Global Convictions & Outlook

Asset Allocation Perspectives

Morningstar Investment Management Europe Limited
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For Financial Advisers & Their Clients

Asset Class Convictions

The goal of assigning a conviction level to an asset class is to distill the attractiveness of an investment opportunity into a single rank. The term "conviction" derives from the Latin verb "convincere," which means to argue.

In assigning an asset class conviction, an analyst trades off the aspects of an investment opportunity that argue for and against it, culminating in the expression of a conviction level. The conviction level is expressed on a five-point scale (Low, Low to Medium, Medium, Medium to High, and High), and serves as a key input into our asset-allocation process.

Our conviction scoring system is based on four criteria: absolute valuation; relative valuation; contrarian indicators; and fundamental risk.

Important Developments

Investors are being taken on a wild ride in 2022 that feature swings in stock, bond and commodity markets around the world. This follows a remarkable run, with a valuation premium still attached to most asset classes. Inflation, higher interest rates, and Ukraine tensions continue to top the current list of investor concerns, with the pre-conditions of a recession another worrying factor. In this regard, our convictions haven't moved meaningfully yet, but the undercurrent for change is upon us, especially in fixed-income assets.

Exhibit 1 Our Convictions Continue to Evolve, With Selected Opportunities Evident

	Conviction Level				
	Low	Low to Medium	Medium	Medium to High	High
Equities					
Broad Markets					
U.S.		■			
Japan			■		
U.K.			■		
Europe ex-U.K.			■		
Emerging Markets			■		
Select Countries & Sectors					
U.S. Financials			■		
Germany				■	
China			■		
Global Energy			■		
U.S. Energy Infrastructure				■	
Bonds					
U.S.					
Treasuries		■			
TIPS		■			
Credit			■		
High Yield		■			
Agency MBS		■			
Municipals		■			
Emerging Markets					
Hard Currency (USD)		■			
Local Currency				■	

Source: Morningstar Investment Management. Views as of 15th May 2022 and subject to change. For illustrative purposes only. References to specific asset classes should not be viewed as a recommendation to buy or sell any specific security in those asset classes. Conviction is subject to change at any time without notice.

Key Portfolio Positioning Points

For all the attention on stocks, bonds are perhaps the bigger story. The asset class saw its worst quarter in over 20 years in early 2022, failing to offset stock losses. Stubbornly high inflation is clearly the major driver, leading central banks to embark on a path of more aggressive rate increases than was expected at the start of the year. Hardest hit is anything with duration—especially longer-term bonds—which have the greatest sensitivity to interest-rate changes. Higher yields are good for bond investors buying new bonds, so a silver lining exists.

However, as we look ahead, it is important to remember that the future holds a wide range of possible outcomes and is typified by unyielding complexity that continually defeats those who seek to make confident forecasts. Fortunately, our role as investors is not to forecast the future, but rather to construct portfolios that empower people to reach their goals whatever the economic and market conditions. In every situation, the right approach is to view the future probabilistically and think long term.

As advocates of great investing, we must collectively resist impulsive actions and understand that the road won't be straight. Accepting volatility is a prerequisite for good returns in any market, but today's market arguably requires greater care than usual. In our view, this necessitates us to target the best assets with careful sizing and smart diversification. This is reflected in the positioning of our multi-asset portfolios, with some key positioning points highlighted below.

- We have moved to a neutral stance on our **broader risk assessment** following the significant shifts in financials conditions so far in 2022. Our sentiment index sits at a normal level, which is a meaningful change from the exuberant level last year. Broad valuation levels and capital supply—the ease with which investors can access capital markets—have also normalised, supporting the balanced risk stance.

- **In equities**, recent market volatility has caused diverging fortunes for different segments of the equity market as a result of the Russia-Ukraine conflict and accelerated expectations of rate hikes. This has created opportunities for us to take profits in some areas, such as energy, and invest proceeds in areas that offer better value, such as European financials, Germany and China.

- For portfolios with **fixed-income exposure**, many bond markets are "normalising" following an extended period of being expensive—with interest rates rising sharply over the course of 2022. We continue to favour more niche areas of the market, such as emerging-market debt in local currency, and see pockets of increasing value in segments of the credit market, such as European high yield.

Our Valuation-Driven Asset-Allocation Views

EQUITY MARKETS

Asset Class	Conviction
U.S. Equities	Low to Medium
• Consumer Staples	Low to Medium
• Healthcare	Medium
• Energy Infrastructure	Medium
• Financials	Medium

Rationale

Backdrop

U.S. stocks experienced a challenging start to 2022, following an extended period of impressive strength. The most recent setback has been provoked by a significant shift in investor expectations. This has been particularly stark with longer-duration growth stocks, which includes stocks with high embedded profit growth expectations. The FAANGM stocks—Facebook (Meta), Amazon, Apple, Netflix, Google (Alphabet) and Microsoft—have been among the hardest hit, worsened in some cases by disappointing earnings growth announcements. On the flip side, the year-to-date performance of sectors deemed to be potentially benefitting from a more inflationary backdrop, such as Energy and Materials, has been notably strong, both in absolute terms and relative to other sectors. We would note that financial conditions, by many observations, appear to be fairly strong. Expectations for tightening monetary conditions via increasing policy rates may have begun to discount "peak" velocity of policy rate increases. Expected earnings growth remains robust in general, plus valuations in a number of sectors have shown improvement.

Outlook

Looking ahead, it is always useful to remember that fundamentals, coupled with valuation, are key drivers of returns. While there are some potential signs that the fundamental backdrop could become more challenging, many key indicators suggest that fundamentals remain fairly robust. Valuations, on balance, have improved, and valuation spreads—the disparity in valuation levels between sectors—has narrowed. While valuations have improved, U.S. equities still look expensive overall, according to our analysis. This observation remains valid both in absolute terms and relative to international markets, although it is fair to say that this view has moderated following recent market moves. More pointedly, in this environment we see fewer opportunities to be granular and target pockets of the market. In 2020-21, we identified opportunities clustered in more cyclical (or economically sensitive) areas of the market—including energy and financials—but these have both done exceptionally well recently so we see a potential opportunity to take some profits and perhaps allocate towards other, more comparatively-attractive sectors, or broad-market exposure. On financials, our research leads us to believe that large U.S. banks are still relatively attractive, even as we've downgraded the sector to Medium. The last area on our radar is defensive sectors, most notably healthcare, which have improved in our relative rankings and could help offset equity risk. Like most equity asset classes, U.S. healthcare is not absolutely cheap, but becomes more attractive as a sector that is not highly correlated with economic cycles. Regarding technology stocks, we don't assess these stocks with a broad brush, but our own sentiment index would suggest the extreme popularity has subsided. That said, valuation challenges persist beyond the recent declines, so care is required in this space, especially with interest rate rises.

Asset Class	Conviction
Europe ex-U.K. Equities	Medium
• European Communications	Medium
• European Energy	Medium to High
• European Financials	Medium
• European Healthcare	Low to Medium
• Germany	Medium to High

Rationale

Backdrop

European stocks are being significantly impacted by the war in Ukraine, with both sentiment and supply-side challenges evident. The decision to reduce and quickly eliminate the reliance on Russian oil and gas poses an inflationary and logistical challenge. Inflation concerns are becoming more of an issue here, although dispersion does exist depending on the country in question.

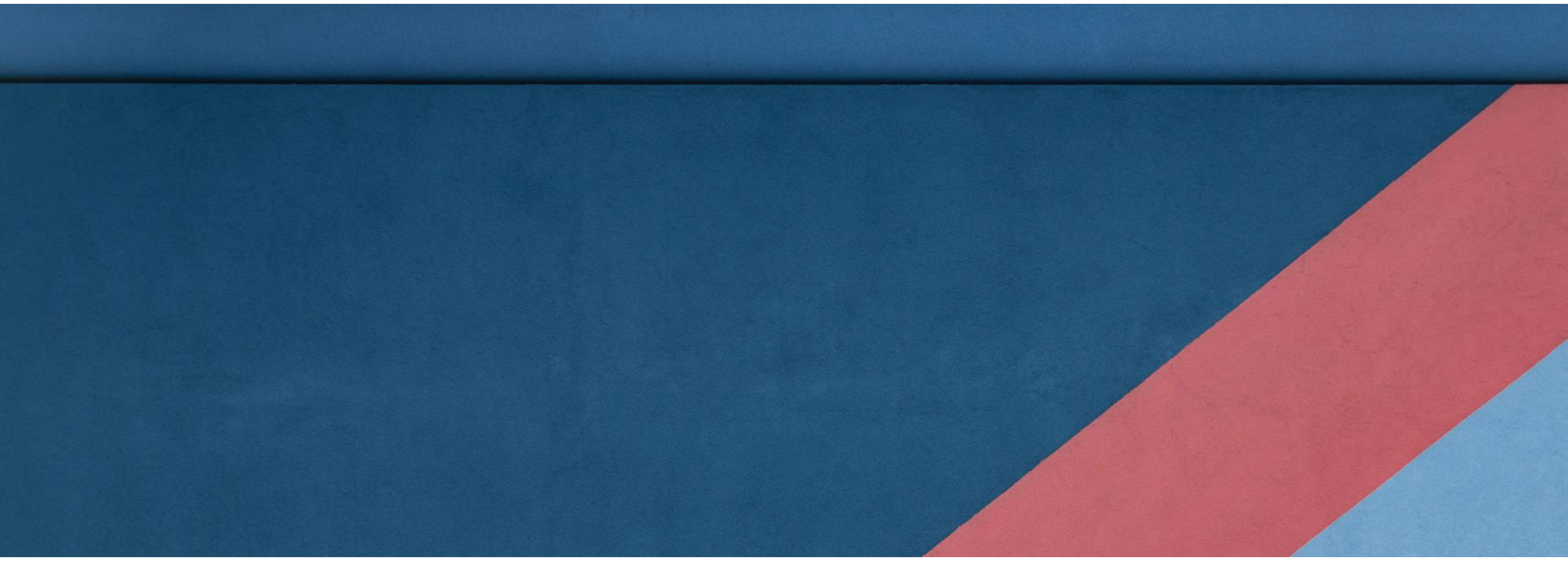
Outlook

While we generally like European stocks, we find attractive opportunities when we dig into country and sector differentials. For example, German stocks remain an appealing area despite the impact of Russian conflict, offering solid balance sheets and potential upside to earnings—without eyewatering valuations.

At a sector level, our positive view on European integrated energy companies has moderated following exceptional performance, although it continues to rank well on a relative basis. European banks, on the other hand, look more attractive on our analysis.

Asset Class	Conviction	Rationale
U.K. Equities	Medium	**Backdrop** The United Kingdom has a relatively large exposure to energy and financial stocks, which has supported the market in recent times. This follows an extended period of underperformance, so while the impact to the U.K. economy is uncertain, the composition of U.K. stocks becomes less vulnerable to domestic developments given their international business models (with the majority of revenues derived offshore). **Outlook** Our view of the U.K. has been downgraded in recent times from a "Medium to High" to a "Medium". While relative valuations remain at Medium to High, absolute valuations have fallen to a Low to Medium reflecting recent performance. This means our long-standing belief that investors were being well compensated for the risk of investing in U.K. stocks has softened, coming more in line with international peers. Perhaps U.K. stocks are best known as a strong dividend play, where we have seen many companies reinstate their dividends with a quick and strong recovery, although most are targeting more conservative payout policies going forward. We also continue to note that certain scenarios pose a risk to corporate profitability, despite most U.K. corporates being high-quality businesses.

Asset Class	Conviction	Rationale
Japan Equities • Japan Financials	Medium Medium to High	**Backdrop** Japanese stocks offer a diversified revenue source, often moving out of lockstep with the rest of the global equity market. This is especially true for unhedged exposure, with the Japanese yen showing incredible value (near multi-decade highs against other developed market currencies). **Outlook** We continue to see merit in Japanese holdings. For the most part, our conviction in Japanese stocks is built on some major structural change taking place at a corporate level. While much of this structural tailwind is now behind us, we still see scope for a continuation of improving shareholder interests, rising dividend payouts, and board independence. Japanese stocks also carry attractive diversifying properties that can help in market downturns. Therefore, Japanese equities are still among our preferred major equity markets. With this in mind, we maintain a preference for domestic-facing companies, most notably financials. Sentiment toward Japanese financials had been hindered by the Bank of Japan's prolonged quantitative-easing program, making it difficult for banks to make money (and lowering investment income for insurers). While this is likely to remain a challenge, the upside is meaningful if we see an eventual normalisation.



Asset Class	Conviction	Rationale
Emerging-Markets Equities	Medium	**Backdrop** Emerging market stocks are a collective of very diverse markets, with commodity-sensitive markets in Latin America and Africa often performing very differently from those in Asia or even Eastern Europe. This is important perspective, as the headline underperformance in emerging markets has been heavily influenced by meaningful losses in China and Russia. As usual, investors in emerging markets must price in regulatory and geopolitical risk, with some of the largest companies in China and Russia impacted. We have had a keen eye on the Chinese technology giants, which have meaningfully underperformed the market, while Russia's influence on the emerging market bundle is set to become practically irrelevant. We note that inflation has also become a major challenge in emerging markets, with the rate hiking cycle generally ahead of developed-market peers and a strong US dollar causing nervousness. **Outlook** We consider emerging markets equities to be among our preferred equity regions (alongside selected European and Japanese equities). As part of this, we need to remember that emerging markets are heterogeneous. Investors tend to bucket emerging markets as one, but often the real opportunities present themselves at a country, sector, or regional level. For example, China now offers better absolute and relative value than before the sell-off, even with allowance for the impact of announcements and potential further shocks. Fundamental risks are on the higher side, but the case for adding exposure to China is building, especially in the technology space.

Asset Class	Conviction	Rationale
Global Sectors • Energy • Financials	 Medium Medium	**Backdrop** At a sector level, we've seen a significant shift in the leaderboard as inflation and higher commodity prices take hold. Perhaps the most notable are energy stocks, which have significantly outpaced other sectors, albeit from a low base following a decade of underperformance. At the other end, technology has underperformed, which is perhaps not surprising giving the "long duration" nature and the potential unwinding of monetary stimulus. **Outlook** The opportunity to add value via sector positioning has narrowed, which is a shame as this was a real source of opportunity in 2020 and 2021. That said, we continue to see opportunities for portfolio exposure. Let's start with energy stocks, given their extraordinary run. This sector was among our highest-ranking opportunities last year and has enjoyed a period of elevated commodity prices, however we see the opportunity to take some profits. We are examining our fundamental outlook for this sector in light of the Russia-Ukraine conflict (and all the potential supply-demand-price implications), as well as the evolving transition of the sector towards cleaner energy sources. Financial companies are another area that we saw offering attractive relative valuations versus the broader equity market, particularly in the U.S. market. For banks, we still believe the prospects are skewed to the upside, driven by fundamental improvements that include low loan losses and a higher capital return. At the other end, technology has had an opposing experience. With earnings disappointments and deflating valuations, the forward-looking prospects have certainly improved, although we continue to find better reward for risk elsewhere.

FIXED INCOME

Asset Class	Conviction
Developed-Markets Sovereign	
• U.S. Treasuries	Low to Medium
• Europe ex-U.K.	Low
• U.K. Gilts	Low
• Japan	Medium
• Australia	Low to Medium

Rationale

Backdrop

Backdrop

We've seen a major shift in government bonds, with yields spiking higher ahead of interest rate rises. This has resulted in further losses for developed-market treasuries, especially for longer-dated issuance, even though the main curve moves were at the short end. A major point of contention among bond investors is whether inflation will be transitory or structural, but it is now becoming widely accepted that we're enduring a "normalisation" process after a decade of cheap money.

Outlook

Locally and globally, this is becoming a more interesting space. Rising government bonds are a positive for future return generation and we expect this asset class to continue playing a role in a total portfolio context.

We've seen a material increase in bond yields in the U.S., U.K. and Australia — all improving the forward-looking prospects. Europe is also rising from a very low base, although the absolute yields remain broadly unattractive. In all cases, yields fail to cover inflation, but that ought to be expected given the environment.

We also acknowledge that central-bank intervention could create upside for this asset class, as central banks have the power to manipulate government-bond yields to entice spending and reduce the interest burden of governments. As we move forward, some of the more lasting and wider reverberations of the war in Ukraine will also come into focus — including increased state spending on defence in Europe as well as shifting international relations and any relevant consequences.

Of note, we reaffirmed our U.S. Treasuries conviction with a Low to Medium level, although shorter-dated issuance is looking increasingly attractive given the steep rise in yields. In aggregate, our research notes that U.S. Treasuries are in an odd spot. On the one hand, the U.S. economic recovery may have been derailed or delayed as a result of the Ukraine invasion while domestic inflationary pressure seems to be persisting for longer than expected. The global macro environment is widely uncertain with a range of outcomes, while the domestic economy is challenged with slowing growth abroad and surging inflation that has the potential to reduce aggregate demand. On the other hand, given the delicate nature of both the domestic and global economy, Treasuries seem appropriate to hedge against risks to the downside, whether that is an aggressive Federal Reserve, a weakening of demand via higher prices, or both.

Asset Class	Conviction
Investment-Grade Credit	
• U.S.	Medium
• European Corporates	Low to Medium
• U.K. Corporates	Low to Medium
• Australian Corporates	Medium

Rationale

Backdrop

Corporate bonds have also reacted to the shift in central bank tone. Longer-dated corporate bonds have underperformed in this environment, while shorter-dated bonds have relatively held up. While credit spreads have widened, yields have oscillated as investors determine any corporate vulnerabilities.

Outlook

Both locally and globally, we've seen a meaningful uptick in yields, which improves return expectations over the long run, albeit from a low base. A key element is credit spreads (the difference between corporate-bond yields and government-bond yields) which has moved closer to fair value in our analysis, although not enough to be deemed attractive. Said another way, the margin for error remains low and opens the door to a greater permanent loss of capital if credit downgrades were to occur.

In this regard, one should be aware of the historically high percentage of BBB-rated issuers (the lowest level still considered investment-grade) in this space. This credit quality development needs to be monitored carefully, as a heightened default cycle can't be ruled out. From a fundamental standpoint, the Federal Reserve's increased involvement in this asset class had provided a backstop, although withdrawal of that support, increasing leverage ratios, and the possibility of higher yields are a cause for concern over the medium to long term.

In summary, this space has improved but the inherent appeal remains muted. We see some attraction as a middle ground — providing some extra yield versus government bonds and a duration profile that can help in portfolio construction.

Asset Class	Conviction	Rationale
High-Yield Credit • U.S. High Yield • European High Yield	 Low to Medium Medium	**Backdrop** High-yield credit has offered a tempestuous ride in recent years, with yields increasing quite meaningfully. We note this type of volatility isn't unusual for high-yield bonds, which sit at the riskier end of the bond market—often moving more with equity markets than with other bonds. This was certainly the case during the height of the COVID-19 crisis, with high-yield-bond prices seesawing in line with broader equity market sentiment. Again, it is seemingly happening now with the added complication of rising rates. **Outlook** The case for investing in this asset class has improved, but it is not (yet) a glaring opportunity. While headline default risks are currently low, this could change with the Federal Reserve tightening conditions. Valuations have improved but remain on the tight side, and our conviction reflects this reward for risk backdrop. The shorter duration profile relative to other bonds is a potential positive in a rising rate environment, but our analysis hints at a preference for a more cautious bond positioning at present.

Asset Class	Conviction	Rationale
Emerging Markets Bonds • Local Currency • Hard Currency	 Medium to High Low to Medium	**Backdrop** Emerging market bonds have experienced dispersion, with challenging fundamentals and currency moves a major component of weaker performance. Many emerging market central banks are raising interest rates to combat inflation pressures and to bolster currencies. This has combined into higher nominal yield levels which remain significantly above developed-world peers. **Outlook** Emerging market debt in local currency (which we still prefer over hard currency) offers healthy relative yields, even accounting for risk. Our view remains that many emerging market sovereigns, though with notable exceptions, have improved their fundamental strength compared to history. This includes improved current account balances, enhanced reserves, movement to orthodox monetary policy, and a build-out of local investor base allowing for a shift to local currency funding. In addition, the aggregation of emerging market currencies also look undervalued overall and could offer a tailwind over time. The area can be volatile, yet even allowing for some pessimistic assumptions, our research suggests that investors could earn a decent premium over similar-duration U.S. Treasuries if they're willing to risk short-term loss. In other words, we think investors can expect to be compensated for this risk over time, especially for local-currency bonds.

Asset Class	Conviction	Rationale
Global Inflation-Linked Bonds • U.S. TIPS	 Low to Medium	**Backdrop** In the midst of inflationary pressures not seen for over four decades, TIPS have done what investors have needed them to do and then some. This is exacerbated by continuing supply bottlenecks and the under the umbrella of huge fiscal and monetary support. **Outlook** The market has already priced in meaningfully higher inflation rates over the next five to 10 years. U.S. Treasury Inflation-Protected Securities continue to offer protection against an inflation shock, but increasingly at prices that are akin to an expensive insurance policy. The risks to TIPS seem to be manifesting, however. With that context, a key consideration in a multi-asset portfolio is whether inflation-linked bonds can help us diversify our risk drivers. Keep in mind that with inflation-linked bonds, the value of the principal rises (or falls) with changes in inflation expectations rather than the actual inflation rate. Inflation expectations are notoriously difficult to forecast, so this can be a key benefit. Of course, inflationary pressures could be quite sticky at the moment given the geopolitical turmoil, dovish Federal Reserve, and other supply/demand factors, yet it wouldn't take much for markets to reprice inflation should something give. One important consideration is duration risk, where inflation-linked bonds are often longer-dated securities, with meaningful interest-rate sensitivity. Interest rates can often move higher (meaning bond prices fall) at the same time as inflation, and this can at times undermine the benefits from the inflation protection.

OTHER ASSETS

Asset Class	Conviction	Rationale
Global Infrastructure	Low to Medium	**Backdrop** Energy-related investments have staged an incredible run, and while the path ahead remains uncertain, valuations have become less attractive.
• U.S. Energy Infra & MLPs	Medium to High	**Outlook** Oil prices are significantly higher and energy infrastructure equity prices have rebounded strongly, which has served, at the margin, to mute our historically positive view of this asset class. That said, we continue to see some appeal given the relatively high dividend yields and continued demand recovery. We also cite further governance and capital-allocation discipline. Specifically, our expectation is for a meaningful reduction in capital expenditures by energy infrastructure companies on growth projects, with overall spend being reduced towards maintenance, or "steady-state" levels. Headwinds remain amid the Biden administration's push to address climate change, but the transition to renewable energy is likely to be a long path, potentially allowing for an extended period of robust free-cash-flow generation for the industry—which we anticipate will be used to strengthen balance sheets and return cash to shareholders.

Asset Class	Conviction	Rationale
Listed Property		**Backdrop** Global real estate investment trusts (GREITs) have had a unique run since the COVID crisis started, with solid gains before a more recent setback.
• U.S. REITs	Low to Medium	Asia Pacific ex Japan remains among the worst performing region, due to Hong Kong property stocks falling sharply. Hong Kong property developers have continued to fare more poorly than their REIT counterparts thanks to two concerns: 1) the Chinese government introducing regulatory measures to address housing affordability issues, which hurt profits of residential property developers; and 2) contagion fears associated with potential bankruptcy of Chinese real estate developers. More recently, we've also seen the impact of the Chinese lockdowns.
• Global REITs	Low to Medium	**Outlook** While moves to reopen global economies are progressing, we believe that earnings risks remain elevated. Elsewhere, investors in office REITs face a more depressed rental-growth outlook over the short term and an uncertain outlook over the medium to long term. Time will tell if the trends toward accelerating online sales and working-from-home persists. However, from a valuation perspective, global listed property assets remain relatively expensive. We continue to see superior opportunities elsewhere. .

Alternatives
Alternatives have delivered mixed results since the pandemic, although continue to warrant investor attention given the stretched valuations in stocks and bonds.

More specifically, with rising bond yields implicating both stocks and bonds in similar ways, alternative assets can appeal given that returns from this asset class have a lower direct relationship with the performance of traditional asset classes such as equities and bonds. Investment selection remains critical, however, with our preference for genuinely diversifying assets with a focus on reasonable cost and liquidity.

Currency
While currencies are notoriously volatile, we tend to think of currency positioning via the lens of portfolio robustness (targeting defensive characteristics where sensible) but also as a potential source of return at extremes.

At this level, we aren't seeing any extreme currency moves in the major markets, although some emerging markets have seen significant weakness. More broadly, offshore exposure continues to appeal. In aggregate, we maintain select exposure to foreign currencies, all things being equal, and subject to individual portfolio objectives, with the Japanese yen in particular expected to provide diversification qualities and help preserve capital in times of market stress.

Cash
We currently have a balanced view regarding cash levels. On one hand, the market vulnerabilities are worth protecting against, but our research still points to some meaningful dispersion across asset classes, which presents an opportunity for investors. Rising bond yields also diminishes the longer-term appeal of cash. The key is to selectively allocate to the most attractive asset classes to deliver a robust total portfolio outcome.

More pointedly, we see our cash reserves serving three purposes. First, cash helps reduce the sensitivity to interest-rate rises, especially relative to long-dated bonds, which is still an important risk to manage. Second, cash should help buffer the portfolio from any future volatility resulting from a fall in equity markets. And third, cash provides us with ample liquidity to take advantage of investment opportunities as they arise.

A Reminder of Morningstar's Investment Principles

These principles are the back-bone of the organisation and are intended to guide our thinking, behavior and decision making. The process has been inspired by a number of the most experienced and successful investors in the last century and also aligns with the history and founding purpose of Morningstar. The investment principles that guide our way of thinking are listed below:

01

We put investors first. We believe the firms that put investors first win in the long term because their investors win. Since 1984, Morningstar, Inc. has been helping investors reach their financial goals. Our fiduciary duty to our principals is paramount.

02

We're independent-minded. To deliver results, we think it's necessary to invest with conviction, even when it means standing apart from the crowd. Our research shows that making decisions based on fundamental analysis, rather than short-term factors and sentiment, delivers better long-term investment results.

03

We invest for the long term. Taking a patient, long-term view helps people ride out the market's ups and downs and take advantage of opportunities when they arise. Investing with a multi decade horizon aligns with investors focus on increasing their purchasing power over their lifetimes. The long term is the only period where fundamental, valuation driven investing works.

04

We're valuation-driven investors. Anchoring decisions to an investment's fair value—or what it's really worth—can lead to greater potential for returns. Valuation-driven investing through a long-term focus on the difference between price and intrinsic value enables investors to get more than they're paying for.

05

We take a fundamental approach. Powerful research is behind each decision we hold, and we understand what drives each investment we analyse. Fundamental investing incorporates a focus on the future earnings of an investment and not its prospective price change.

06

We strive to minimise costs. Controlling costs helps investors build wealth by keeping more of what they earn. Investment returns are uncertain, but costs are not. Lower costs allow investors to keep more of their returns.

07

We build portfolios holistically. To help manage risk and deliver better returns, truly diversified portfolios combine investments with different underlying drivers. Portfolios should be more than the sum of their parts. True diversification can have a powerful impact on a portfolio's risk-adjusted returns – but simply holding more investments isn't the same as true diversification.

Since its original publication, this piece may have been edited to reflect the regulatory requirements of regions outside of the country it was originally published in.

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Morningstar's Investment Management group comprises Morningstar Inc.'s registered entities worldwide including: Morningstar Investment Management LLC; Morningstar Investment Management Europe Limited; Morningstar Investment Management South Africa (Pty) Ltd; Morningstar Investment Consulting France; Ibbotson Associates Japan, Inc; Morningstar Investment Adviser India Private Limited; Morningstar Investment Management Asia Ltd; Morningstar Investment Services LLC; Morningstar Associates, Inc.; and Morningstar Investment Management Australia Ltd.

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