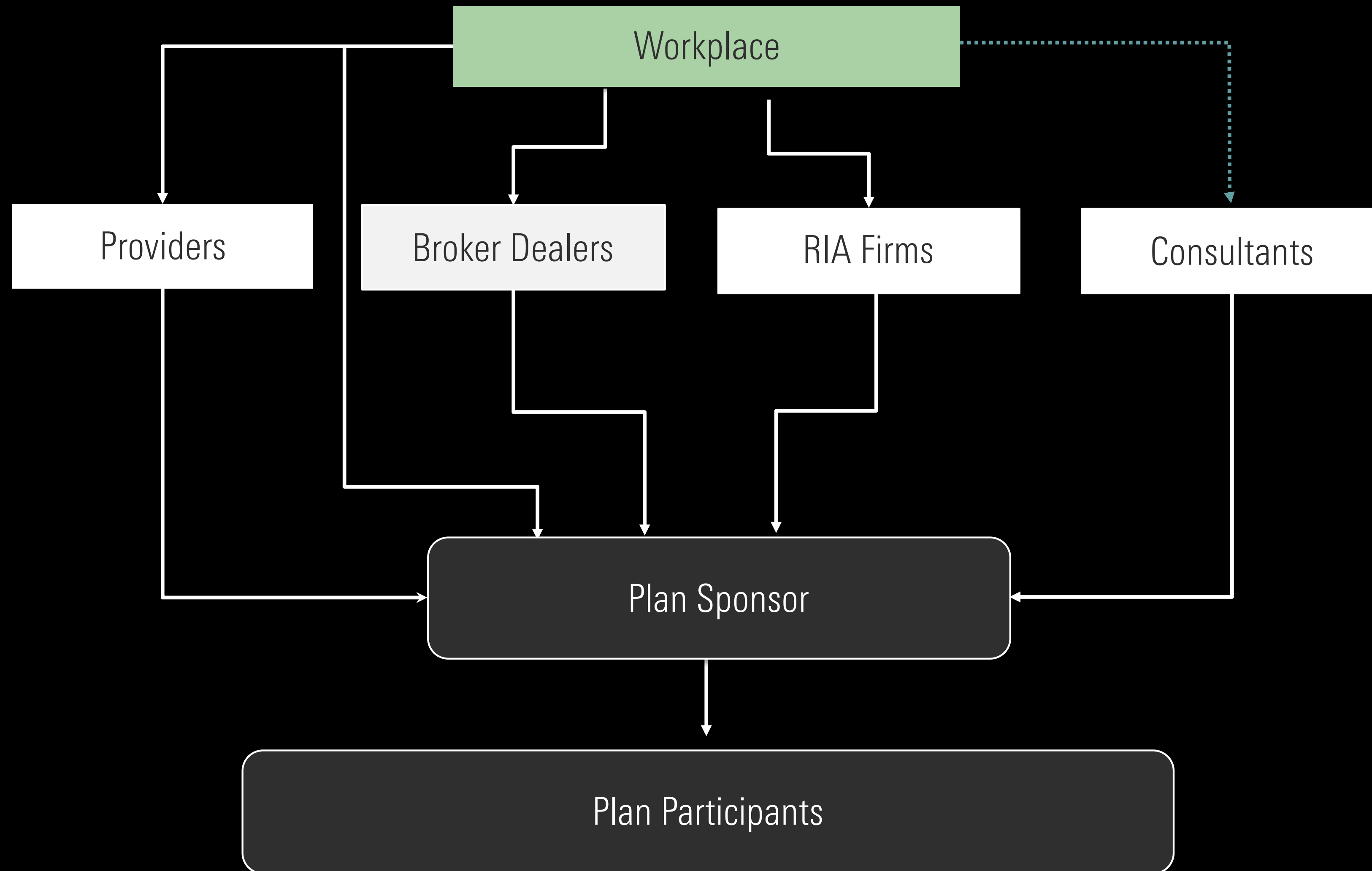
Defined Contribution Market (\$tril)



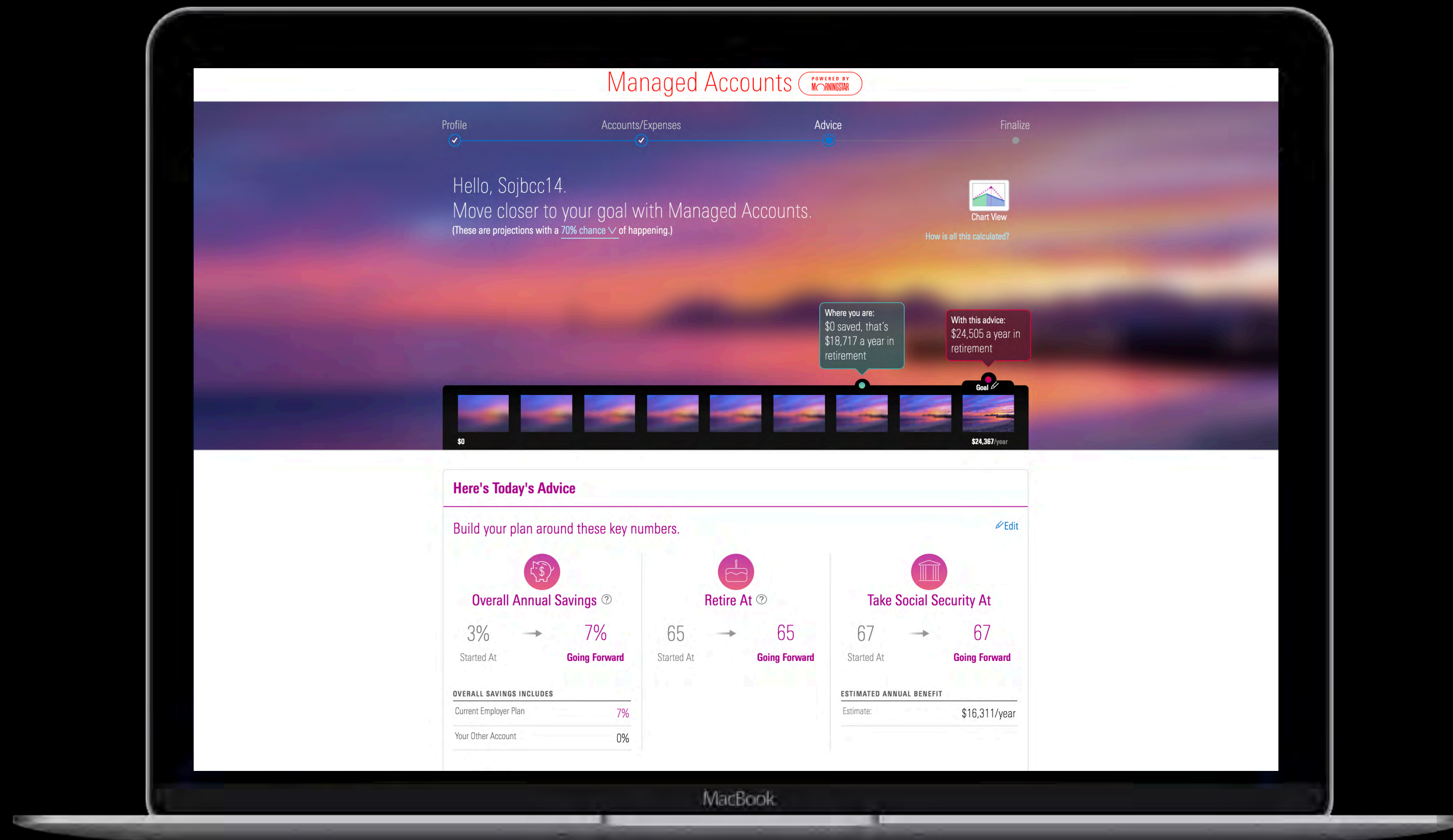
Shifting Role of Advisor

88% of plans work with an advisor or consultant.

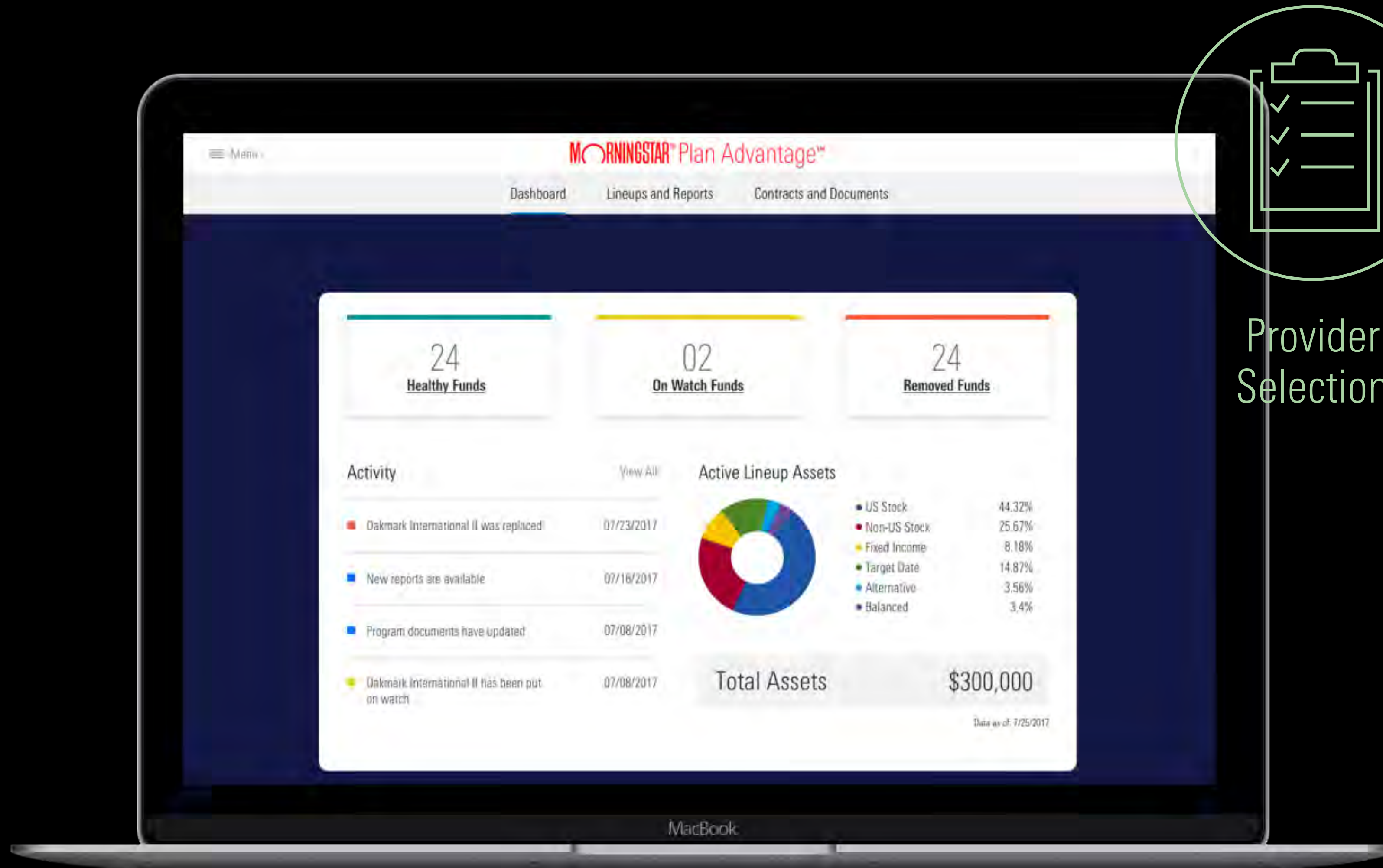
New Distribution Strategy



Personalized Advice: Advisor Managed Accounts



Shifting Role of Advisor: Morningstar Plan Advantage



Provider Selection



Fiduciary Services



Reports

RAYMOND JAMES®

Competitive Advantages



Summary

We are uniquely positioned to:

Help more people achieve their retirement goals

Transform not only our business, but the retirement industry

Drive significant revenue results for Morningstar

MORNINGSTAR[®]

Free Cash Flow

(\$mil)	Twelve Months Ended December 31					Three Months Ended March 31	
	2014	2015	2016	2017	2018	Q1 2018	Q1 2019
Cash provided by operating activities	\$136.6	\$241.5	\$213.7	\$250.1	\$314.8	\$59.9	\$59.0
Capital expenditures	-\$58.3	-\$57.3	-\$62.8	-\$66.6	-\$76.1	-\$17.6	-\$18.7
Free cash flow ³	\$78.3 ¹	\$184.2	\$150.9	\$183.5	\$238.7 ²	\$42.3	\$40.3

1. Includes a \$61.0 million litigation settlement expense and corresponding cash outflow.

2. Includes a \$10.5 million revenue benefit related to an amended license agreement and a corresponding favorable cash impact.

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

Organic Revenue

	Twelve Months Ended December 31		
(\$mil)	2017	2018	Change
Consolidated revenue	\$911.7	\$1,019.9	11.9%
Less: divestitures	-6.1	—	NMF
Less: acquisitions	—	—	NMF
Less: adoption of accounting changes	—	-6.7	NMF
Effect of foreign currency translations	—	-4.0	NMF
Organic revenue	\$905.6	\$1,009.2	11.4%
Less: amended license agreement	—	-10.5	NMF
Organic revenue excluding amended license agreement	—	\$998.7	10.3%

Key Products Organic Revenue Growth

Three Months Ended March 31

Morningstar Data (\$mil)	Q1 2019	Q1 2018	Change
Reported Revenue	\$47.7	\$45.1	5.8%
Effect of Foreign Currency Translation	\$1.6	—	NMF
Adjusted Revenue	\$49.3	\$45.1	9.3%
Morningstar Direct (\$mil)			
Reported Revenue	\$36.3	\$33.9	7.1%
Effect of Foreign Currency Translation	\$1.0	—	NMF
Adjusted Revenue	\$37.3	\$33.9	10.0%

Key Products Organic Revenue Growth

Three Months Ended March 31

PitchBook (\$mil)	Q1 2019	Q1 2018	Change
Reported Revenue	\$32.3	\$20.9	54.5%
Effect of Foreign Currency Translation	—	—	NMF
Adjusted Revenue	\$32.3	\$20.9	54.5%
Morningstar Investment Management (\$mil)			
Reported Revenue	\$26.7	\$28.5	(6.3%)
Effect of Foreign Currency Translation	\$0.5	—	NMF
Adjusted Revenue	\$27.2	\$28.5	(4.6%)

Key Products Organic Revenue Growth

Three Months Ended March 31

Workplace Solutions (\$mil)	Q1 2019	Q1 2018	Change
Reported Revenue	\$18.5	\$19.0	(2.6%)
Effect of Foreign Currency Translation	—	—	NMF
Adjusted Revenue	\$18.5	\$19.0	(2.6%)
Morningstar Credit Ratingst (\$mil)			
Reported Revenue	\$9.5	\$7.5	26.7%
Effect of Foreign Currency Translation	—	—	NMF
Adjusted Revenue	\$9.5	\$7.5	26.7%

ROIC

	Twelve Months Ended December 31				
(\$mil)	2014	2015	2016	2017	2018
Net income	\$78.3 ¹	\$132.6	\$161.0 ²	\$136.9 ³	\$183.0 ⁴
Net interest expense (after tax)	-\$1.4	-\$0.9	-\$0.2	\$2.7	\$1.4
Return	\$76.9	\$131.7	\$160.8	\$139.6	\$184.4
Shareholders' equity	\$654.4	\$640.6	\$696.8	\$804.9	\$934.7
Long-term debt	\$0.0	\$0.0	\$250.0	\$180.0	\$70.0
Short-term debt	\$30.0	\$35.0	\$0.0	\$0.0	\$0.0
Invested capital ⁵	\$687.9	\$680.0	\$811.2	\$965.9	\$994.8
ROIC ⁶	11.2%	19.4%	19.8%	14.5%	18.5%

1. Includes after-tax expense of approximately \$38.2 million for litigation settlement

2. Includes after-tax holding gain of \$37.1 million upon acquisition of additional ownership of equity method investment.

3. Includes after-tax gain of \$17.9 million on sale of business and after-tax impairment charge of \$3.0 million for certain software licenses.

4. Includes after-tax gain of \$7.8 million on sale of business, an after-tax gain of \$4.1 million on sale of equity investments, and an after-tax revenue benefit of \$7.8 million related to a license agreement.

5. All items included in invested capital reflect average of 12/31 balance for current and previous year

6. We calculate this measure based on based on return divided by invested capital.