At Morningstar Investment Services, we understand there is no “one-size-fits-all” investment or formula to secure your financial future. That’s why we’ve teamed up with LPL Financial: to make our diverse lineup available through Model Wealth Portfolios.

No matter which investment approach you chose, the model portfolios we offer aren’t designed to chase the latest market trends. Through LPL Financial, we offer model portfolios that are designed to be part of a strategy that supports your financial well-being.

We offer 16 investment choices on the Model Wealth Portfolios platform. Backed by the independent research of Morningstar, our parent company, each portfolio is built for the long term and managed with a keen eye on risk in order to help your advisor put your needs front and center, where they belong.

Your financial advisor plays a vital role, meeting with you personally to understand your investment goals, and connecting you to the options that are right for you. Our investment team selects and monitors the investments in each model portfolio, allowing your advisor to focus on your goals—and create a holistic plan to help reach them.

A Team You Can Trust

The Insight of Your Financial Advisor, The Strength of Morningstar
Model Mutual Fund Portfolios

Your All-Access Pass to Quality Fund Managers

Before we suggest investing in a mutual fund, we want to understand not only the funds themselves, but the people behind them. How do the fund managers make their decisions, and how can we ensure that they’ll make the right ones with your money? Our investment team travels across the country to meet with every manager we consider. We don’t just want to know what they’ve done, we want to know who they are. The results include model portfolios that are designed to go beyond the numbers to help meet your individual needs.

Face-to-Face Investing
To select a mutual fund, many investors focus on past performance, but we think historical returns are just one part of the story.

We look at the numbers—how well a fund has performed, its expenses, how much money has been invested with the manager—but we also seek to understand how well a fund might fit within a portfolio.

After meeting personally with a mutual fund manager, our experts return to our offices to debate their ideas and dissect what their findings mean for investors like you—whether you’re looking for a way to grow your nest egg, save for college, or provide for retirement income.

At Morningstar Investment Services, we use a disciplined process to scrutinize the investment performance of the funds we recommend, and make sure it’s in line with each strategy’s goals. If a fund has been successful, we want to know the manager’s vision for continuing a strong performance record.
Through our contacts at fund companies, we’re better able to identify talented managers and uncover potential investment opportunities for each model portfolio. For instance, when a respected manager leaves a post to open a new fund, we’re not afraid to recommend investing with them. When we have confidence in a manager’s ability to make savvy investment decisions, we think their record can be repeated at a newer fund.

Research You Can Trust

We get our information from Morningstar’s own unbiased research and other trusted sources, including the fund managers themselves. We are truly independent. We review all the data, and follow up by meeting one-on-one with managers and asking tough, insightful questions so we can evaluate how a fund might perform in the future.

Morningstar’s trusted reputation in the industry has allowed us to create a network of fund company contacts that regularly keeps us in the loop. We not only check in with fund managers each quarter to discuss their holdings, we stay in touch as markets shift or management teams change, giving us a valuable—and unique—perspective on the state of the economy.

We use proven research from Ibbotson Associates, a Morningstar company and leader in asset allocation research, to set appropriate risk and reward expectations for each strategy. By depicting long-term historical performance and the relationships between asset classes, we can help ensure that we’re providing model portfolios that are allocated to help meet the expectations we set for them. That prudent foundation may help limit the impact of the market’s ups and downs on each model portfolio.
Uncovering Compelling Opportunities in the ETF Market

What’s behind the popularity of exchange-traded funds, or ETFs? Investors like them because the trading flexibility they offer. At Morningstar Investment Services, we take advantage of their qualities to provide unique strategies that combine lower costs and attractive investment opportunities.

Paying Yourself First
In ETF investing, we think it’s important to maximize their key advantage: the ability to limit costs. That’s why we generally seek out investments with the bare minimum in expenses for the exposure we’re targeting. When we analyze an ETF, we consider the index or strategy that each follows, examining how closely a manager is able to track an ETF’s benchmarks.

Coverage You Can Count On
We draw upon Morningstar’s extensive data on almost every ETF in the world. Morningstar analysts personally evaluate more than 300 ETFs in the United States, representing over 95% of total U.S. assets under management. In short, we’ve got ETFs covered.

At Morningstar Investment Services, we leverage this deep pool of analysis to better understand an ETF’s performance, key risks, and the type of portfolio to which an ETF is best suited.
Discovering Value

Our family of ETF model portfolios is designed to help take advantage of exciting market opportunities wherever they arise. After working with your advisor to determine which strategies best suit your needs, we recommend investing in areas of the market that, in our opinion, offer the best value.

In many of our ETF offerings, we use a “core and explore” approach to anchor each model portfolio in trusted, broad-based investments that follow their benchmarks. We support that “core” with narrower “explore” positions to highlight a certain industry, investment style, or region of the world. For instance, we might take an explore position in an ETF that tracks in energy stocks if those stocks appear to be trading at a discount to what we think they’re worth. These flexible holdings, based on Morningstar analysts’ convictions, seek to give the model portfolio an advantage. We then monitor and manage each portfolio to ensure that it stays aligned with its objectives, while remaining nimble enough to take advantage of market opportunities as they arise.
At Morningstar Investment Services, we deliver the investment choices that you and your advisor rely on to create a sound plan that’s built around you—and stays that way.

Talk to Your LPL Financial Advisor
Interested in learning more about how to make our portfolios part of your investment planning? Contact your advisor to take the next steps. Your advisor will help to identify the appropriate investment strategy for you, taking your goals, overall financial picture, and investing expectations into account. From there, your advisor will identify the mutual fund or ETF model portfolios that best fit your needs.

Managing Your Account
The portfolios benefit from state-of-the-art technological monitoring, rebalancing and tax management services from the LPL Financial Overlay Portfolio Management Group, which serves as the investment manager and implements trades for your account. Rebalancing may involve tax consequences.

Building Your Investment Plan
Once your plan is in place, your advisor will work closely with you to chart your progress toward your goals over time. Your advisor will keep you up-to-date and make sure your portfolio changes as you do. In Model Wealth Portfolios, you’ll benefit from the simplicity of having one account, one set of paperwork, one fee and one report.
Model Portfolio Descriptions

Mutual Fund Portfolios

Aggressive Growth—seeks long-term capital appreciation through investments in domestic and foreign equities. The portfolio is susceptible to market volatility and is best suited for financially stable investors with at least a 15-year time horizon.

Growth—seeks long-term capital appreciation through investments in domestic and foreign equities and allocations to intermediate and corporate bonds. This portfolio is designed for investors with at least a 10- to 15-year time horizon.

Growth with Income—seeks long-term capital appreciation with some muted volatility. This portfolio combines investments in equities and fixed-income securities to provide investors with balanced and varied exposure to the stock and bond markets. It is designed for those who have at least a five- to seven-year time horizon.

Income with Moderate Growth—seeks a combination of moderate capital appreciation combined with current income. This portfolio splits its assets relatively evenly between stocks and bonds. It is most appropriate for investors with a three- to five-year time horizon.

Income with Capital Preservation—seeks to provide some current income, protect investors from a significant capital loss, and safeguard against inflation. The portfolio is intended for those who value current income and stability with at least a one- to three-year time horizon.

Absolute Return—seeks to deliver moderate and consistent returns over time that are not overly dependent on the direction of the broad equity market or as susceptible to downside risk. The portfolio is well-diversified across several different asset classes and may employ alternative strategies in an attempt to capitalize on market opportunities and manage risk.

ETF Portfolios

Aggressive Growth ETF—seeks long-term capital appreciation through diversified investments in domestic and foreign equity ETFs. The portfolio is susceptible to equity market volatility and is intended for financially stable investors with at least a 15-year time horizon.

Growth ETF—seeks long-term capital appreciation through investments in ETFs representing domestic and foreign equities, as well as modest allocations to a diversified mix of fixed-income ETFs. This portfolio is intended for investors with at least a 10- to 15-year time horizon.

Growth with Income ETF—combines investments in equity and fixed-income ETFs to provide investors with balanced and varied exposure to the stock and bond markets. It’s intended for investors who primarily seek long-term capital appreciation with some muted volatility, and have at least a five- to seven-year time horizon.

Income with Moderate Growth ETF—balances its assets between stock and bond ETFs. Its fixed-income bias seeks to provide some current income and protection from significant capital loss and seeks to provide a safeguard against inflation. It is intended for investors seeking both moderate capital appreciation and current income who have at least a three- to five-year time horizon.

Income with Capital Preservation ETF—has a fixed-income bias and is designed to provide some current income while helping to protect investors from a significant capital loss and seeking to provide them with a safeguard against inflation. The portfolio is intended for investors who value current income and stability with at least a one- to three-year time horizon.

It is important to note that investments in securities (e.g., mutual funds, exchange-traded funds, common stocks) involve risk and will not always be profitable. Morningstar Investment Services does not guarantee that the results of its advice, recommendations, or the objectives of your portfolio will be achieved. Morningstar Investment Services does not guarantee that negative returns can or will be avoided in any model portfolios. An investment made in a security may differ substantially from its historical performance and as a result, you may incur a loss.

Past performance is no guarantee of future results.

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While each trade is based on model portfolio investment recommendations from Morningstar Investment Services, LPL Financial may select investments for your account that differ from these recommendations.

Asset allocation does not ensure a profit or protect against loss. Morningstar Investment Services, Inc. and LPL Financial are not affiliated.