

UK Platform

Due Diligence Guide

June 2022



Contents

Introduction

Financial Conduct Authority (FCA) due diligence guidelines	4
--	---

The Provider

Who is Morningstar?	4
Brand names and legal entity names	4
Our offices	5
Company structure	5
Our subsidiaries	6
Who we partner with	6
Awards	6
Our corporate philosophy	7
A strong and sustainable business	7
Key benefits	8

Policies, Terms and Governance

Policies	9
Corporate governance	9
Compliance function	9
Product governance	10
Complaints procedure	11
Best execution policy	11
Operational resilience	12
Business continuity, security and disaster recovery	12
CASS requirements	12

Charges

Fee schedule	13
--------------	----

Range of Investments

Asset choice	14
Fund criteria	14
Equity criteria	14
Restrictions	14
Fixed income	14
Fixed-term deposits and instant access	14
Discretionary Managers available on the platform	15
Limited discretion single-asset models	15

Range of tax wrappers

Available tax wrappers	15
Product Providers available on the platform	16

Functionality

Managed Accounts platform	16
Online applications	16
Adviser Portal	16
Insights AI tool	17
Investor Portal	17
Investment selection	17
Trading	17
Contributions & withdrawals	17
Switching monies	17
Investment templates	17

Interest & dividends	17
Reporting	18
Cash management	18
Approval & control	18
CGT functionality	18
Dynamic modelling	18
Accessibility	
Models	19
Accessing support documents	19
System status	19
Client access	19
Uptime	19
System updates	19
Tools	
Investment platform tools	20
Plum Online / Wealthcraft tools	20
White labelling	20
Integration with back-office systems	20
Support services	
Your firm front and centre	20
Sales support	21
Implementation team	21
Adviser support	21
Technical support	21
Transition support	21
Website	21
Frequently asked questions	
How would you describe your platform?	21
Is the platform the core business of your organisation?	22
Why did Morningstar buy the Praemium UK and international business?	22
Do you ever communicate directly to investors?	22
Who is your platform IT supplier?	22
Are you planning any significant changes to your underlying technology?	22
Have you changed your software supplier recently?	23
How do you set your development roadmap?	23
What other developments are scheduled for the future?	23
Do you offer a central cash account or a cash account in each product wrapper?	23
What cash accounts are available?	23
What is the minimum cash requirement on the platform?	23
Where are the deposits held?	23
Does the platform retain any interest earned on client cash?	23
How much interest do you pay?	23
Does cash held on the platform incur a platform fee?	23
Are fund-specific withdrawals permitted?	23
Is there a phased investment option?	23
Describe the process for a new intermediary firm to access to the platform.	24
Is re-registration of assets possible and are there any restrictions?	24
What are the typical timescales involved for re-registration?	24
Do you support electronic re-registration?	24
What are the procedures for exiting the platform and are there any costs?	24

Introduction

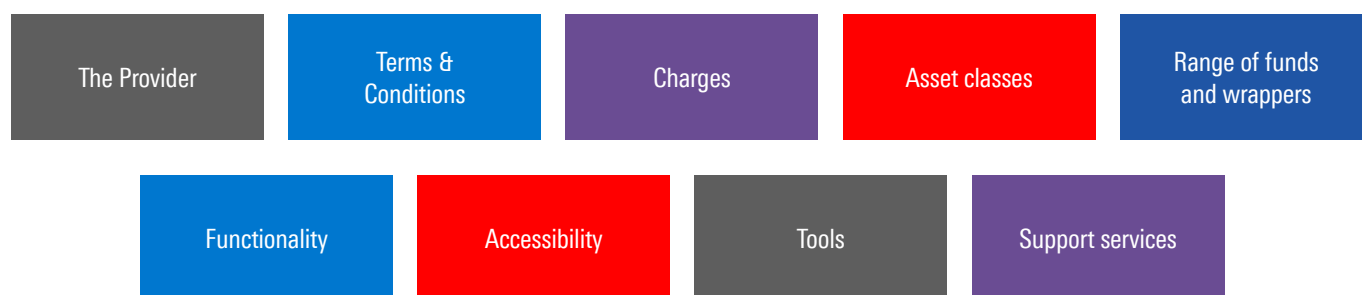
Welcome to our guide to the Morningstar Wealth Platform, where you will find key features and benefits and how we comply with UK regulations.

This guide is for Morningstar Wealth Platform in the UK. Information on other products and jurisdictions can be found on our website at www.morningstarwealthplatform.com. Where we use the term “Platform” in this document, we are referring to Morningstar’s UK technology platform, which hosts collective investments, ISAs, pension products, bonds and single assets. The FCA’s platform rules do not apply to bond and pension products.

Financial Conduct Authority (FCA) due diligence guidelines

The FCA’s platform factsheet “Platforms: using fund supermarkets and wraps” outlines nine key areas that you should consider when assessing the suitability of a platform, and whilst no longer current, the factsheet nonetheless provides a useful framework from which to work.

Careful consideration of these key areas will help you select the platform that best fits with the needs of your business and your clients.



The Provider

Who is Morningstar?

Morningstar, Inc. is a publicly-traded company on the NASDAQ. With operations in 29 countries and more than 9,000 employees around the world, for over 35 years Morningstar has worked tirelessly to empower investors to make confident investment decisions and achieve the success they deserve.

Brand names and legal entity names

The platform has been rebranded to Morningstar Wealth Platform, Wealthcraft is now Wealthcraft, a Morningstar company and Smart IM is now Smart IM, a Morningstar company.

Initially these changes are in relation to the brands only. Formal legal changes will occur in due course following the conclusion of the transaction. That means you may continue to see the Praemium name over the next few months while these changes are being made.

Our offices

London, UK – The head office for Praemium Administration Limited. From London we offer:

- Portfolio management and administration platform
- Range of wrappers: ISA, JISA, GIA and SIPP
- Range of 3rd-party wrappers including SIPPs, Onshore and Offshore Bonds
- Smart Investment Management Limited (SmartIM)

Jersey – the head office for Praemium International Limited. This office is supported by London and provides similar products and services.

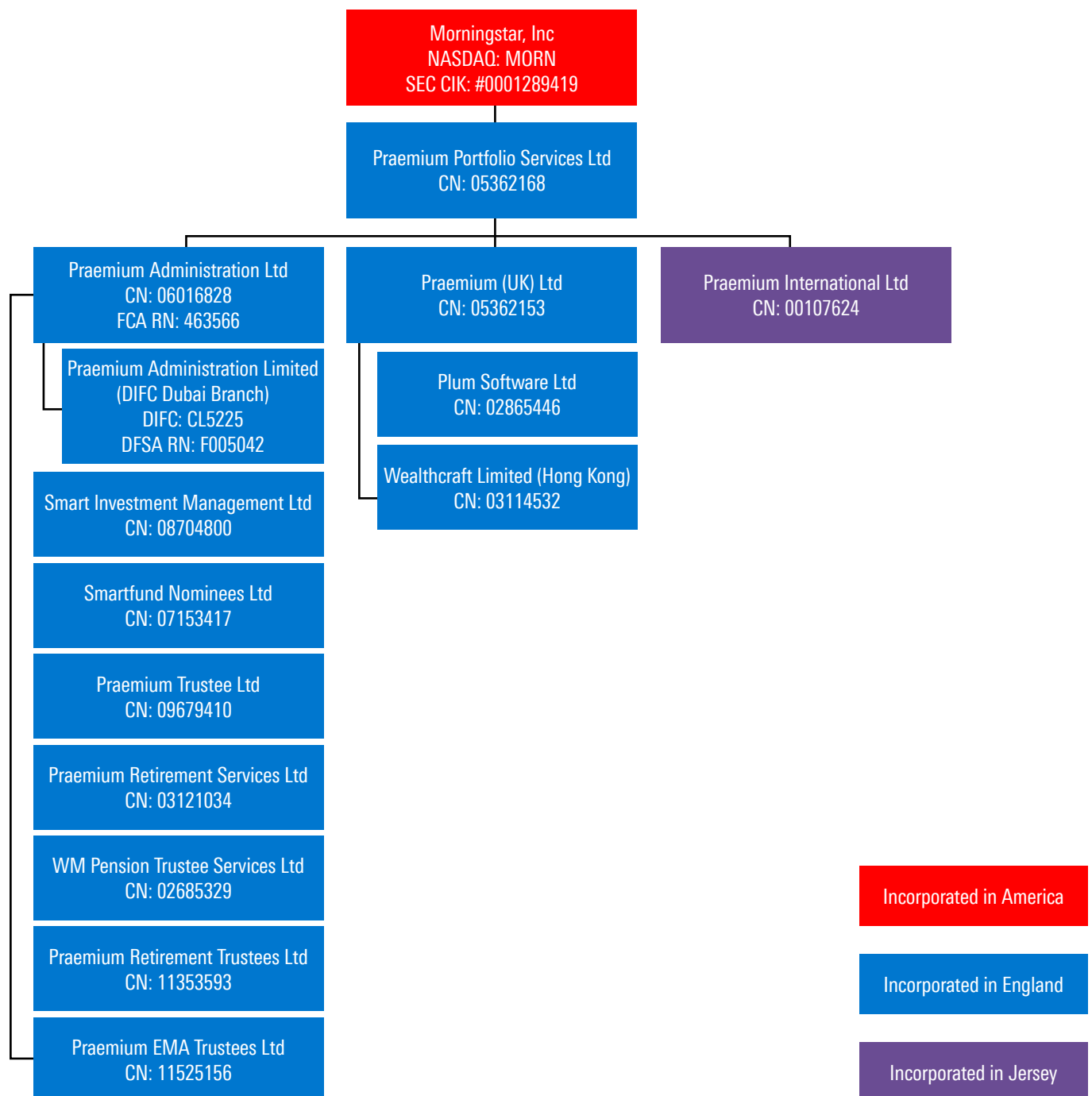
Birmingham and Hong Kong – Wealthcraft Limited, our sister adviser practice management system.

Dubai – distribution and marketing, bringing our full suite to the international market.

Company structure

As a platform client you will engage with Praemium Administration Limited ("PAL") which is a company registered in England & Wales under company number 06016828 and is authorised by the Financial Conduct Authority ("FCA") under registration number 463566.

PAL is a wholly owned subsidiary of Praemium Portfolio Services Limited, which in turn is wholly owned by Morningstar Inc.



Our subsidiaries

Wealthcraft – Hong Kong-based company providing CRM and financial planning tools to the international market. Software is based on Microsoft Dynamics and 0365 software.

Plum Software Limited – UK-based company providing proprietary CRM, financial planning and back-office tools to financial advice firms in the UK. Also supports legacy Plum Core system and Wealthcraft in the UK.

Smart Investment Management Limited (SmartIM) – Our investment management arm is authorised and regulated by the Financial Conduct Authority, FRN No. 627829. SmartIM provides risk-graded, multi-asset and multi-currency portfolios and Smartfunds to the UK and international markets, white-labelled for our larger clients.

Praemium Retirement Services Limited (PRSL) – Our FCA-authorised SIPP Operator providing on-platform pensions for UK and British ex-pats internationally.

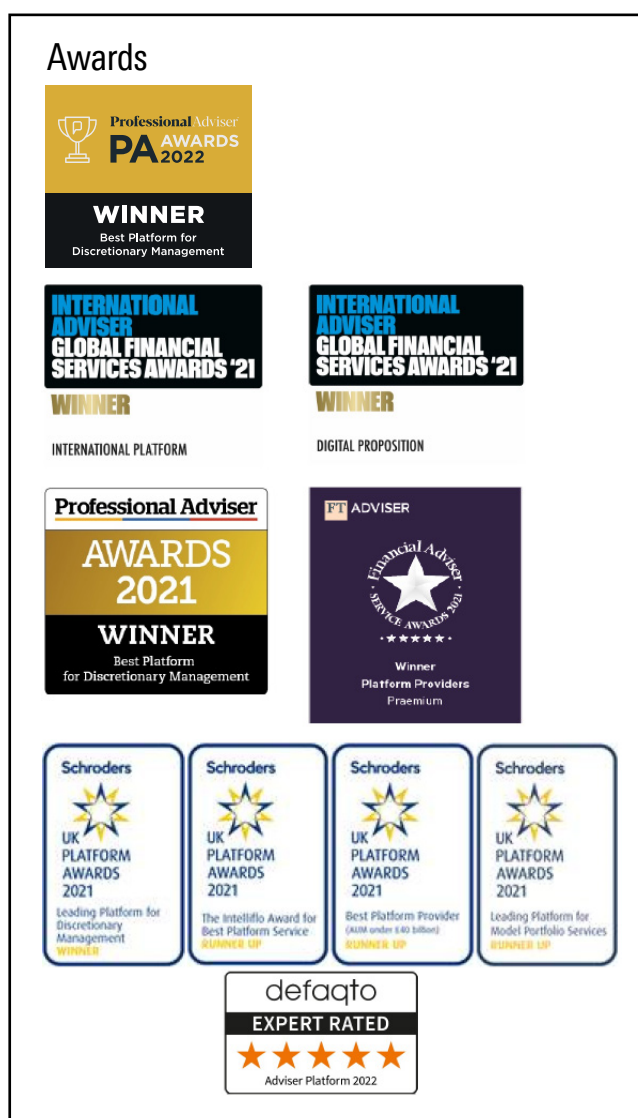
Who we partner with

We do not strive to be a mass-market platform. We partner with financial advice firms who want a consistent approach to asset management across their business, who run their own model portfolios, outsource to third-party discretionary managers, or with firms who have their own discretionary permissions. We also partner with discretionary fund managers (DFMs), trust companies, private banks and prestigious financial institutions.

At point of sale we are very clear on the type of service we offer so you can assess whether we're the right fit for all your business or a particular segment of it. During implementation we work with you to tailor the service, taking into account your client base, your selected DFMs, and the available asset types (both active and passive).

Currently these types of investors can invest via the platform:

- Individual & Joint accounts
- Corporate clients
- Charities
- Trusts
- Expatriates
- Non-UK nationals (through our Jersey-based platform).



Our corporate philosophy

Morningstar Wealth Platform supports businesses seeking their own investment solution tailored to the requirements of their clients and business. Our strategy is to serve firms looking to centralise their asset administration and who aim to deliver consistent investment advice to their clients. Our service is best suited for firms wanting to control the investment process throughout the whole value chain, from the advice process and investment selection to custodial and administration services.

Our proposition is to make it simple for a business to run its own investment strategies or to in-source expertise from external asset managers whilst still retaining control of the investor relationship. We do not compete with those offering a supermarket approach. We set out to work closely with firms we believe are committed to delivering the type of consistent investment approach our system was built to provide.

We are not designed to be a one-size-fits-all platform: we work closely with partner firms to help them develop their own Centralised Investment Proposition (CIP) tailored to their business and investor requirements. We also welcome partner firm input to help us prioritise our strategic developments.

A strong and sustainable business

Morningstar, Inc. is a publicly-traded company on the NASDAQ.

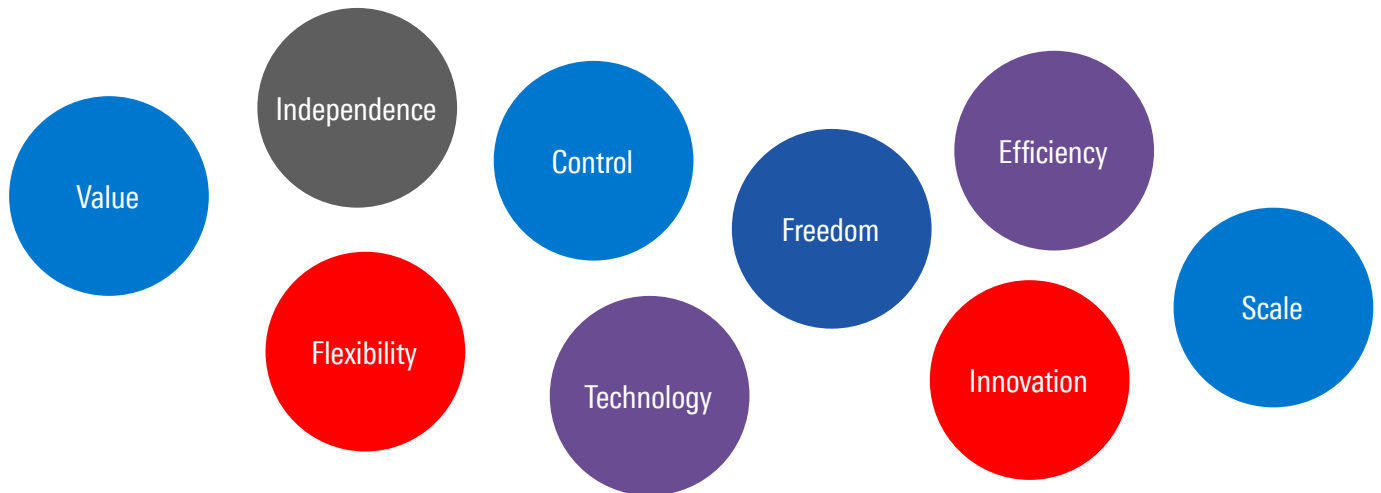
Below is the last 3 years' revenue, operating income and free cash flow.

	2021 (US\$)	2020 (US\$)	2019 (US\$)
Revenue	1.7bn	1.4bn	1.2bn
Operating income	257.0m	215.2m	189.6m
Free cash flow	348.1m	307.6m	254.4m

The key factors that determine our sustainability are:

- Advisers in the UK and internationally increasingly require efficiency in managing investor accounts, both from their own time perspective but also to keep costs down and to maintain compliance. The most commonly adopted strategy is to use model portfolios, discretionary managed accounts and separately managed accounts.
- Our technology is scalable and proven in running large numbers of accounts for institutions. We can increase the amount of business we do without increasing staff numbers proportionately.
- We own our own technology and have development teams in London and Birmingham so we can plan ahead to develop new products and can also react quickly to change.
- We have developed new revenue streams through our CRM and financial planning software (Wealthcraft) and through our investment management arm (SmartIM), which runs multiasset discretionary portfolios and funds for partner firms. These two elements of the proposition have allowed us to access a larger part of the advice value chain.

Key benefits



Technology – Our platform is proprietary. We own our own technology, which means we partner with you to build the features and capabilities that matter to you and can respond quickly to regulatory changes and market demands.

Independence – We are not owned by a life company, which means we can link to any of your preferred bond or SIPP providers. You are also able to link to one or more DFM's of your choice.

Control – You retain control of the relationship with your clients; the DFM does not meet the client or have access to their data. You select the DFM you wish to work with and negotiate their fee (sometimes you will be able to get a better DFM fee through us). You agree the investment approach directly with the DFM, mapping their portfolios to your risk models. You have flexibility to change your selected DFM in the future without changing the platform. You also have control of your brand. All reports and investor communications from you can carry your business logo and styles.

Freedom – Our technology means that models float with the market, which means there is no need to rebalance to bring investors back in line with their models. Trades are only initiated when money is moved in or out of an account, or when a DFM changes a model, ensuring that there are no unnecessary trading costs and your clients' investments are always in line with the DFM's latest thinking.

Efficiency – Our digital acceptance functionality removes the need for wet signatures on applications.

Flexibility – The portfolio manager has access to a wide range of assets (institutional and retail funds, equities, ETFs, etc.), giving them the flexibility to create tailored, risk-graded portfolios suited to the needs of your clients and helping to you create a robust, scalable, repeatable and consistent business process.

Value – We have competitive fees and support a proposition that makes discretionary management viable for all clients, not just high net wealth (HNW) investors.

Innovation – Our groundbreaking AI machine-learning tool, Insights, examines your clients' behaviour patterns and can detect with a high degree of accuracy when they may need additional advice or guidance, or even when they may be thinking of closing their account.

Scale – As a smaller platform we can form and maintain close relationships with our adviser partners. Being part of Morningstar means we also have the advantage of its financial strength and enthusiastic support. We can continue doing what we do best with potential for future growth and improvements.

Policies, Terms and Governance

Policies

Our policies and Terms & Conditions are at <https://morningstarwealthplatform.com/legal-policies/>

Corporate governance

The corporate governance arrangements for the UK platform are made up of the following Boards and Committees:

Board	Purpose
UK Board	<p>Responsible for the smooth operation of the UK group and subsidiaries. The Board applies corporate governance, direction, oversight and guidance to ensure that there are strong systems and controls, risk and control management frameworks, operational and financial resilience and a progressive culture focused on positive consumer outcomes and staff conduct.</p> <p>The Board has appointed a Non-Executive Director to provide independent challenge, demonstrating a commitment to good culture and governance, and is supported by the following committees.</p>

Committees	Purpose and remit
Senior Management Team	<p>Responsible for day-to-day operations delivered in alignment with the Group strategy and vision. The committee monitors business performance against agreed targets through accurate standardised reporting, and challenges the business to deliver its strategy in accordance with the Group's culture, standards and policies.</p> <p>The committee will ensure that operational and business risks are being properly identified, assessed, managed, mitigated and reported, meeting the requirements for Treating Customers Fairly, Conduct Risk and all other regulatory requirements.</p>
Proposition Committee	<p>To ensure that our proposition continues to be appropriate for our target market and is performing in line with expectations ensuring the delivery of products that meet the needs of the company, regulators, our clients, end investors and that they remain fit for purpose. This is done by adapting products to market evolutions and changing client needs and coordinating product development. This also includes the monitoring of our proposition performance against a range of customer and market measures, identifying and defining opportunities to improve the proposition.</p>
Risk & Regulatory Change Committee	<p>Ensures that the business areas supporting UK regulated group entities have identified their key risks and are appropriately managing and reporting to the relevant Company Boards.</p>
Breaches and Incidents Committee	<p>Provides independent oversight of incident management to ensure incidents and breaches are correctly identified and resolved satisfactorily, that root causes are identified and preventative measures implemented.</p>
Adviser Relationship Oversight Committee	<p>Provides independent oversight of new and existing adviser relationships to ensure good governance and appropriate oversight of distribution channels.</p>

We continuously monitor the areas of potential harm as identified by the FCA in the 'Dear CEO' letter that was sent to all Platform operators in 2020. Two of the key areas identified were technology outsourcing and operational resilience. As we operate our own proprietary technology, we are not exposed in the same way as other platform operators to risk associated with technology outsourcing.

Compliance function

The team provides a rounded approach in its 2nd-line risk and compliance role across the Group, with the primary focus to:

- Provide advisory guidance to the business, which will help it prepare for key regulatory developments that will have an impact on the business;
- Give support to the business in considering the risk and regulatory implications of key strategic initiatives;
- Independently assess the quality of compliance with key regulatory requirements and to provide recommendations for best practice; and
- Effectively manage the relationship with our regulators, via regulatory submissions, liaison and bespoke information requests.

Compliance monitoring is an important element of the Compliance Function's work providing quality assurance testing on the regulated activities of the business. Its aim is to provide independent assurance by objectively reviewing and reporting on the adequacy and effectiveness of compliance controls used to deliver fair customer outcomes and assurance to the Board.

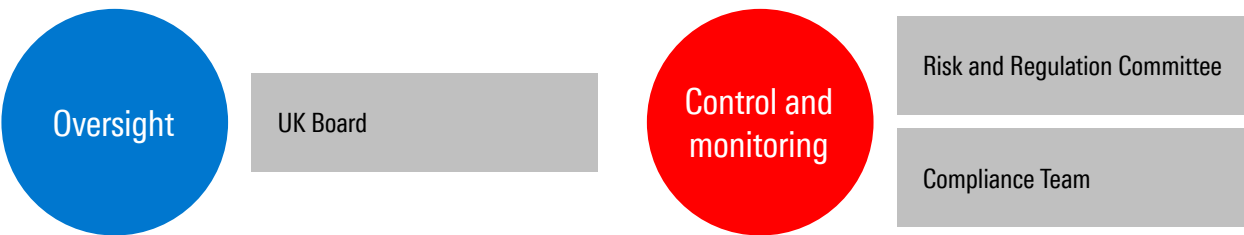
The central tenet of our culture is the fair treatment of your clients; it is at the heart of our business model, forming part of our ethics and values. This goes further than just adhering to the FCA’s principles for business rules and the six consumer outcomes.

Product governance

The purpose of the FCA’s Product Intervention and Product Governance Sourcebook (“PROD”) is to improve firms’ product oversight and governance processes. Our product governance framework dictates how we manage all of our products through their lifecycles and mitigate the risk of poor customer outcomes. In simple terms, the product governance framework enables us to:

- 1. Identify the appropriate target market for our products.
- 2. Design and build products that meet the needs of customers in those target markets.
- 3. Ensure that the products are distributed to customers in those target markets.
- 4. Measure the performance of our products to ensure that they continue to meet the needs of the target customers.

To achieve this, our product governance framework defines the processes and controls that help us to design and monitor products. This includes oversight from our Board as well as our Compliance Function.



We take product governance and customer outcomes very seriously; the head of our Proposition Team under which product governance sits is the UK Commercial Director who sits on the UK Board. In addition to the Board-level oversight, governance processes are delivered via our compliance monitoring programme and are overseen by the Compliance Team.

Governance is embedded in our culture, from the tone at the Board level to all staff throughout the business; this ensures our controls and processes are robust and are designed to deliver good outcomes for our clients.

Products are reviewed regularly by the Proposition Committee and a detailed report presented to the UK Board. Large projects, product developments and significant changes are overseen at Board level, with smaller changes overseen by the Product Owner with oversight by the Proposition Committee.

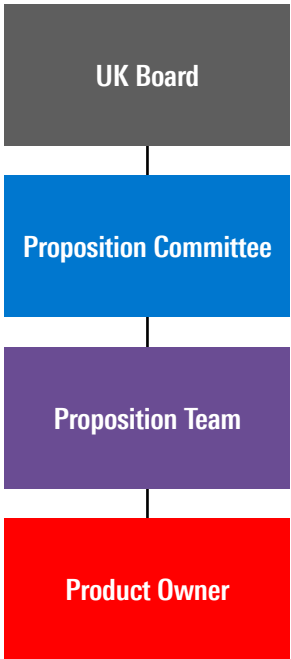
In practice, the Product Owner sets the parameters for the design and distribution of the product and features. Adherence to parameters set by the Product Owner, including product administration and processing, is the responsibility of the Proposition Team and other relevant teams (e.g. Administration or IT).

The Product Owner carries full responsibility for the day-to-day management of products, their implementation and review. They also report to the Proposition Committee on conduct risk and product performance.

The Commercial Director takes ultimate responsibility for implementing the product governance framework, including heading up the Proposition Team and chairing the Proposition Committee, whose members are drawn from senior managers across various areas of the business.

The products that we provide (ISA/GIA/JISA and SIPP) are suitable for the mass retail market. Our products are designed for investors who seek and maintain a relationship with a financial adviser; our only distribution channel is via UK-regulated advisers.

When designing our products, we segment our target investor base to ensure that we are providing the products and services that meet their specific needs. The table below outlines the characteristics of each segment which form the majority of our target market for our products and services.



Segment	Characteristics/needs	Products and features	Investment Solutions
Young investors	<ul style="list-style-type: none"> Young savers under the age of 18 	<ul style="list-style-type: none"> Junior Stocks and Shares ISA Bare Trust GIA Ad-hoc and regular payments into the products 	<ul style="list-style-type: none"> Range of in-house model portfolios Range of 3rd party DFM portfolios Range of ETF and Fund Single Asset models
Accumulators	<ul style="list-style-type: none"> Mass retail, mass affluent and high net worth individuals looking to consolidate existing savings and continue to invest new money 	<ul style="list-style-type: none"> SIPPs Stocks and Shares ISA GIA Ad-hoc and regular payments into the products 	<ul style="list-style-type: none"> Range of in-house model portfolios Range of 3rd party DFM portfolios Range of ETF and Fund Single Asset models Range of fixed term deposits
Approaching and at retirement	<ul style="list-style-type: none"> Mass retail, mass affluent and high net worth individuals looking to draw lump sum and income from their investments 	<ul style="list-style-type: none"> SIPPs Stocks and Shares ISA GIA Ad-hoc withdrawals and income and regular payments from the products 	<ul style="list-style-type: none"> Range of in-house model portfolios Range of 3rd party DFM portfolios Range of ETF and Fund Single Asset models Range of fixed term deposits
Other	<ul style="list-style-type: none"> Corporates, trusts, charities, onshore and offshore bonds and appointed representatives (Personal Injury cases for example) 	<ul style="list-style-type: none"> GIAs for non-legal entities Accounts managed by appointed attorneys and deputies 	<ul style="list-style-type: none"> Range of in-house model portfolios Range of 3rd party DFM portfolios Range of ETF and Fund Single Asset models Range of fixed term deposits

Pricing of the products forms a key part of any distribution strategy; our pricing is designed to ensure that investors pay for the functionality they access and do not subsidise functionality they have no cause to use.

Negative target market

A negative target market, simply put, consists of investors whose specific needs are not met by the relevant product and therefore they fall out of the target market. There is no identified negative target market for our pension product. The ISA wrapper is not targeted at customers intending to hold significant proportions of their assets in cash for the long term.

Complaints procedure

Morningstar Wealth Platform is committed to dealing and resolving complaints quickly and fairly and ensuring that we learn from any complaints that are raised, either upheld or not upheld. Our Guide to Making a Complaint can be found at <https://morningstarwealthplatform.com/legal-policies/>

Best execution policy

Our Best Execution Policy can be found at <https://morningstarwealthplatform.com/legal-policies/>

Operational resilience

The Covid-19 pandemic has tested all FCA-regulated entities and we remain operationally resilient, maintaining systems and controls and appropriate resources, as well as maintaining prudential and financial resilience.

Partner firms have not experienced any significant changes and we have adapted positively, continuing to support them by answering queries quickly and issuing client reporting as normal.

The business remains fully capitalised; a link to our most recent Pillar 3 Regulatory Disclosure document can be found at <https://morningstarwealthplatform.com/legal-policies/>. As a business, we benefit from being part of Morningstar Inc, a publicly-traded company on the NASDAQ with operations in 29 countries and more than 9,000 employees around the world.

We have strong controls surrounding the assets that can be accepted onto the platform and held within our pension wrapper. We monitor suspended assets closely and the impact this has on our regulatory capital requirement for our pension operator Praemium Retirement Services Ltd to ensure that it is always meeting its prudential capital requirements.

Business continuity, security and disaster recovery

Security

We have a security policy that is aligned to the ISO27001 information security management standard. We also have annual penetration tests performed by external third parties to ensure our web applications are as secure as they can be. All our data is stored in servers located in tier 4 (the highest) data centres in the UK. Access to these data centres is strictly controlled.

Disaster recovery

We have comprehensive Disaster Recovery & Business Continuity Plans (BCP) in place. The objectives of the BCP are:

- To design and implement a set of agreed procedures for responding to the disaster – the Disaster Recovery Plan;
- To make preparations that enables Morningstar Wealth Platform to recover as quickly as possible when a disaster occurs; and
- To ensure the continuance of operations and services during a disaster and its recovery to full operating systems.

The purpose of this procedure is to minimise the effects of a disaster on our operations, our partner firms and their clients.

The BCP comprises of four disciplines:

- **Emergency Response** – This ensures the immediate safety of all staff and visitors at Morningstar Wealth Platform sites following a major incident that requires the evacuation of all personnel to safe assembly points, and in the event of an IT failure, that a structured process is followed to return to service as quickly as possible.
- **Crisis Management** – The intervention and co-ordination by individuals or teams before, during and after an event to solve the crisis, minimise loss and otherwise protect Morningstar Wealth Platform.
- **Disaster Recovery** – A co-ordinated and comprehensive response to any situation that denies vital systems to the users of those systems. A plan is devised to achieve recovery of those systems to the point of user availability and data integrity within acceptable timeframes.
- **Business Continuity** – A comprehensive, managed effort to prioritise key business processes, identify significant threats to normal operations and plan mitigation strategies to ensure effective and efficient organisational response to challenges that present during and after an incident.

Morningstar Wealth Platform has in place procedures and checks to ensure that we are prepared for any type of disaster. Where required, these are tested on a regular basis. We also have essential contact details up to date and stored in sufficient formats to ensure that all people and organisations can be contacted to effect a backup service in the event of a disaster.

CASS requirements

Morningstar Wealth Platform is structured as a Platform Services Provider and we have regulatory permissions to hold client money and safeguard client assets.

Principle 10 of the FCA's Principles for Business (PRIN) requires a firm to provide adequate protection for the client money and assets for which they are responsible, which means complying with the detailed rules and guidance set out in the FCA's Client Assets Sourcebook (CASS) within the FCA Handbook.

Morningstar Wealth Platform operates to CASS regulations 6 (for custody of assets) and 7 (for client money). These rules are predicated on the segregation of assets and to ensure assets are returned to the client in the event of insolvency and where a pooling event occurs. CASS helps ensure the safety of client money and assets if a firm fails and leaves the market. There must be robust record keeping, segregation of client money in client bank accounts held in statutory trust with acknowledgment letters in FCA prescribed format, as well as prudent segregation requirements and rules for daily reconciliations.

Charges

Our costs and charges are clear and transparent with no hidden extras. We ensure that investors fully understand the costs of their investment and any future costs that they may incur. We do not charge for:

- Re-registration
- Leaving the platform
- Switching or rebalancing managed funds

Our tiered charging structure is based on the level of assets at account (wrapper level). The effective charge reduces as the assets within the account (wrapper) grow and any new money added charged at the cheapest rate.

Fee schedule

Platform Charges

Custody & Administration – ongoing charges per account (per wrapper) per annum, charged monthly in arrears

Wrapper Level Tiering	
Up to £250,000	0.25%
£250,001 – £500,000	0.20%
£500,001 – £1,000,000	0.15%
£1,000,001 – £2,000,000	0.10%
£2,000,001 – £5,000,000	0.05%
Over £5,000,001	0.02%

Maximum Transaction Charge per trade	
Managed Funds	£0.00
Equities/Bonds/ETFs	£2.90
Cash transfers out	No charge other than bank charges

Range of Investments

Asset choice

Morningstar Wealth Platform offers access to a wide choice of asset types including:

- Unit Trusts/OEICs and Offshore funds
- Equities including direct shares, ETFs & investment trusts
- Fixed income
- Fixed-term deposits and instant access
- Cash

Fund criteria

We have access to thousands of UK and offshore funds available to discretionary managers and we review each request against various criteria. Funds are more likely to be approved if they:

- Are daily traded and priced.
- Are authorised, regulated or recognised by the FCA.
- Make MiFID II costs and charges data readily available through our data provider.
- Do not have an initial charge (or where there is one this is as low as possible).
- Do not have an exit charge (these will not be supported under any circumstances).
- Are liquid and not suspended or due to be wound up.
- Are over £20m in value at the sub-fund level (not share class level).
- If in a currency other than GBP, that the fund house or transfer agent can do the fx.

Equity criteria

We enable access to UK and international equities, investment trusts and ETFs for selection by discretionary managers. We review each request against various criteria; equities are more likely to be approved if they are:

- On exchanges such as FTSE/CAC/DAX/NASDAQ.
- On exchanges which are HMRC recognised.
- Liquid and traded regularly.

Restrictions

There are various restrictions that are considered when adding any asset onto the platform. These are:

- The fund house may request that availability of certain share classes be limited either by location or to specific DFMs;
- If there is no existing relationship with the fund house through our sub-custodian, the fund house may request a separate distribution legal agreement be put in place, resulting in a longer timeframe to making the fund available;
- Requests where the asset is not listed on a main exchange (such as AIM) are reviewed in relation to the potential high-risk nature to clients; and
- We give consideration to tax rules regarding certain assets and the tax-wrapper they are available to be held in; for example, UK property rich funds in offshore bonds or FCA authorised/recognised ETFs in an ISA.

We have a structured asset approval process which is designed to provide a range of regulated investments whilst aiming to protect the interests of partner firms and their clients. We will therefore not accept every asset requested.

Fixed income

Corporate bonds and gilts are available. Please note that corporate bonds are traded in nominal amounts of thousands (e.g. 1,000 or 5,000) so may not always be the best asset choice for a model portfolio.

Fixed-term deposits and instant access

A range of fixed-term deposits and instant access cash accounts from our banking partners are available; please speak to us to find out more.

Discretionary Managers available on the platform

Morningstar Wealth Platform has a broad range of model portfolios, catering for all risk profiles and available through a wide selection of investment managers. Investment managers on the Morningstar Wealth Platform are able to include direct equities, listed securities, managed funds, cash and bonds when constructing/managing their portfolios.

Below is an example of discretionary managers that have a range of models available on the platform. Please contact us for the full list.

- AJ Bell Asset Management
- Apollo Multi Asset Management LLP
- Bordier & Cie UK
- Brewin Dolphin Limited
- Brooks Macdonald Asset Management
- Collidr Asset Management Limited
- ebi Portfolios Ltd
- EQ Investors Limited
- Financial Express Investments Ltd
- Investec Wealth & Investment Ltd
- JM Finn Model Manager
- King & Shaxson Capital
- LGT Vestra Wealth LLP
- Liontrust Investment Partners LLP
- Morningstar Investment Management Europe Limited
- North Capital Management Ltd
- One Four Nine Portfolio Management Ltd
- Pennine Wealth Solutions
- PortfolioMetrix Asset Management
- Sanlam Investments UK Ltd
- Seven Investment Management LLP
- Smart Investment Management Limited
- Sparrows Capital Limited
- Tatton Investment Management Limited
- Waverton Investment Management Limited
- W.G. Wealth Guardian Ltd
- Whitman Asset Management Limited

We are happy to introduce you to them to find out more about their available solutions.

Limited discretion single-asset models

We have a large number of funds available, which we call “single-asset models”, that you can select or add as satellite funds alongside discretionary portfolios. Please contact us for further details.

Range of tax wrappers

Managed Accounts – our name for how we enable different forms of portfolio management on the platform – support the creation of comprehensive CIPs which can be tailored for every kind of investor at any life stage.

Available tax wrappers

Product	Provider
GIA	Praemium Administration Limited
Stocks & Shares ISA & JISA	Praemium Administration Limited
Platform SIPP (“Praemium Retirement Account”)	Praemium Retirement Services Limited
SIPP	Multiple – see below
Offshore Bond	Multiple – see below
SSAS	Multiple – see below
Onshore Bond	Sanlam

Product Providers available on the platform

We have a range of third-party providers, providing you with flexibility when it comes to investment choice. This list changes from time to time, so; please contact us for the current list.

SIPP

- AJ Bell
- Curtis Banks
- Denton & Co Trustees
- EBS Pensions
- Hornbuckle Pensions
- Intelligent Money
- IPM SIPP Administration
- James Hay
- Liverpool Victory Friendly Society
- SIPP Deal Trustees Limited
- Sovereign Pension Services (UK) Ltd
- Suffolk Life Trustees
- Talbot and Muir
- Tenon Pension Trustees Limited
- Westerby
- Yorsipp

SSAS

- DCD Trustees
- IPM SIPP Administration
- Westerby Trustee Services

Offshore bond

- Canada Life International
- Clerical Medical International
- Friends Provident (IOM)
- Isle of Man Assurance (IOMA)
- Quilter International Isle of Man
- Utmost Wealth Solutions

Onshore bond

- Sanlam Life and Pensions UK Limited

Functionality

Morningstar Wealth Platform offers a platform proposition which comes from a discretionary heritage. We use our own proprietary technology to help you evolve your business away from traditional retail platforms into something more scalable, streamlined and profitable. Our platform offers a clean, modern user experience which is easy to use and offers seamless digital and paperless applications.

Managed Accounts platform

Our integrated Managed Accounts platform provides a unique wealth management opportunity. Facilitating managed accounts on the one integrated platform lets you tailor solutions to a variety of client needs, while delivering significant backoffice efficiencies.

Online applications

The online applications form is intelligently designed to add and remove fields based upon previous details provided. We have online digital acceptance available for Morningstar Wealth Platform products (see available tax wrapper section), which means that no physical signature is required to open an account. When an investor digitally accepts, we capture their location along with browser information to prove the acceptance was made by them. We also provide a pre-populated application form should you wish to obtain a physical signature from your client.

Adviser Portal

Morningstar Wealth Platform's Adviser Portal is designed to be the home for all your platform needs. Through the Adviser Portal you can open accounts, adjust weightings, get valuable business data, run reports, and access your clients' Investor Portals.

The image displays two screenshots of the Morningstar Wealth Platform. The top screenshot shows the 'Application / Manage applicant' interface, which includes a progress bar with steps: Draft, Account Details, Review + Finalise, Awaiting signature, Received, Approved, and Awaiting funds. Below this is a form for 'Applicant details' with fields for Title, First name, Last name, Sex, Permanent Residential Address (Flat 1, The Road), Postcode (SE1 4RT), Suburb/Town (London), Country (UNITED KINGDOM), Date of birth (15 Jun 1950), and Phone number (07263547299). The bottom screenshot shows the 'Morningstar Wealth Platform' dashboard. It features a sidebar with navigation links: Dashboard, Clients, Investments, Applications, Reports, Insights, and Support centre. The main content area includes a 'Total FUM' of £66.06M, a 'Client search' bar, a 'New business' section with a funnel chart, a 'Model allocation' pie chart, and a 'Recent support activities' table with columns for ID, Name, and Status.

Insights AI tool

Accessed via the Adviser Portal, Morningstar Wealth Platform's ground-breaking AI machine learning tool, Insights, examines behaviour patterns and can detect with a high degree of accuracy when an investor may need additional advice or guidance due to a life event. Regardless of the reasons for behaviour changes, whether driven by investment or market performance or a change in their financial circumstances, having access to this kind of in-depth and highly relevant information gives you the opportunity to engage with clients at a time when they really need it.



Investor Portal

We provide your clients with access to an online portal that provides a simple summary of their investments. The Investor Portal allows them to view asset allocations, underlying holdings, performance and money movement. The portal is available 24/7 anywhere and on any device with an internet connection. Importantly, at no time are your clients able to execute transactions independently of you.

Investment selection

The platform is set up with your CIP, e.g. your selection of models and satellite assets. Additional models and satellite assets can be added later upon request.

Trading

Trading takes place daily. Model or portfolio adjustments must be placed by 5pm GMT/BST the working day before the trade date in order for them to be placed on the trading day. Any instruction added to the platform after this time will trade on the next available trading date. Initial deposits are invested automatically in line with the investment selection chosen upon application.

Contributions & withdrawals

Contributions are automatically invested when monies are deposited on the platform. Additional contributions are invested pro rata in line with the current asset allocation. You are able to freeze an account should you wish not to auto-invest. Withdrawals are disinvested pro rata in line with the current asset allocation. This includes cash, as the platform views cash as part of the asset allocation. We do not operate a separate cash account. Once Morningstar Wealth Platform receives a withdrawal notification we will place the sell trades on the next trading day. Please allow time for sales to settle and bank transfer to be made. Payments are made by BACS. We accept both cash and assets into the account. Assets must be held electronically and cannot be certificated.

Switching monies

You are able to switch cash from a GIA into an ISA via the platform for clients' annual ISA subscriptions. Instructions can be sent to us to switch between GIAs.

Investment templates

You can set up templates of investment 'models' for easy implementation with new clients. Templates remove the risk of choosing incorrect assets and help you treat investors equitably. Bulk switching, linking templates to accounts, ability to make asset allocation changes and version control help take the pain out of managing your clients' investments.

Interest & dividends

Interest and dividends can be reinvested in the account or paid out to the investor. We pay out income once a month on approximately the 20th of the month. Any income under £10 will be reinvested back into the account.

Reporting

The reporting tool can be accessed via the platform and can be customised to include or exclude a selection of sub reports. You can choose your date ranges and obtain back dated valuations. Excel exports can also be taken from the platform.

You can share reports and other documents with your clients safely and securely via document sharing between the Adviser Portal document library and Investor Portal document library. Reports, including performance, are reported at account level.

Cash management

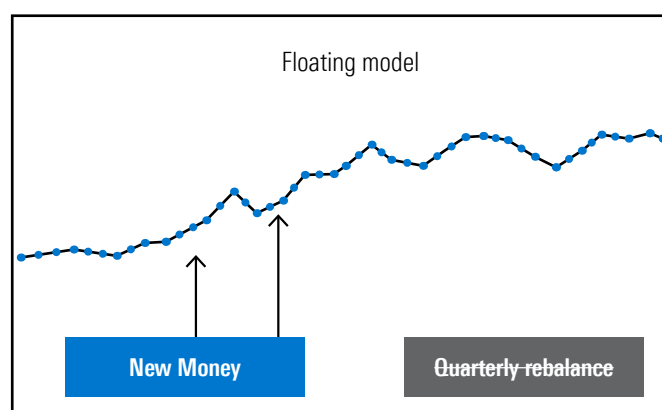
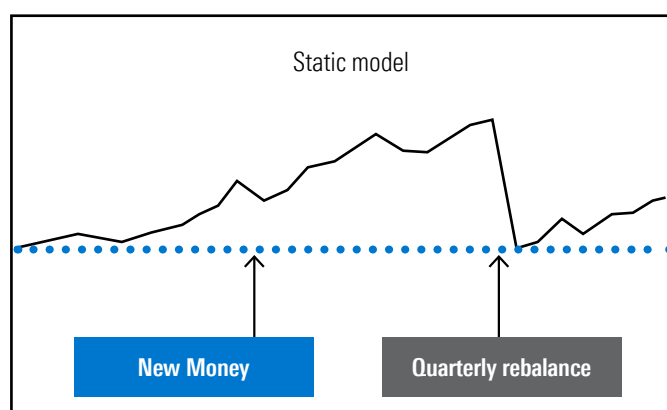
We automatically keep 1% in cash to cover ongoing fees and charges. As this depletes we will make sales to bring the cash position back in line with the original 1%.

Approval & control

There are additional steps for approval and control when submitting new applications and making changes to model weightings. Individuals can be granted permission to approve new accounts or trades.

CGT functionality

Our CGT engine calculates the unrealised and realised gains at account level. You can run 'what if' scenarios by selecting assets you wish to sell and viewing potential gains.

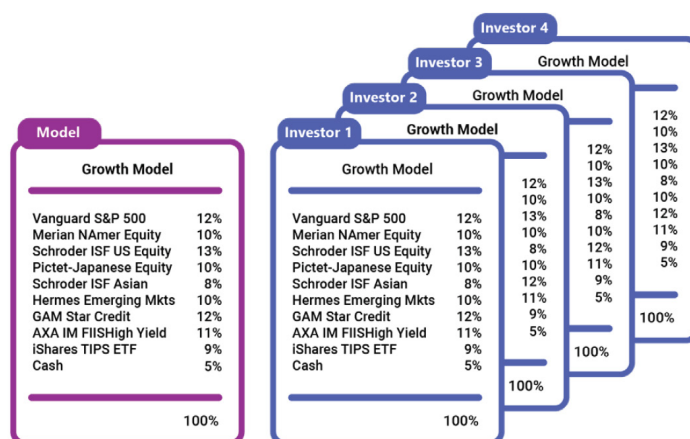


Dynamic modelling

With Morningstar Wealth Platform there is no requirement for quarterly rebalancing to bring your clients back in line with their models. A unique and powerful aspect of the platform is our Dynamic Modelling feature, which means model weightings float with the market until the DFM makes a change to the model. When the adviser selects a strategy for an investor they will be weighted with the manager's strategy as it stands on that day, not a static asset allocation set each quarter. The investor will have the stock in their portfolio which reflects the manager's position on that day, and the manager knows that all investors are aligned with the model and they can simply make a change to all investor portfolios at any time to react to market conditions.

The algorithm works by comparing weightings in the model portfolio against weightings in investor accounts (divergence). Divergence is driven by:

- Investment manager changes in the Model; or
- Adviser selects a different Model; or
- Investor withdraws or deposits cash



Accessibility

Models

Model Managers and adviser firms with discretionary permissions can establish and manage their own model portfolios and create greater consistency and control of investment portfolio construction for their clients. These models are only made available to the adviser firm when instructed by the model manager/adviser firm. There is also a white list available of single asset models that you can choose from to build your advisory solution.

Accessing support documents

User guides are available online with easy search 'how to' functionality. All user guides have step-by-step instructions on how to use the platform with easy to follow screen shots.

System status

We are transparent in our system status and response times and make these available to view online. We provide details of each part of the platform and whether it is working on the primary server or backup server and response rates to show the running speed.

Client access

Your clients are restricted to read-only access to the Investor Portal to view valuations, account history and performance. Any changes required to investments or changes to their personal circumstances are made via you as we are an intermediated business.

Uptime

The private-cloud Morningstar Wealth Platform technology model operates within at least two top-tier hosting facilities per region, with one environment running as the primary/production, and the other as a live backup/disaster-recovery. These facilities are accessible to authorised Morningstar Wealth Platform staff 24x7x365

System updates

We perform IT updates every few weeks. Clients will experience little downtime as we can re-route resources to other servers. We may from time to time add a banner online where relevant if we think updates may cause a disruption. All updates are performed outside UK working hours.

Tools

Below is a list of tools currently available on Morningstar Wealth Platform. Because the platform is discretionary, many of the standard tools necessary for building a portfolio are not required. We do not offer individual fund selection, asset allocation, forecasting or risk mapping tools. The model manager will conduct their own research when creating and managing their strategies which are then made available to adviser firms. You are able to view the latest weightings and holdings in the manager's strategies as well as view the asset allocation so you can monitor any updates.

Investment platform tools

Tool	Y/N	Additional Cost?	Third Party Provider
Risk profiling questionnaire	No	N/A	N/A
Client illustrations	Yes	No	Proprietary
CGT calculator	Yes	No	Proprietary
Fact find	No	N/A	N/A
Charting tool	Yes	No	Proprietary
Asset allocation tool	No	N/A	N/A
Tax wrapper tool	No	N/A	N/A
Fund research	No	N/A	N/A
Cash flow modelling	No	N/A	N/A

Plum Online / Wealthcraft tools

Tool	Y/N	Additional Cost?	Third Party Provider
Risk profiling questionnaire	Yes	Yes	Oxford Risk
Client illustrations	No	N/A	N/A
Online share dealing	No	N/A	N/A
CGT calculator	No	N/A	N/A
Fact find	Yes	No	Proprietary
Charting tool	No	N/A	N/A
Asset allocation tool	No	N/A	N/A
Tax wrapper tool	No	N/A	N/A
Fund research	No	N/A	N/A
Cash flow modelling	Yes	N/A	Cashcalc

White labelling

We build a unique service for each partner firm. This way, you are able to customise the solution so that you only see the product providers and DFMs you want to be included following due diligence. The online platform, client reporting, application documentation and Investor Portal can be fully branded to your firm or network. This is all part of the service and is delivered at no additional cost.

Integration with back-office systems

Morningstar Wealth Platform can provide data feeds via an API or secure FTP to your back-office provider. We can provide valuation files daily and fees, cash transactions and trade transactions monthly.

Support services

Your firm front and centre

Delivering high service levels and positive outcomes are at the core of the partnership. We strive to deliver the highest possible levels of service throughout the various stages of the relationship. We do this through our highly skilled Sales, Implementation and Adviser Support teams.

Sales support

Our Sales Team works with you to provide the support you and your team need at each stage of the relationship, including on-going training as and when you need it. The team is experienced and dedicated to delivering high quality outcomes; we would encourage you to speak to any one of the firms already partnering with Morningstar Wealth Platform to hear firsthand what that means in practice.

Implementation team

From outset our Implementation Team will ensure that the Morningstar Wealth Platform proposition is integrated into your business as smoothly as possible. An Implementation Manager will be appointed specifically for you and they will set up the system, run training sessions and provide a range of collateral, user guides and webinars. The Implementation Manager will be supported by your Sales Manager, who remains a key part of the relationship throughout. We will then work with you to tailor an ongoing support framework in line with your requirements.

Adviser support

The Adviser Support Team is at the core of our service proposition and provides day-to-day support when you need it. It is an experienced team which works closely with the Sales and Implementation teams to understand your business so that working together they are well positioned to assist you.

We have an online query management system, which means we can be quicker and more efficient with managing all client enquiries.

We operate a follow-the-sun support model, which means our support team is available Monday to Friday via phone at 0808 178 5125 or email at advisersupport@praemium.com

Technical support

We offer comprehensive technical support for our software and services. We do not offer technical support on external product wrappers, tax advice or financial planning.

Transition support

Our Implementation Team has experience of transitioning legacy assets onto Morningstar Wealth Platform. It will analyse your book and then put a transition plan in place to ensure a smooth transfer with minimal disruption to both you and more importantly your clients. We use both Origo and Altus to assist with this process.

Website

Our website has more information on our products and services: www.morningstarwealthplatform.com

Frequently asked questions

How would you describe your platform?

Morningstar Wealth Platform helps you create the right investment proposition for your business and your clients.

A customised proposition with no extra cost or effort

The platform is built on Separately Managed Account (SMA) technology: this allows you to deliver tailored and risk-appropriate investment strategies to your entire client base, reducing the administrative burden and ensuring all investors are treated equitably.

Reduces time spent on administration

- Morningstar Wealth Platform's award-winning technology provides the most accurate and up-to-date valuations available.
- Discretionary management means there is no need for client signatures when portfolios are updated.
- Reports are accurate and of accountancy standard.
- All client portfolios are in line with each other and with their models – you don't need to manage this.
- You can change your DFM at any time.

Saves cost and eliminates unnecessary rebalancing

Our dynamic modelling eliminates the need for quarterly rebalancing to bring accounts back into line, meaning investors are in line with each other and with their model.

A holistic view of your clients' finances in one place

Available anywhere with an internet connection and on any device, we provide 24/7 access for your clients to view all their assets across all accounts in their own Investor Portal, including non-managed assets like property and art. Our suite of integrated data feeds ensures more time for you and more engagement for your clients.

Your brand

It's your brand, it deserves to be seen. We'll implement your corporate colours and logo wherever possible, so your clients understand that you are providing them with your own portal.

One login for two environments

Built-in single-sign-on capability means you can seamlessly move between the Morningstar Wealth Platform, your Adviser Portal, and your Investor Portal, where you can easily see exactly what your clients can see.

Online applications and digital acceptance

It takes just minutes to set up an investor account online. Plus, our digital acceptance technology allows investors to sign application forms completely remotely, potentially saving you hours.

Is the platform the core business of your organisation?

Yes, the platform is our core business. We provide other services that complement and integrate with the platform.

- We are not just a service provider: Morningstar Wealth Platform also has Smart Investment Management Ltd (SmartIM), an authorised fund manager that offers risk-graded, multi-asset portfolios and funds to the UK and international markets. For more information on Smart Investment Management Ltd please visit: www.morningstarwealthplatform.com/smart-im
- We provide a CRM and financial planning suite to help you manage your business. For more information on our financial advice software please visit: www.wealthcraft.com
- We also provide a Praemium Retirement Account (PRA) SIPP accessible via the platform.

Why did Morningstar buy the Praemium UK and international business?

- The end-to-end solution from Praemium adds to Morningstar's existing data, fund profiles, portfolio analytics, and investment management capabilities available to advisers; Morningstar and Praemium are complementary businesses that we believe can grow faster together.
- Morningstar Wealth Platform will continue to operate in the same way as it has done; it has built a great business and a talented team that we look forward to helping accelerate the already impressive growth both in terms of services and clients.
- Likewise, this won't change the way Morningstar delivers products and services to advisers, but it will offer exciting opportunities to enhance the digital and technology solutions we provide to our clients in support of investors.

Do you ever communicate directly to investors?

We respect the adviser/client relationship and as such will never market directly to your clients. We are required by law from time to time to communicate with investors, e.g. as part of the MiFID II regulatory requirements. Other than for legal reasons, communication preferences are managed by you.

Who is your platform IT supplier?

The technology is our own proprietary technology, supported by development teams based in the UK.

Are you planning any significant changes to your underlying technology?

No, but we are constantly evolving and improving our technology. We are further developing our Investor Portal and Adviser Portal and we are simplifying the account opening process to improve the investor experience and increase efficiency for you. Any technology changes related to the acquisition have already been completed.

Have you changed your software supplier recently?

N/A – Our technology is proprietary.

How do you set your development roadmap?

Unlike many other platforms, we own and develop our own software. We have dedicated development teams in London and Birmingham and we have an agile and empowered approach to development. We work closely with our clients and listen to their needs and “pain points”. We also keep abreast of market and regulatory change to ensure that the roadmap we set is in line not only with what you want but also industry best practice. You can be sure that your business is being supported by a powerful, accurate and cutting-edge technology partner.

What other developments are scheduled for the future?

Our focus going forward is to improve the user experience for advisers and administrators. In particular, we are continually rolling out enhancements to our Adviser Portal and online application platform to make the application process smoother and more efficient and to provide robust MI. Also, we are continually improving our artificial intelligence capability, Insights, to provide you with real-time and valuable information about your clients’ behaviours and potential needs. Skilfully interrogated business intelligence (BI) can take a lot of the guesswork out of running a business efficiently and take some of the hassle out of not falling foul of PROD.

Do you offer a central cash account or a cash account in each product wrapper?

We do not have a central cash account. The Morningstar Wealth Platform architecture enables each wrapper to hold cash alongside model portfolios and single assets in a single account.

What cash accounts are available?

Instant access and fixed-term deposit accounts are available. Fixed-deposit terms range from six months to 36 months. Contact us for a full list of available banks.

What is the minimum cash requirement on the platform?

1%, which is held within the portfolio to cover ongoing management and adviser fees.

Where are the deposits held?

Our client bank account is with HSBC. Our instant access and fixed-term deposits are held with a range of providers.

Does the platform retain any interest earned on client cash?

No, the interest is paid in full to the client.

How much interest do you pay?

Interest amount is variable paid on a monthly basis, depending on the account settings interest is either reinvested or paid to the client. We send a portion of cash held to Cater Allen to try and achieve the monthly base rate.

Does cash held on the platform incur a platform fee?

Yes.

Are fund-specific withdrawals permitted?

Withdrawals are taken proportionately across the discretionary model they are invested in; this is in order to protect the client’s asset allocation. We are working on adding the ability to target a specific model for withdrawals/deposits and this is currently in the testing phase and estimated to go live in Q3 2022.

Is there a phased investment option?

Not currently.

Describe the process for a new intermediary firm to access to the platform.

We do not strive to be a mass-market platform and therefore work in partnership with strategic firms whose business model and proposition are a good fit for our technology. Please contact a member of our Sales Team to discuss.

Is re-registration of assets possible and are there any restrictions?

Re-registration of assets on to and off the platform are available.

What are the typical timescales involved for re-registration?

It varies by product, asset type and product provider; this can range from 1-8 weeks in our experience.

Do you support electronic re-registration?

Yes.

What are the procedures for exiting the platform and are there any costs?

Transfers out can either be in cash or in-specie and there are no restrictions.

