

Investor Protection

On the Morningstar Wealth International Limited Platform

February 2019

Morningstar Wealth International Limited is licensed in Jersey and is regulated by the Jersey Financial Services Commission in the conduct of Investment Business under license number IB027. Morningstar Wealth International Limited is part of Morningstar, Inc

What you need to know

Thank you for choosing the Morningstar Wealth Platform to safeguard the custody of your assets. We would like to provide you with information about the different aspects of investor protection. If anything is unclear or you have questions about your particular circumstances, please speak to your adviser or contact our Client Services team on advisersupport.MWP@morningstar.com.

The parties responsible for looking after your assets



Your Financial Adviser

Your Financial Adviser trusts Morningstar Wealth International Limited to hold your assets and cash safely. They will not handle your money directly and will request that you send funds directly to us or to a third-party product provider, such as a bond or pension provider.

If your adviser firm changes ownership or falls into bankruptcy, your assets and cash will not be affected, though you will need to find a new adviser.

The Investment Manager

The investment manager is unable to see any of your details on the platform and does not handle client money or assets; they are solely responsible for managing your investment strategy.

If the investment management firm changes ownership or falls into bankruptcy, your assets and cash will not be affected and your adviser will select a new investment manager.

Your Custodian, Morningstar Wealth International Limited

Morningstar Wealth International Limited is responsible for ensuring that your account is kept in line with the investment strategy selected by you and your adviser. This includes the following:

- ▶ Receiving cash from you or your third-party product provider as a lump sum or regular contribution.
- ▶ Paying cash to you or your third-party product provider as a one-off payment or regular withdrawal.
- ▶ Buying and selling securities on stock and bond markets or with fund houses.
- ▶ Transferring cash to pay for the purchase of securities or receiving cash from the sale of securities.
- ▶ Keeping track of the individual holdings in your account, so that at all times we know how many shares or units we hold for you and how much cash is in your account.

Morningstar Wealth International Limited uses high quality sub-custodians to protect your assets including Northern Trust (Guernsey) Limited, one of the largest custodians in the world with over US\$8 trillion in assets under custody.

How cash is treated

All client monies held on the platform are completely segregated from Morningstar Wealth Platform's own corporate bank accounts. This means that in the event of bankruptcy by Morningstar Wealth Platform, your cash would be handled in accordance with the Financial Services (Investment Business (Client Assets)) (Jersey) Order 2001.

In Jersey, client money accounts are Protected and are held "on trust" for clients under the application of the Trusts (Jersey) Law 1984.

In the event of a firm default (commencement of bankruptcy or insolvency) then the Jersey regulator, (the Jersey Financial Services Commission) appoints a "default Officer" to administer the Protected Accounts. The cash held is then protected from other creditors or claims including any liquidator fees.

Morningstar Wealth Platform holds client money at high quality banks to keep your cash safe.

All cash available for investment on the platform is deposited with HSBC Bank Plc in Jersey, Channel Islands. The bank is rated Aa3 by Moodys as at 26 November 2018.

How assets are treated

All assets held on the platform are strictly ring-fenced and we do not hold or trade in any assets for our own accounts. This means that, in the event of the bankruptcy of Morningstar Wealth Platform, your assets would be unaffected and they would be transferred to a new custodian.

The investment manager on the platform is responsible for selecting the funds and for conducting thorough due diligence on the quality of the fund house and the fund managers. Should the investment manager select a mutual fund or funds from a fund house that subsequently fails, a new fund manager will be appointed to manage the assets.

Investment Risk - Diversification

The level of investment risk inherent in your account will depend on the investment strategy you select with your adviser.

If your strategy includes direct stocks or bonds, the value of these securities will depend on market movements and on the performance of the company whose shares you purchase.

If your strategy includes collective investment schemes or mutual funds, the fund assets will tend to be diversified across a number of different securities. Should one company fail, it is unlikely to impact the rest of the companies held within that fund.

Speak to your adviser for further information on the investment risks of your account.