

Mutual Fund Portfolios

Morningstar Investment Services, Inc.

With a broad range of investment approaches, our portfolios are carefully designed to put your needs front and center—where they belong.

We start with rigorous, thorough research to select investments based on their fundamental merits. Then, we put them to work for you in a series of sophisticated, diversified mutual fund portfolios.

Confident Fund Investing

Morningstar Investment Services brings you a diversified lineup of mutual fund portfolios designed to help you meet your investing goals. Each portfolio offers the advantages of disciplined asset allocation and objective research, plus access to a carefully chosen range of mutual funds and fund managers that may not otherwise be available to you.

With our portfolios, you'll also get the benefit of an established process for managing and monitoring each portfolio through market ups and downs. What's

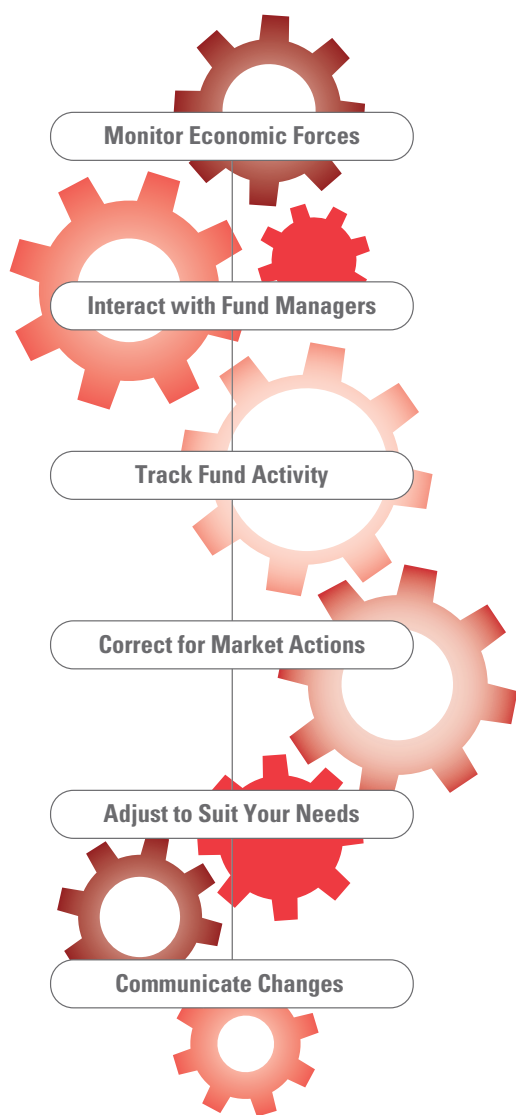
more, all of our interactions are transparent and well-documented. Our simple fee structure means that costs are clearly disclosed.

A Sophisticated Approach to Portfolio Construction

Every portfolio rests on a foundation that sets the long-term risk and reward profile for a given strategy. We're able to draw upon the work of our affiliate, Ibbotson Associates, a leading authority on asset allocation research. Ibbotson's analysis guides the mix of stocks, bonds, and other asset classes in our portfolios.

With this strategic mix in place, we add a tactical asset allocation overlay, an active management strategy which allows us to take advantage of market opportunities as a way to try to add value above a portfolio's benchmark.

How We Actively Manage Your Portfolio



In-Depth Research and Careful Questioning

Once we determine how we want our portfolios positioned on a top-down basis, we scour the universe of more than 22,000 funds. Our proprietary fund rating system combines quantitative data with a qualitative assessment of a fund managers' investment process. Only those funds with a high rating make it into your portfolio. Our team analyzes the following key factors:

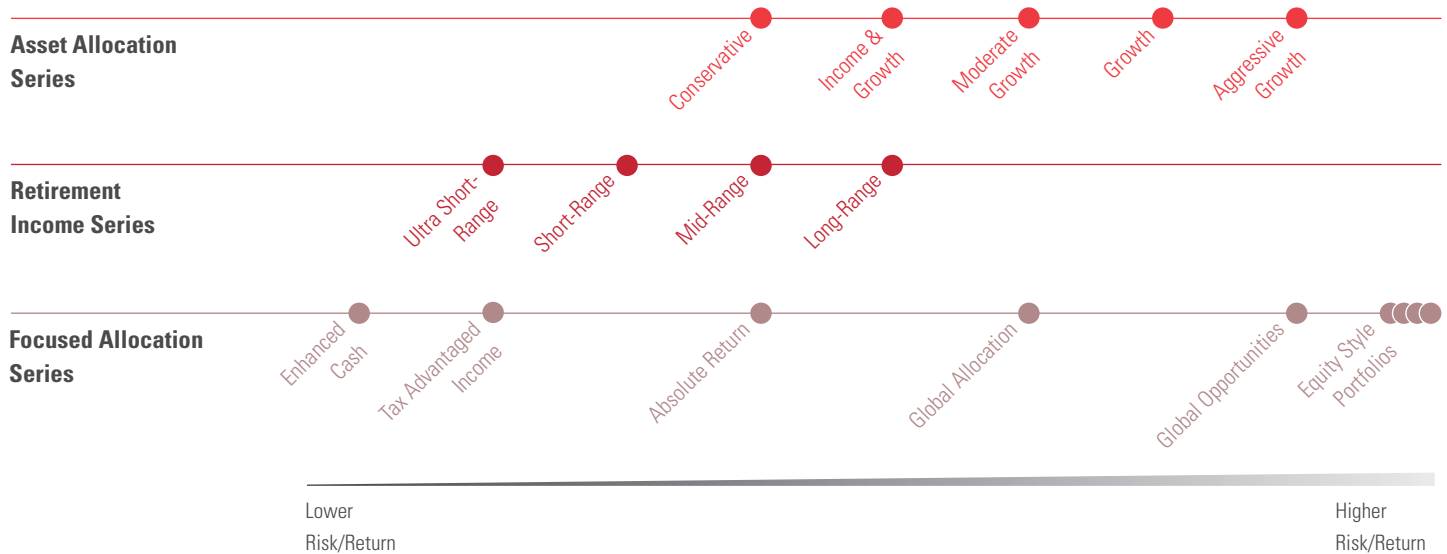
- ▶ *Strategy*—Do the fund managers employ a disciplined, proven process? We look for attributes such as insightful security analysis, robust valuation assessments, active risk management, and strong idea generation.
- ▶ *People*—We judge the quality of an investment and stability of the organization—including a team's "bench strength"—and management's tendency to act in the best interests of shareholders.

- ▶ *Performance*—We examine performance in order to reconcile a fund’s risk-adjusted returns with the nature of the strategy.
- ▶ *Capacity*—We scrutinize each fund’s assets under management to determine whether that sum will compromise the manager’s effectiveness. If we think it’s a potential problem, we will look for evidence of any steps management has taken to address capacity issues.
- ▶ *Expenses*—Because fund expenses diminish investment returns, we seek to minimize costs, and review the fund’s expenses from multiple angles.
- ▶ *Role in Portfolio*—We also consider the fit within a portfolio, attractiveness within a given market environment, the level of information and support, and other subtle yet important factors.

Active Portfolio Management

To ensure that our portfolios are invested in a manner consistent with their risk and return objectives, we divide portfolio monitoring into two distinct parts: reallocating, which allows us to make adjustments to the portfolio’s positioning based on the market environment and for fund-specific reasons, and rebalancing, which we use to maintain a certain risk profile.

We reallocate following significant changes in market conditions or to the fund’s key characteristics, including a deviation from strategy or a fund manager change. Our rebalancing methodology is needs-based. Whenever a fund reaches its predetermined deviation threshold, we immediately evaluate to determine if we need to make adjustments to bring the portfolio back into alignment.



Asset Allocation Portfolios

Comprehensive portfolio solutions that include multiple asset classes, investment styles, and managers.

Retirement Income Portfolios

Designed to generate a cashflow during retirement and protect against the risk of investors outliving their assets.

Focused Allocation Portfolios

Targeted options help weather various market environments and offer a number of appealing options to fit specific needs.

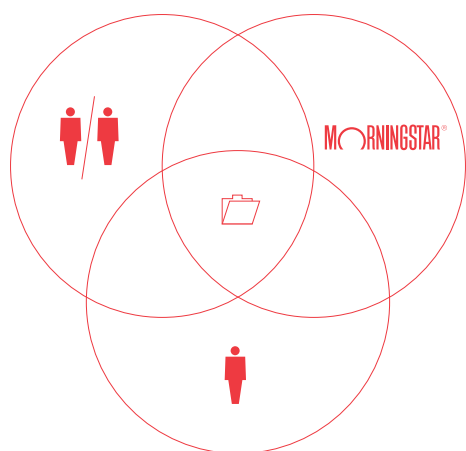
The information displayed is for illustrative purposes only. It should not be used to assess the exact risk/return relationship between portfolios. No guarantees can be given about future performance. Not all portfolios may be available for your use. Please check with your financial advisor.



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Two Sets of Expertise, One Goal.



With Morningstar Managed Portfolios, you get twice the service, expertise, and ongoing attention to your portfolio. We pair with financial advisors to deliver portfolios designed for investors. As a team, we provide a solution that taps into each of our strengths.

Your financial advisor will help you assess your current situation and identify an investment strategy that's based on your financial objectives. Once your plan is in place, your financial advisor will meet with you periodically to identify any changes in your goals or circumstances that may affect your investment objectives and risk tolerance along the way.

We draw on our objective, independent research to select securities. Then, we combine our investment knowledge with our portfolio management experience to develop investing solutions that put you first.

Together, we bring you the best of both worlds: a plan that's tailored to your goals—with the advantages of professional portfolio management.

Morningstar[®] Managed PortfoliosSM

Absolute Return Portfolio

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With low correlations to the broad market, our Absolute Return portfolio aims to provide modest, equity-like returns while also minimizing volatility and providing downside protection in poor market environments. Invested in alternative asset classes to enhance its risk/return profile, this portfolio seeks to take advantage of relative market opportunities and add value on a consistent basis.

Risk-Managed Portfolio Construction

The portfolio employs a risk-managed approach that includes combining open-end mutual funds from various asset classes that exhibit low correlations with each other. The portfolio also favors funds in which the fund managers stress capital preservation and set absolute performance as the primary goal. The portfolio is diversified across asset classes and may invest in global equities, global fixed income, real estate, natural resources, and cash, as well as open-end mutual funds that employ hedged and/or alternative investment strategies.

These strategies may include long-short, hedged equity, convertible arbitrage, and merger arbitrage. Please see the reverse side of this piece for more information about these types of securities.

This broad level of diversification aims to enhance the portfolio's risk-adjusted performance. Due to the fairly unique nature of the securities in which the underlying funds may invest, the performance of the portfolio may not be highly correlated to traditional asset classes. While the portfolio will have exposure to various asset classes for diversification purposes, the portion of assets dedicated to certain segments of the market will change to take advantage of relative opportunities presented in the market.

Superior Portfolio Management

Morningstar Investment Services combines extensive quantitative analysis with rigorous qualitative due diligence to identify fund managers that we believe offer the best chance to consistently add value on a risk-adjusted basis. Our investment team conducts on-site fund manager visits, phone interviews, detailed portfolio analysis, and performance attribution. Using a proprietary evaluation system, we award the highest scores to fund managers who employ a prudent, repeatable investment process that has yielded strong results over time.

We strategically select appealing funds that contribute to the Absolute Return portfolio's investment strategy. We then continually monitor the portfolio and its holdings to ensure that it remains consistent with its stated investment objectives.

A Powerful Solution for Financial Advisors and Investors

What's the result of combining sophisticated portfolio construction, discerning manager research, and a variety of alternative investment strategies?

A low-volatility investment solution that seeks capital appreciation and protects against loss. Our program allows financial advisors more time to grow their practices and helps investors meet their investment objectives.

Absolute Return Portfolio



Portfolio allocation is as of May 2010, and is subject to change without notice. Allocation of portfolios at individual account level may vary.

Diversification does not eliminate the risk of experiencing investment losses.

See the following page for more information about these types of securities.

| Asset Class | % |
|-----------------------------|-----------|
| US Stocks | 7 |
| International Stocks | 9 |
| Taxable Bonds | 11 |
| Investment-Grade | 6 |
| High-Yield | 5 |
| Alternatives | 72 |
| Long-Short Equity | 27 |
| Convertible Arbitrage | 11 |
| Merger Arbitrage | 8 |
| Credit Arbitrage | 7 |
| Global Macro | 7 |
| Convertibles | 5 |
| Hedged Equity | 5 |
| Commodities | 2 |
| Short Term Reserves | 1 |

Morningstar Managed Portfolios Absolute Return Portfolio

The Absolute Return Portfolio may include mutual funds deploying the following strategies. It is important to note that the below strategies are more aggressive ways of striving to enhance the risk/return profile of each of the underlying mutual funds found in this Portfolio. Because the values of any of the funds using these strategies may fluctuate, you could lose money investing in this Portfolio. Since the positions of the funds using these strategies will fluctuate, it is possible that their values will experience periods of volatility. The Absolute Return Portfolio is not appropriate for short-term investments.

Long-Short Equity—Combines a long position (number of contracts bought exceeds number sold) in one security with a short position (number of contracts sold exceeds number bought) in another. While the funds using this strategy are attempting to protect their portfolios against market declines, they are susceptible to stock investing risks. Share prices will be affected by market activity and declines are possible.

Convertible Arbitrage—Includes the purchase of convertible securities and the sale of the underlying common stock. These securities tend to be convertible bonds or convertible preferred stocks that may be converted into the stock of the same company. This strategy strives to gain profits from potential pricing errors made in the conversion and is typically included in the equity component of a portfolio.

Merger Arbitrage—Seeks to profit from the successful completion of corporate organizations. The process commonly used to execute this approach involves purchasing shares of an announced acquisition target company at a discount to their expected value upon completion of the acquisition. Hedging strategies are utilized to reduce market exposure and volatility.

Credit Arbitrage—Seeks to exploit the mispricing of different classes of securities of the same company, and may invest in investment grade and/or non investment grade corporate debt, credit derivatives, loans, equities, structured products, credit index securities and private debt.

Global Macro—Establishes long (number of contracts bought exceeds number sold) with a short (number of contracts sold exceeds number bought) exposures around the globe to take advantage of what the manager believes to be attractive opportunities. May invest in fixed income and equities securities, a wide variety of derivative instruments, and commodities-related investments. Investments will likely have significant exposure to foreign investments and may be concentrated in a geographic region or country.

Hedged Equity—Helps limit investment loss by creating a transaction that offsets an existing position in a contract that provides the right to buy or sell shares of a security at a specific price for a certain time.

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Global Allocation Portfolio

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Why go global? We believe that one of the most compelling reasons to take a global perspective is that it expands an investor’s opportunity set. Developing economies are growing their gross domestic product (GDP) at a much faster clip than developed nations. As economies across the globe become increasingly interconnected and opportunities emerge across asset classes and security types, investors are broadening their perspective and adopting a flexible approach to global investing.

A Tactical Approach to Global Investing

We designed the Global Allocation portfolio, a strategy that invests in a range of globally diversified equity, fixed income, and alternative mutual funds, as a core holding for investors seeking to increase their diversification outside the U.S.

Using a broad blended benchmark allows our investment team the flexibility to shift the portfolio into areas of the market that they consider attractive.

The portfolio’s benchmark is comprised of the following: 60% MSCI All Country World Index, 35% BarCap US Aggregate Bond Index, and 5% Citigroup 3-Month T-Bill Index. Currently, the portfolio’s flexible parameters allow for levels of equity and fixed income/cash exposure between 20% and 80%.

The portfolio seeks to provide a balance of capital appreciation and income while maintaining a moderate risk profile. Its global mandate allows it to invest in a wide range of securities, providing significant exposure to both domestic and foreign securities.

A Portfolio for All Markets

The Global Allocation portfolio employs a flexible, tactical approach to portfolio management, positioning the portfolio to take advantage of market opportunities as they arise. While our investment team uses a tactical overlay in managing the other diversified strategies we offer, this portfolio is designed to have fewer constraints. The investment team shifts portions of the portfolio into

Global Allocation Portfolio



Portfolio allocation is as of May 2010, and is subject to change without notice. Allocation of portfolios at individual account level may vary.

See the next page for more information about these types of securities.

| Asset Class | % |
|----------------------|-----------|
| Stocks | 57 |
| Global Value | 23 |
| Global Allocation | 11 |
| Foreign Equity | 10 |
| Domestic Equity | 9 |
| Emerging Market | 4 |
| Global Growth | 0 |
| Bonds | 27 |
| Global Bond | 7 |
| Core Bond | 6 |
| High Yield | 6 |
| Multi-Sector Bond | 5 |
| Emerging Market Debt | 3 |
| Inflation-Protected | 0 |
| Alternatives | 16 |
| Global Macro | 6 |
| Long Short | 5 |
| Currency | 4 |
| Cash | 1 |
| Arbitrage | 0 |
| Commodities | 0 |

Global Exposure. Fewer Constraints.

The Global Allocation portfolio invests in a broadly diversified range of assets—but may not be fully invested in each class at any given time—as shown in a recent allocation breakdown on the left.

- ▶ Provides significant exposure to a broad range of securities at a moderate level of risk.
- ▶ Uses a tactical approach to portfolio management, positioning the portfolio to respond to changing market conditions.
- ▶ Allows the managers of underlying funds the freedom to invest in areas of the market in which they have high convictions by using a “best ideas” format.

Morningstar Managed Portfolios Global Allocation Portfolio

areas that it considers attractively priced on a fundamental basis. Such changes in positioning are consistent with the portfolio's goal of delivering an attractive total return with moderate volatility.

As a result of this latitude, the portfolio's aggregate positioning will be a byproduct of where the underlying managers are finding the most attractive investment opportunities, and may at times emphasize certain asset classes, regions, or sectors of the market.

A Best Ideas Format

Though our investment team manages the Global Allocation portfolio's overall asset mix, we favor fund managers in the strategy that employ a freewheeling, opportunistic approach to security selection.

We've found that fund managers who don't confine themselves to a particular style, region, or even security type are often able to make a more balanced assessment of investment opportunities. This "best ideas" approach allows them the flexibility to invest in what they consider to be the most attractive opportunities around the globe—wherever they reside.

Ongoing Portfolio Management

Morningstar Investment Services combines extensive quantitative analysis with rigorous manager research to identify appealing funds that contribute to the portfolio's investment strategy.

We then continually monitor the portfolio and its holdings to ensure that it remains consistent with its stated investment objectives while maintaining a moderate risk profile.

The Global Allocation portfolio may include mutual funds deploying the following strategies. Because the values of any of the funds using these strategies may fluctuate, you could lose money investing in this Portfolio. Since the positions of the funds using these strategies will fluctuate, it is possible that their values will experience periods of volatility. Diversification does not eliminate the risk of investment loss nor does it ensure a profit. The Global Allocation portfolio is not appropriate for short-term investments. Investing in foreign securities involves additional risk, including but not limited to currency fluctuations, periods of illiquidity and price volatility and adverse political or economic conditions. These risks may be heightened in connection with investments in developing countries.

Asset Class Definitions

Arbitrage—A strategy which aims to exploit price differentials that exist as a result of market inefficiencies. Arbitrage plays typically involve purchasing a security in one market, while selling an instrument with similar performance characteristics in another market—earning returns that far exceed the risk incurred.

Core Bond—A strategy with broad exposure to various sectors of the U.S. bond market, with a focus on relatively high-quality securities.

Global Allocation—A diversified core strategy which invests in U.S. and international stocks, bonds and alternative investments.

Global Macro—A strategy which takes long and short positions in various equity, fixed income, currency, and futures markets, primarily on overall economic and political views of various countries (macroeconomic principles).

Multi-Sector Bond—A strategy with assets divided among U.S. government bonds, foreign government bonds, foreign corporate bonds, and domestic corporate bonds, including high-yield issues. Some of these funds go even further and invest in municipal bonds and exotic mortgage-backed securities. By spreading assets across many different markets, these funds seek higher yields without taking on undue risk.

Long-Short Equity—A strategy which combines a long position (number of contracts bought exceeds number sold) in one security with a short position (number of contracts sold exceeds number bought) in another. While the funds using this strategy are attempting to protect their portfolios against market declines, they are susceptible to stock investing risks. Share prices will be affected by market activity and declines are possible.

Index Definitions

BarCap US Aggregate Bond Index—A market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. This Index is unmanaged and can not be directly invested in.

Citigroup 3-Month US Treasury Bill Index—A market value-weighted index of public obligations of the U.S. Treasury with maturities of three months. This Index is unmanaged and can not be directly invested in.

MSCI All Cap World Index—A free float-adjusted market capitalization-weighted index made up of equities across 23 developed and 22 emerging market countries. It is unmanaged and can not be directly invested in.

Morningstar® Managed PortfoliosSM Mutual Fund Strategies

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Our mutual fund portfolios give investors access to a wide array of mutual funds—each constructed with our disciplined asset allocation, objective research and proactive portfolio management.

Sophisticated Portfolio Construction

To give investors a range of options, we offer a broad suite of portfolios. Each of these portfolios hews to a distinct strategic asset allocation, which dictates the asset mix that they use. These variations allow us to target specified risk/reward profiles.

We think that our approach to asset allocation stands apart in a few ways. For one, we’re able to draw upon the work of our affiliate, Ibbotson Associates, a leading authority on asset allocation research. Ibbotson’s analysis forms the basis for the strategic asset allocation that we use in each Asset Allocation portfolio.

Ibbotson’s forecasts are rooted in thorough analysis of long-term historical performance and relationships between asset classes. This disciplined approach better ensures that our asset allocations will confer the risk/reward profile that investors expect, eliminating the need for us to make dramatic shifts between asset classes. This stability facilitates financial planning

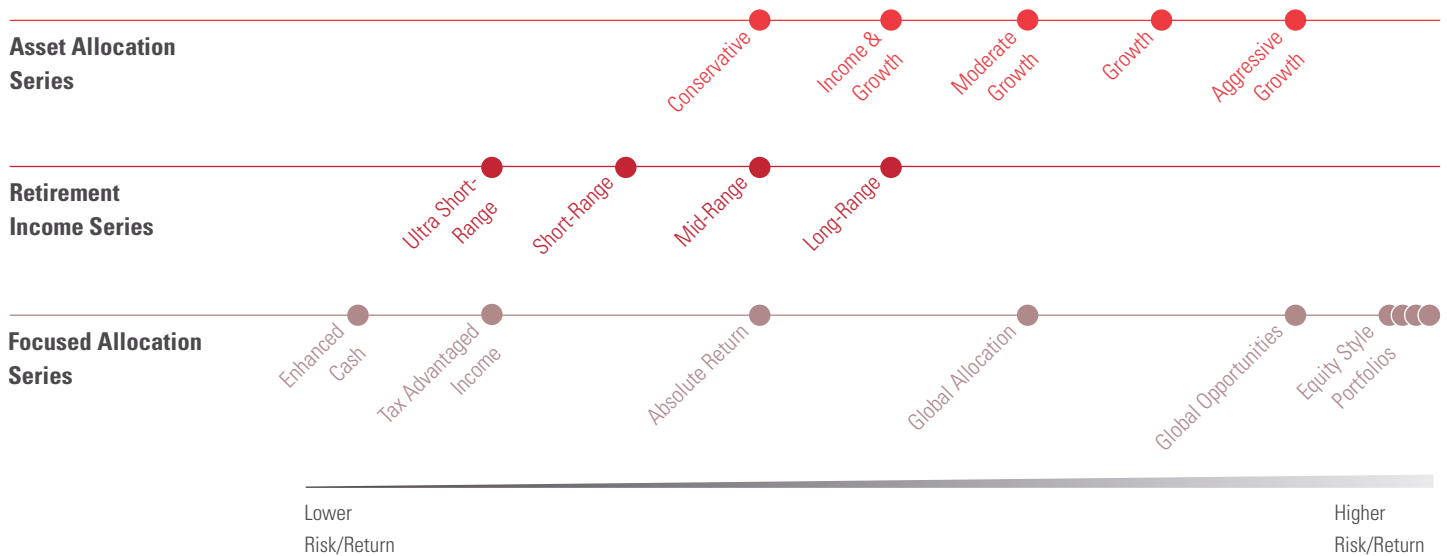
while also ensuring that investors avoid the excessive risk and transaction costs normally associated with frequent trading.

Superior Manager Research

When selecting fund managers, our investment team’s due diligence process is distinctive for its breadth, rigor, and objectivity. Our investment managers employ various quantitative and qualitative screens to sift through thousands of mutual funds, emphasizing factors like historical performance, investment style, and expenses.

Our investment team conducts extensive due diligence, including phone interviews, on-site fund manager visits, detailed portfolio analysis, and performance attribution. Documenting their research through a proprietary evaluation system, they award the highest scores to fund managers who employ a prudent, repeatable investment process that has yielded strong results over time. Our team favors funds that levy below-average expense ratios and are run by managers whose interests, we believe, are properly aligned with those of shareholders.

This process is objective and free of conflicts. We choose all mutual funds based on their fundamental investment merits.



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Morningstar Managed Portfolios Mutual Fund Strategies

A Range of Portfolios to Suit Investor Needs

We're able to leverage our broad, deep mutual fund research to offer a diverse array of strategies to suit each investor's needs.

For instance, our Retirement Income portfolios may be appropriate for investors seeking a stable income stream and hoping to preserve the value of their portfolio's underlying assets. Through a mix of equity, fixed-income, and alternative strategies, our Retirement Income portfolios aim to support a desired distribution rate without depleting the value of an investor's account.

Our Absolute Return portfolio allows investors to access mutual funds that employ "hedge-fund"-like strategies. Meant to deliver returns that aren't tied to a specific asset class or market index, the Absolute Return portfolio can be a useful diversification and risk-management tool.

Our four Equity Style portfolios—Multi-Cap Value, Multi-Cap Growth, Foreign Equity, Small & Mid-Cap Equity—offer a range of complementary strategies, each largely concentrated in one asset class, allowing investors to take a tactical approach to investing or further diversify existing portfolios that may lack exposure to certain market segments.

A Powerful Solution for Advisors and Investors

What's the result of combining sophisticated portfolio construction, discerning manager research, and a wide variety of investment strategies to suit even the most specialized needs? A powerful investment solution that allows financial advisors to help investors better meet their investment objectives.

Morningstar® Managed PortfoliosSM Retirement Income Series

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By identifying investment management solutions that aim to provide appropriate retirement distribution programs, financial advisors can help investors prepare for their retirement and long-term income goals.

From Accumulation to Distribution

To meet these objectives, Morningstar Investment Services offers our Retirement Income Series. This suite of retirement income mutual fund portfolios addresses the specific needs of retirees as they shift from the accumulation of assets to distribution. Our Retirement Income Series delivers a comprehensive strategy designed to generate a cash flow stream that aims to last over an expected time horizon in retirement and protect against the risk of outliving accumulated assets. These portfolios also strive to deliver a high probability of some capital preservation and inflation protection, particularly in the longer-term strategies.

The Shift Into Retirement

While the dollar value of future goals can be hard to quantify before retirement, these aspirations—and their associated costs—become more tangible as individuals shift from saving for them to paying for them. As alternate income sources such as Social Security or company pension plans will likely be insufficient to fund a comfortable retirement, the impetus to accrue personal savings will continue to grow. Naturally, retirees are concerned with preserving accumulated wealth, while still maintaining the growth needed to sustain periodic withdrawals throughout retirement.

The Morningstar Investment Services Retirement Income Series is an investment solution designed to meet

payout needs over a specified period of time. Matching retirement time horizons and income needs, we offer investment solutions for the early, middle, and late stages of retirement. These strategies aim to support annual cash flows of 4%, 5%, 6%, and 7% of initial assets over the recommended time horizon in retirement while also striving to deliver capital preservation. In any given year, the portfolio’s returns could be more or less than the target due to market fluctuations. Average payouts over a long time horizon, however, should achieve these objectives.

How We Differ From Other Retirement Income Options

Several “managed payout” funds have been launched in the marketplace, but the structure of these managed payout funds can be very different. In managing the payout, some of the funds may dip into principal to achieve a consistent payout ratio, while others will not tap into principal but will adjust the payout ratio. These managed payout funds may also differ in terms of the target yields, risk/return profile, and asset allocation.

Our Retirement Income portfolios follow an endowment-like approach as they are diversified across various alternative asset classes, including global fixed income, high-yield, commodities, and absolute return. This approach helps us create efficient portfolios through diversification by maximizing potential return for a given level of risk. We have also designed the portfolios to court lower volatility and offer various levels of downside protection. The premise is to earn total returns that are sufficient to support the target payouts over time while protecting against significant drawdowns that may result from stock market downturns.

Retirement Income Series

| | Ultra Short-Range | Short-Range | Mid-Range | Long-Range |
|-----------------|-----------------------|-----------------|---------------|----------------|
| Horizon | 1–5 Years | 2–10 Years | 10–20 Years | 20+ Years |
| Targeted Payout | 7.0% | 6.0% | 5.0% | 4.0% |

The information displayed is for illustrative purposes only. No guarantees can be given about future targeted payout.

Morningstar Managed Portfolios Retirement Income Series

A Solution for Every Retirement Stage

Dependent on retirement stage, risk tolerance, and income needs, our Retirement Income Series is specifically designed to generate regular cash flows over an expected time horizon in retirement without courting undue risk. As we offer investment solutions for the early, middle and late stages of retirement, an investment solution can be altered to better meet a retiree's changing needs.

Targeted Payout

The main objectives of these strategies are to reduce the risk of depleting retirement savings too quickly and preserve or compound capital as much as possible. Based on the strategy that is most appropriate for an individual's circumstances, annual cash flows ranging from 4%–7% will be targeted. Beyond these targeted payout amounts, an investor has the flexibility to set the actual distribution amount independently based on individual needs.

Our Monte Carlo Simulator

To assess the probability that retirees will achieve their retirement goals, we employ a Monte Carlo* simulation tool. This tool projects the range of possible future wealth and income values based on a variety of assumptions about the individual's situation and needs.

A Unique Solution

To deliver against specific retirement goals, Morningstar Investment Services employs proprietary tools and methodologies. The Retirement Income portfolios leverage our proven investment process including objective and independent research, strategic asset allocation, access to an extensive universe of mutual funds, and proactive portfolio management that responds to market trends and changing risk.

For those just entering retirement or already retired, our portfolios deliver a comprehensive strategy to help retirees meet their retirement goals.

Monte Carlo is an analytical method used to simulate random returns of uncertain variables to obtain a range of possible outcomes. Such probabilistic modeling does not analyze specific security holdings, but instead analyzes the identified asset classes and identified cash flows. The model generated is not a guarantee or projection of future results, but rather, an analysis of the likelihood that an investor may be able to achieve stated goals and a tool to identify a range of potential outcomes that could potentially be realized. The Monte Carlo simulation is hypothetical in nature and for illustrative purposes only.