

# Morningstar ESG Asset Allocation Portfolios

## Helping Investors Reach Financial *and* Sustainability Goals

### The ESG Asset Allocation Portfolios are designed for investors who:

- ▶ Are looking to invest in a diversified portfolio that is specific to their risk tolerance and long-term investing goals
- ▶ Seek to achieve their financial goals while also meeting their sustainability preferences through their investments
- ▶ Desire a professionally managed core ESG portfolio

Our ESG Asset Allocation Portfolios combine our valuation-driven asset allocation approach with ESG-focused mutual funds and ETFs to create core portfolios for investors with a preference for sustainability.

|                        |                                             |
|------------------------|---------------------------------------------|
| Inception              | March 29, 2018                              |
| Minimum Investment     | \$25,000                                    |
| Underlying Investments | ETFs & Mutual Funds                         |
| Portfolio Options      | Conservative–Aggressive Growth <sup>1</sup> |
| Sustainability Rating  | <sup>2</sup>                                |

### Why invest in these portfolios?



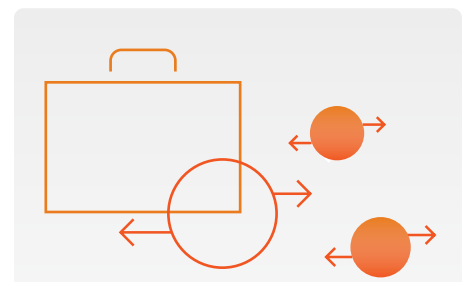
#### Sustainable Approach

We aim to generate competitive long-term financial returns as well as positive societal impact. We select funds with the highest level of Environmental, Social, & Governance (ESG) integration.



#### Morningstar® ESG Focus

Incorporates research from Morningstar, a sustainable investing leader who recently acquired Sustainalytics—a global leader in ESG research. This ensures that our ESG managed portfolios are informed by the best possible information and insights.



#### Diversified Exposure

Professionally managed portfolios that are diversified both across asset classes and ESG investing styles. We diversify our ESG approach by investing across a variety of ESG strategies rather than focusing on an isolated ESG issue.

### How the ESG Asset Allocation Portfolios are designed to work

These portfolios invest in sustainable ETFs and active mutual funds, utilizing our valuation-driven asset allocation approach, while carefully monitoring overall risk.

| In-Depth Valuation Analysis                                                                       | Develop Asset Class Views                                                                                                                | Investment Selection                                                                                                                    | Portfolio Construction                                                               | Ongoing Monitoring                                                                                            |
|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| We perform fundamental research on asset classes to identify attractive investment opportunities. | Asset classes are assessed based on valuation and risk metrics to determine the optimal asset allocation for each target risk portfolio. | We conduct proprietary research to find intentional ESG funds that also provide the potential to meet long-term performance objectives. | We consider return, risk, and diversification of funds, including ESG incorporation. | Our investment team monitors our portfolios daily to stay well positioned through the market's ups and downs. |

<sup>1</sup> Varies by portfolio; see back for details.

<sup>2</sup> As of January 1, 2021. The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio holdings are managing their environmental, social, and governance, or ESG, risks and opportunities relative to the fund's Morningstar Category peers. The Rating is depicted by globe icons ranging from low (1 globe) to high (5 globes). Representative of the Aggressive Growth portfolio; see details on back.

## ESG Portfolios Asset Allocation

|                     | Conservative | Income & Growth | Moderate Growth | Growth  | Aggressive Growth |
|---------------------|--------------|-----------------|-----------------|---------|-------------------|
| <b>Equity</b>       | 5%–35%       | 25%–55%         | 45%–75%         | 65%–95% | 80%–100%          |
| <b>Fixed Income</b> | 65%–95%      | 45%–75%         | 25%–55%         | 5%–35%  | 0%–20%            |
| <b>Alternatives</b> | 0%–20%       | 0%–20%          | 0%–20%          | 0%–20%  | 0%–20%            |
| <b>Cash</b>         | 0%–25%       | 0%–25%          | 0%–25%          | 0%–25%  | 0%–25%            |



The ESG Asset Allocation Portfolios are a part of Morningstar’s Asset Allocation suite, a series of offerings thoughtfully designed to help today’s investors achieve their long-term goals. **To learn more talk to your financial advisor.**

### About Morningstar’s Investment Management group

Drawing on our core capabilities in asset allocation, investment selection, and portfolio construction, Morningstar’s Investment Management group provides a global point of view and local market experience. Our investment professionals, located around the world, are guided by core principles focused on long-term investment results and helping end investors reach their financial goals. Built around world-class investment strategies and harnessing the global resources of Morningstar, Inc., our investment offerings support financial advisors, institutions, and the investors they serve. Morningstar® Managed Portfolios<sup>SM</sup> provides professional guidance and access to strategies that can help investors reach their financial goals.

#### Important Information

Morningstar® Managed Portfolios are offered by the entities within Morningstar’s Investment Management group, which includes subsidiaries of Morningstar, Inc. that are authorized in the appropriate jurisdiction to provide consulting or advisory services in North America, Europe, Asia, Australia, and Africa. In the United States, Morningstar Managed Portfolios are offered by Morningstar Investment Services LLC or Morningstar Investment Management LLC, both registered investment advisors, as part of a discretionary investment advisory service or as model portfolios to third-party advisory programs on a discretionary or non-discretionary basis. Portfolio construction and on-going monitoring and maintenance of the portfolios within the program is provided by Morningstar Investment Services on behalf by Morningstar Investment Management LLC. In the United States, Morningstar Managed Portfolios are intended for citizens or legal residents of the United States or its territories and can only be offered by a registered investment advisor or investment advisor representative.

All investments involve risk, including the loss of principal. There can be no assurance that any financial strategy will be successful. Customers should seriously consider if an investment is suitable for them by referencing their own financial position, investment objectives, and risk profile before making any investment decision.

Investments in common stocks involve risk (e.g., market and general economic conditions) and will not always be profitable. Common stocks are typically subject to greater fluctuations in market value than other asset classes as a result of such factors as a company’s business performance, investor perceptions, stock market trends and general economic conditions.

In addition, the underlying issuers of certain ADRs are under no obligation to distribute shareholder communications to ADR holders, or to pass through to them any voting rights with respect to the deposited securities. Investing in international securities, including international or emerging market securities, involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Securities that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risk. Securities that invest a significant percentage of assets in a single issuer, also called non-diversified strategies, involve additional risks, including share price fluctuations, because of the increased concentration of investments.