

# Morningstar Australasia Pty Ltd

## Financial Services Guide

ABN: 95 090 665 544

AFSL: 240 892

Updated:

April 2017

This Financial Services Guide (FSG) has been prepared and issued by Morningstar Australasia Pty Limited ("Morningstar") ABN: 95 090 665 544. Morningstar is a subsidiary of Morningstar, Inc., (NASDAQ: MORN), a leading provider of independent investment research in North America, Europe, Australia, and Asia.

This FSG is designed to provide you with important information to assist you in determining whether to use any of the financial services provided by Morningstar. This FSG will provide you with information about Morningstar and how we can be contacted; what financial services we are authorised to provide to you; how we are remunerated; how we manage conflicts of interest; how we protect your information; and how we manage complaints. We also provide important information you should be aware of in relation to our research reports.

### Who will be providing the financial service to me?

Morningstar Australasia Pty Limited

Australian Financial Services Licence Number: 240892

Principal Place of Business:

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Sydney, NSW 2000

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Royal Exchange NSW 1225

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Tel: 1800 03 44 55

Email: [help.au@morningstar.com](mailto:help.au@morningstar.com)

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Advisers/Institutions/Others

Tel: +61 2 9276 4446

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Email: [helpdesk.au@morningstar.com](mailto:helpdesk.au@morningstar.com)

[www.corporate.morningstar.com/au](http://www.corporate.morningstar.com/au)

### What kinds of financial services are you authorised to provide me?

*Morningstar is authorised to provide general financial product advice to retail and wholesale clients on the following types of products:*

- ▶ Basic deposit products
- ▶ Derivatives
- ▶ Government debentures, stocks, and bonds
- ▶ Managed funds, including investor directed portfolio services
- ▶ Securities
- ▶ Superannuation and retirement savings accounts

Morningstar currently provides its clients with financial product data, indexes and information, research reports and general financial product advice through newsletters, other publications websites, data feeds and software products.

Our publications include articles and editorials prepared by our own staff, by our authorised representatives (who act as consultants in providing us with regular articles about a range of economic and financial issues), and by third parties (including other AFSL holders) such as accounting firms (who are responsible for the contents of their articles).

Please note that to the extent that any of our publications, ratings, products or services provide advice, this is general financial product advice only. This means that the advice has been prepared without taking into account your investment objectives, financial situation or needs. Before acting on any advice, you should consider the appropriateness of the advice, as well as any additional warnings, disclaimers or qualifications. In the case of advice relating to financial product research, you should also consider the information provided by Morningstar as to the scope of the research, the process by which products are selected for coverage, the filters and research methodology applied, and the spread of ratings. For further information in relation to our research please refer to the Research Report Disclosure section at the end of this document, or the Research Report Disclosure contained within our research reports. Further information can also be obtained at [www.global.morningstar.com/au/researchdocuments](http://www.global.morningstar.com/au/researchdocuments)

Our publications, ratings products and services should be viewed as an additional investment resource, not as your sole source of information. We recommend you obtain appropriate financial, legal and taxation advice before making any financial investment decision. In addition:

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- ▶ you should be aware that past performance does not necessarily indicate a financial product's likely future performance, and
- ▶ if applicable, before making any decision to acquire a particular financial product, you should obtain and carefully consider the relevant product disclosure statement.

Please also note that we base our financial product research on current information furnished to us by third parties (including the financial product issuers) which we cannot necessarily verify. While we will use all reasonable efforts to obtain information from reliable sources, we do not guarantee the accuracy or completeness of that information. Our financial product research may be withdrawn or changed at any time as other information becomes available to us.

### **How will I pay for the service?**

Morningstar operates a subscription-based business. When you subscribe you will be required to pay a fixed fee according to the length of the subscription period.

### **How are Morningstar employees and authorised representatives paid?**

All employees of Morningstar receive a salary and are able to participate in any bonus or sales commission plan relevant to their role, as offered by Morningstar from time to time at its discretion. Certain employees may also receive Restricted Stock Unit Grants in Morningstar, Inc. that are vested over a defined period. These grants are not performance-based but aim to retain key employees. Authorised representatives are paid as consultants in accordance with the particular services they provide.

### **Do you receive remuneration, commission, fees or other benefits in relation to providing the financial services to me and how is that commission calculated?**

As mentioned, we will receive a fixed fee from you in relation to your subscription for the particular services you wish to use.

Except as stated in this FSG, Morningstar (including its related companies, associates and directors) does not charge or accept payment or commissions from fund managers, listed companies, or any other product issuers in relation to, or that is attributable to, the services that we provide to you, nor for the production of our research generally.

Our direct disbursement expenses such as employee travel, accommodation and related costs in respect of interstate meetings with product issuers for research purposes, may be reimbursed by the relevant product issuer(s). In addition, some of our manager research employees participate from time to time in overseas industry forums which product issuers pay to attend, and in relation to which our employee travel and accommodation costs are met by the forum organisers, which in turn charge fees to fund managers about which Morningstar may have published research reports. That is, the benefits are indirectly provided by the product issuers.

Morningstar regularly reviews all gifts, benefits and entertainment received to ensure adherence with internal policy requirements.

Morningstar generates the majority of its income from the following sources:

- ▶ Subscription fees from our clients for research, consulting, software products, and subscriptions to websites and newsletters
- ▶ Subscription fees from our clients for equity, credit and fund data services
- ▶ Licensing fees from product issuers rated by us, giving them the right to republish our ratings, and research in their promotional materials
- ▶ Licensing fees from product issuers to use Morningstar Indexes and basis point income based on the assets in the product
- ▶ Event sponsorship
- ▶ Website advertising

To the extent that any income we receive from product issuers we prepare research on or are rated by us, is in respect of, or attributable to, the services that we provide you, as at the date of this FSG we cannot ascertain the amount that we reasonably expect to receive.

Morningstar may pay external parties who refer clients to us in connection with the financial services to which this FSG relates. The payment could be a single one-off payment or a percentage of the total amount revenue generated by their referral.

If you wish to receive further particulars about remuneration and related benefits that we are required to disclose to you, please contact us within a reasonable period of time after you receive this FSG and before any financial service identified in this Guide is provided to you.

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Where Morningstar does provide any of the above services to product issuers that are rated by us, all services are provided on an arms-length basis.

### **How do you manage potential conflicts of interest?**

Morningstar has an associated business, Morningstar Investment Management Australia, which provides investment management and consulting services.

Morningstar avoids potential conflicts of interest by not undertaking or publishing qualitative analyst research or qualitative research on Morningstar Investment Management's investment products.

Morningstar avoids potential conflicts of interest by not publishing qualitative analyst research or qualitative ratings on investment products that track a Morningstar Index.

No material interests are held by Morningstar, its staff, or related companies in the financial products that are the subject of our research reports or the product issuer. Generally, analysts are not permitted to hold securities in entities that they rate, subject to specific waivers by the Morningstar, Inc Securities Trading and Disclosure Policy Committee.

Morningstar does not publish qualitative analyst research on any affiliated or related financial product issuers.

Our employees and authorised representatives are guided by our Code of Ethics and our related conflicts of interest policies including our Securities Trading and Disclosure Policy, where appropriate, which includes policies for managing potential conflicts of interest for employees trading in financial products upon which they may undertake research.

Our employees may from time to time receive nominal gifts/hospitality from clients and/or product providers. We have strict guidelines in place as to the circumstances and extent to which our employees may accept any such gifts/hospitality. The Morningstar Gifts Policy does not permit the receipt of gifts that are individually substantial, or cumulatively substantial. These gifts would be identified by monitoring of the gifts register by the Compliance Manager.

Morningstar permits financial product issuers to license the right to republish our ratings and research in promotional materials. Licensing negotiations are undertaken by sales employees who are managerially and (to the extent possible) physically segregated from research employees. Research staff remuneration and bonuses are determined independently of fees received from product issuers.

### **What information do you maintain in my file and can I examine my file?**

The privacy of your personal information is important to us. Any personal information we collect such as your name, address, phone, and email details is handled in accordance with our Privacy Policy. Our Privacy Policy outlines how we comply with the requirements of the Privacy Act 1988. A copy of the Privacy Policy can be obtained by visiting our website. You can access personal information in accordance with our Privacy Policy.

### **Does Morningstar have professional indemnity insurance?**

Yes. Morningstar holds a professional indemnity insurance policy in accordance with its obligations under section 912B of the *Corporations Act 2000*.

### **Who can I contact if I have a complaint about the provision of the financial services to me?**

If you are not satisfied with our service please contact the Complaints Manager using the contact details on page 1. We will seek to resolve your complaint promptly and fairly.

If your complaint is not resolved to your satisfaction you have the right to contact the Financial Ombudsman Service (FOS). FOS is an external dispute resolution scheme authorised to deal with complaints in relation to the financial services industry. FOS's contact details are:

Financial Ombudsman Service  
 GPO Box 3  
 Melbourne VIC 3001  
 Telephone: 1300 78 08 08  
 Fax Number: 03 9613 6399  
 Email: [info@fos.org.au](mailto:info@fos.org.au)  
 Internet: [www.fos.org.au](http://www.fos.org.au)

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## Morningstar Research Report Disclosure

### Currency

Our Research reports are current as at the date on the report until it is replaced, updated or withdrawn. Our financial product research may be withdrawn or changed at any time as other information becomes available to us. These reports will be updated if events affecting the report materially change.

### Research Criteria

For further information as to:

- ▶ the scope and expertise of our research,
- ▶ the process by which products are selected for coverage,
- ▶ the filters and research methodology applied, and
- ▶ the spread of ratings,

please refer to the Research Overview documents available at: [www.global.morningstar.com/au/researchdocuments](http://www.global.morningstar.com/au/researchdocuments)

### Material interests and Conflicts of Interest and how we manage them in relation to research

Morningstar, its staff and associates do not receive any direct benefit from the publication of our research reports. Morningstar does not receive commissions for providing research and does not charge companies to be rated.

Our Manager Research staff are provided with investment information by the product issuer. Where the product issuer is located outside New South Wales, we generally undertake site visits to their investment team offices and our reasonable travel and accommodation costs in making those site visits are met directly or indirectly by the product issuer.

Our Equity Research staff use publicly available information, however where Morningstar completes research on initial public offers for credit securities, our Credit Research staff may be provided with non-public information. Morningstar has strict procedures in place in relation to the handling of inside information.

Our Equity Research staff may undertake site visits and the reasonable transport costs in making those visits are met directly by us or on occasions by the listed company.

### Reasons for our opinion and recommendation

The opinions and recommendations in our research reports are based on a reasonable assessment by the research staff member who wrote the report on information provided by the product issuer and generally available in the market. Our researcher staff:

- ▶ are well-qualified
- ▶ exercise due care and skill in assessing the information available to them, and
- ▶ give their opinions and recommendations on reasonable grounds.

This Publication is a Financial Services Guide for the purposes of section 941A of the *Corporations Act* to the extent that the recipient of the services described in this document is a retail client as defined by the *Corporations Act*, and is issued subject to the laws of the state of NSW and the Commonwealth of Australia and all matters arising from it or its use shall be subject to the exclusive jurisdiction of the Courts of NSW.