

MORNINGSTAR FUNDS TRUST

BOARD of TRUSTEES PURPOSE and PRINCIPLES

Statement of Shareholder Rights

When you buy shares in a mutual fund, you become a shareholder in an investment company. As an owner, you have certain rights and protections, chief among them an independent board of trustees, whose main role is to represent your interests.

If you have comments or concerns about your investment, you may direct them to the board in the following ways. Please include your name and address with your comments or concerns.

By mail:

Chair of the Board of Trustees
Morningstar Funds Trust
22 W. Washington Street
Chicago, IL 60602

By email:

BoardofTrustees.MorningstarFundsTrust@morningstar.com

Q: Why a “board of trustees” rather than a “board of directors”?

A: Because the Morningstar Funds Trust is organized as a business trust – which is overseen by trustees – rather than a corporation – which is overseen by directors. While there are technical differences between the two forms of organization, the role of the board is the same for both.

The Board’s Purpose

The role of the board of trustees of mutual funds is to be an independent check on the management of the funds and to diligently safeguard shareholder interests.

Within this broad mandate, some of a fund board’s key responsibilities are to:

- Oversee the protection of funds’ assets and watch for conflicts of interest that could work against shareholder interests;
- Select and retain the fund’s investment adviser. This includes negotiating the contract with the fund’s investment adviser to ensure that the adviser is dedicating sufficient resources to the fund and charging a fair fee;
- Oversee the selection and retention of the fund’s sub-advisers;
- Assess the adviser’s and sub-advisers’ performance under the contracts, taking into account both investment performance results and other services provided, and considering changes to the contract, including replacement of the investment adviser or sub-adviser, if performance fails to meet expectations;
- Review the fund’s program for complying with relevant laws and regulations;
- Appoint and work with the fund’s chief compliance officer;

- Establish policies for the valuation of fund assets and monitor their implementation;
- Approve contracts with other service providers to the fund, including the independent auditor, custodian and fund administrator; and
- Review the fund's arrangements for the sale of fund shares.

Fund boards also have a duty to communicate with the shareholders that they represent. Specifically, they are required to provide shareholders with a statement regarding the board's approval of the investment advisory contract and sub-advisory contracts, discussing both the process that the board used in its review and the factors that supported the board's decision to approve the contracts. Shareholders can find this statement in the annual or semi-annual report to shareholders, which will be the Morningstar Funds Trust board's primary forum to communicate with shareholders. We also may use other public forums to communicate with and to shareholders.

Guiding Principles

As members of the Morningstar Funds Trust board, and consistent with the role of fund boards noted above, we represent your interests through our governance role by overseeing investment performance, fund expenditures, risk management, and potential conflicts of interest, among other matters. To help ensure we follow the most effective board practices and examine the most relevant issues for the Morningstar Funds Trust, we created a framework to define our vision and goals. These guiding principles serve as the foundation of our thinking as a board as we carry out our responsibilities.

INDEPENDENCE

We are shareholder advocates working to manage risks, ensure fund assets are appropriately safeguarded, and protect investor interests—while carefully monitoring investment performance and conflicts of interest.

TRANSPARENCY

We believe in the power of transparency—that clear communication and a commitment to accountability are fundamental responsibilities of independent trustees.

EDUCATION

As part of our belief in the importance of financial literacy, we believe it is our responsibility to help ensure that shareholders are provided with appropriate information to evaluate their investments.

DIVERSITY & INCLUSION

We believe fund boards—as well as advisers, subadvisers and service providers working on behalf of the funds—benefit from diverse perspectives and experiences and inclusive environments.

The Board Today

At October 1, 2022, the Morningstar Funds Trust board has 4 trustees. (Each of the series of the Morningstar Funds Trust is referred to as a “Fund” or collectively as the “Funds”.) Of these 4 trustees, 3 are “independent” trustees and 1 is an “interested” trustee who is an employee of Morningstar. In other words, 75% of the board is independent. Independent Trustees are expected to maintain their “independent” status.

The members of the board are:

Trustee (Year of Birth)	Position with Trust	Since
Theresa Hamacher (1960)	Independent trustee; chair of the board	March 2018
Barry Benjamin (1957)	Independent trustee; chair of the Audit Committee	July 2018
Linda Davis Taylor (1952)	Independent trustee; chair of the Governance Committee	April 2018
Daniel Needham (1978)	Interested trustee	Inception of the Trust

The 3 independent trustees self-identify as follows:

- 2 are women, and 1 is a man; and
- 3 are white.

In terms of leadership positions of the board (as of October 1, 2022):

- Chair of the Board is a white woman;
- Chair of the Governance Committee is a white woman; and
- Chair of the Audit Committee is a white man.

Information about the trustees’ backgrounds is in the Trust’s Statement of Additional Information, which is available on the funds’ website, in the section titled “Trustees and Executive Officers.” Brief bios of the independent trustees at October 1, 2022 are also in the appendix to this document.

The board will meet at least 4 times a year. Independent trustees will meet in executive session (without management present) at all regularly scheduled meetings and as appropriate at special meetings. They will always meet in executive session when considering approval of the contract with Morningstar or the contracts with sub-advisers.

Q: What’s the difference between an “independent” trustee and an “interested” trustee, and why does it matter?

A: It is simpler to explain an “interested” trustee. Typically, a trustee is “interested” because the trustee, or a close family member of the trustee, has material business or professional connections to one of the main service providers to the mutual fund, such as the investment adviser or the principal underwriter. Most commonly, an interested trustee on a fund board is an employee of the fund’s investment adviser.

“Independent” is defined by a negative. An independent trustee is “not interested” and does not have a close family member who is interested.

A high level of independence on a board is generally considered to be a positive for shareholders. With fewer conflicts of interest, independent trustees are better positioned to advocate for shareholder interests.

The board has 2 committees, each composed of the 3 independent trustees:

- The Audit Committee oversees financial reporting, including the Funds' financial statements. It serves as the liaison with the Trust's independent auditor, Ernst & Young (at October 1, 2022). The Committee will meet at least 3 times a year.
- The Governance Committee manages the process of recruiting new trustees. In addition, it establishes policies for the Morningstar Fund Trust and the board, coordinates the board's annual self-assessment process and organizes orientation for new trustees. The Committee will meet at least once annually.

The chair of the board and the chairs of committees are responsible for establishing the regular meeting schedule, calling special meetings, approving meeting agendas and presiding at meetings.

Independent trustees will make substantial investments in the Funds; at a minimum, they are required to invest at least \$141,000 in the Funds, which is equal to the base annual retainer to be paid to each Independent Trustee. There is a phase-in period to satisfy this investment requirement for new independent trustees that have joined the board after 2018. The phase-in period for new independent trustees requires them to invest at least \$47,000 a year (i.e., one-third of the base annual retainer) until they have invested \$141,000 in the Funds.

At October 1, 2022, each independent trustee has met this investment requirement (taking into account applicable phase-in periods) (see "Board Expenses – Trustee Fees" below for more information on Independent Trustee compensation). Trustee investments are disclosed in the Trust's Statement of Additional Information, which is available on the Funds' website, in the section titled "Trustees and Executive Officers."

In all the board's activities, the trustees are committed to a culture of transparency, collaboration and inclusion, where open and candid dialogue is the norm and where every voice is valued. This culture is designed to create a board environment that fosters rigorous decision-making.

Board Expenses

While an independent board of trustees provides substantial protection for shareholders, the benefits it provides come at a literal cost. Namely, the board incurs expenses which are paid by the fund. As a result, the operation of the board increases the fund's expense ratio and decreases shareholder returns.

Trustee Fees

Normally, the largest component of board expenses are the fees paid to the independent trustees, to compensate them for their time, the expertise they bring to the board and the liability risk that they assume. Independent trustees determine their own compensation and will periodically review their compensation to ensure that it continues to be appropriate.

In establishing the trustee compensation schedule for the Morningstar Funds Trust, the independent trustees looked at both the fees paid to individual independent trustees and the total compensation paid to all of the independent trustees.

The board wanted to establish a level of compensation for individual trustees that enables it to recruit high-caliber individuals. To determine the appropriate compensation, the board looked at

the compensation of trustees (on a per trustee and aggregate basis) at fund complexes of similar size. It also considered the particular circumstances of the Morningstar Fund Trust, including anticipated growth in assets, the number of Funds, the number of sub-advisers, the complexity of the Funds and the visibility of the complex.

The Morningstar independent trustees will review their compensation annually.

The compensation schedule adopted by the board provides for an annual retainer for independent trustees of \$141,000 per year. The chair of the board is paid an additional retainer of \$43,000, while the chair of the Audit Committee is paid an additional retainer of \$15,000 and the chair of the Governance Committee is paid an additional retainer of \$10,000. Retainers will be paid quarterly in arrears.

Other Board Expenses

The second-biggest component of board-related expenses will normally be the fees paid to independent trustees' legal counsel. The trustees retain independent legal counsel to advise them on their responsibilities. It is considered a best practice for fund trustees to have independent legal advice, because it enhances the trustees' ability to evaluate the performance of service providers to the fund and to negotiate contract terms.

After a competitive search process, the Morningstar independent trustees hired Chad Rubin, Partner at Duane Morris, as their counsel. The Governance Committee reviews counsel's performance and fees periodically.

Other board-related expenses include:

- Travel to board meetings;
- Costs related to continuing education, including conference registration fees and related travel;
- Annual dues for membership in appropriate industry forums, like the Mutual Fund Directors Forum, as the board believes it is important to contribute to the industry through these industry forums; and
- Costs of hiring outside advisers to help the board with specific tasks.

Q: What is the Mutual Fund Directors Forum?

A: The Mutual Fund Directors Forum is an independent, non-profit organization that serves independent directors of U.S. mutual funds. The Forum enhances the governance of mutual funds by educating independent directors, providing an open forum for dialogue among independent directors and a voice in the key policy issues affecting mutual funds and their shareholders.

Expense Policy and Reporting

The trustees are committed to ensuring that all expenditures help the trustees fulfill their responsibilities at a reasonable cost. The board may establish budgets for certain categories of expenses, and it will regularly review expenses incurred.

Shareholders wishing to learn more about a Fund's expenses should consult the Statement of Operations, which is prepared semi-annually. Board expenses are included in a separate line item in the expenses listed there.

Assessing Board Performance

On an ongoing basis, Independent Trustees will facilitate an open dialogue to discuss the effectiveness of the board. The purpose of this discussion is to assess what is working well and what could be done better. Specifically, trustees are asked if they continue to have the time and desire to continue to serve on the board and to bring up any potential conflicts.

Every year, the board will review its own performance. While considered a best practice, this self-assessment is also required by the SEC.

The Governance Committee will coordinate the annual self-assessment process. The approach used by the board may vary from year to year, depending on the needs of the board at that time. All trustees must participate in the self-assessment process.

The process will have two aspects.

First, the self-assessment will consider how well the board did its work and whether the board's practices were effective.

Second, the self-assessment will evaluate the contribution of individual trustees. Factors to be considered may include:

- Attendance at meetings;
- Contributions to board discussions, both in and outside of meetings;
- As applicable, performance in leadership positions (that is, chair of the board and chairs of committees);
- Contributions to the industry;
- Work on special projects undertaken by the board; and
- Level of knowledge about trustee responsibilities, the operations of the Funds and the investment industry, and the trustee's effort to keep abreast of industry and regulatory developments through continuing education. Trustees will normally be expected to attend at least one conference relevant to fund trustees each year and to share insights gained with the other trustees.

Third, the board will plan follow-up actions based upon the conclusions of the self-assessment process. As part of this review, the board will determine if any changes in policies are needed.

Recruiting New Trustees

From time to time, vacancies may be created on the board. Some of the most common reasons for a vacancy are:

- Retirement of a trustee. The board has adopted a policy recommended by the Governance Committee that requires Independent Trustees to retire at the end of the year that they reach age 75 or, if earlier, at the end of the year that they complete 15 years of service on the Board.
- Resignation of a trustee. The Governance Committee may ask trustees to resign if they develop a conflict of interest. Trustees must inform the chair of the Governance Committee if they are starting a new job or joining another corporate or mutual fund

board. They must advise the Governance chair if they are joining a nonprofit board or a governmental board or commission, but only if related to the financial industry. Trustees must also complete an annual questionnaire about potential conflicts of interest.

- Increase in the size of the board. The Governance Committee may recommend an increase in the number of trustees if the work load demands it or as part of a succession plan anticipating upcoming retirements.

The Governance Committee is responsible for nominating candidates to the board and will oversee the process of recruiting new trustees and orienting them to the board. The current members of the board were approved by the initial shareholder of the Morningstar Funds Trust prior to the sale of the trust's shares to the public. If there is a vacancy on the board, a new trustee may be appointed by a vote of the board, provided that at least two-thirds of the trustees will have been elected by shareholders following the appointment.

When reviewing and recommending candidates for the board, the Governance Committee will take the following factors into consideration:

- At least 75% of the trustees on the Morningstar Funds Trust board should be independent. This target is consistent with best practice recommendations;
- The Governance Committee seeks diversity along all dimensions, including gender identity, sexual orientation, race, ethnicity, age, background and experience;
- Former Morningstar employees, directors and officers may not serve as independent trustees;
- Other individuals who have close family members who are employed by Morningstar may not serve as independent trustees; and
- Former employees, directors and officers of the sub-advisers to the Funds may not serve as trustees within 5 years of ending their employment relationship with the sub-adviser. Similarly, other individuals who have close family members who are employed by the sub-advisers may not serve as trustees.

The Committee is generally seeking individuals with a combination of the following characteristics:

- Extensive executive level work experience;
- Experience serving on a corporate board, a non-profit governing board or a governmental board, commission or committee;
- Demonstrated leadership in their field; and
- Ability to dedicate the time required to board duties, especially if they will be serving on multiple boards.

Q: Can shareholders nominate trustees?

A: Yes, Fund shareholders may submit nominations. If you are interested in suggesting a candidate, contact the board to request a nomination form and instructions for submitting it.

The Governance Committee will consider shareholder nominations for vacancies for 2 years after they are submitted.

Changes to Morningstar Funds Trust Board of Trustees Purpose and Principles

The Board will periodically evaluate these Purpose and Principles, including the policies set forth above, and will make any changes that it determines are necessary and/or appropriate. Changes may be made at any time and may take effect without prior notice.

Published: October 6, 2022

Appendix Morningstar Funds Trust's Independent Trustees

Theresa Hamacher

Chair

Theresa is currently the President of Versanture Consulting, her own consulting firm. She is the author of *The Fund Industry: How Your Money is Managed* (now in its second edition), *The Pocket Idiot's Guide to Investing in Stocks* and numerous articles about the fund industry including matters pertaining to fund board governance.

Previously, Theresa was the President of NICSA, a non-profit association working with the investment industry to develop operational best practices. Her background is in the investment side of the industry, with roles as an analyst, portfolio manager, and chief investment officer at Prudential Mutual Funds and Pioneer Investment Management USA. Theresa previously served on the board of the Calamos Mutual Funds.

Linda Davis Taylor

Governance Committee Chair

Linda is creator and host of Money Stories with LDT, a podcast focusing on the intersection of money, well-being and community impact. Prior to that, Linda served as the Chairperson and CEO of Clifford Swan Investment Counselors, a registered investment advisory firm in Pasadena, California. She is the author of *The Business of Family: How to Stay Rich for Generations* and is a frequent speaker on wealth transition, family governance, and philanthropy.

In addition to her investment counsel career, Linda has over 25 years' experience in senior leadership positions in admissions and philanthropy at Emory University, Claremont McKenna College, Amherst College, and Scripps College.

Linda currently serves on the Board of Directors of San Pasqual Fiduciary Trust Company in Los Angeles. She also currently serves as a director for the College Futures Foundation in Oakland, CA and on the Board of Governors of the Huntington Library, Art Collections and Botanical Gardens. Linda previously served as Chair of the Board of Trustees for Scripps College, Claremont, California, and as a trustee for The Thacher School, an independent, secondary boarding school in Ojai, California.

Barry P. Benjamin

Audit Committee Chair

Barry is currently an Affiliate Instructor at Loyola Maryland University. Prior to that, Barry was a partner of PricewaterhouseCoopers (PwC). During his 37-year career with PwC, Barry served in several leadership roles, including Global Asset and Wealth Management sector leader, US Asset and Wealth Management sector leader, and the Baltimore, Maryland office managing partner. He also served as lead engagement partner, overseeing teams providing assurance, tax and advisory services to many of the firm's largest asset management clients in Boston, Kansas City, Philadelphia, and Baltimore. PwC is an international professional services firm providing audit and assurance, tax and consulting services.

Barry was the chair of the board of Business Volunteers Maryland, a non-profit organization seeking to strengthen the Baltimore community by making strategic connections between people, businesses and non-profits. He also served on the board and as treasurer of NICSA, a non-profit association working with the investment industry to develop operational best practices.