

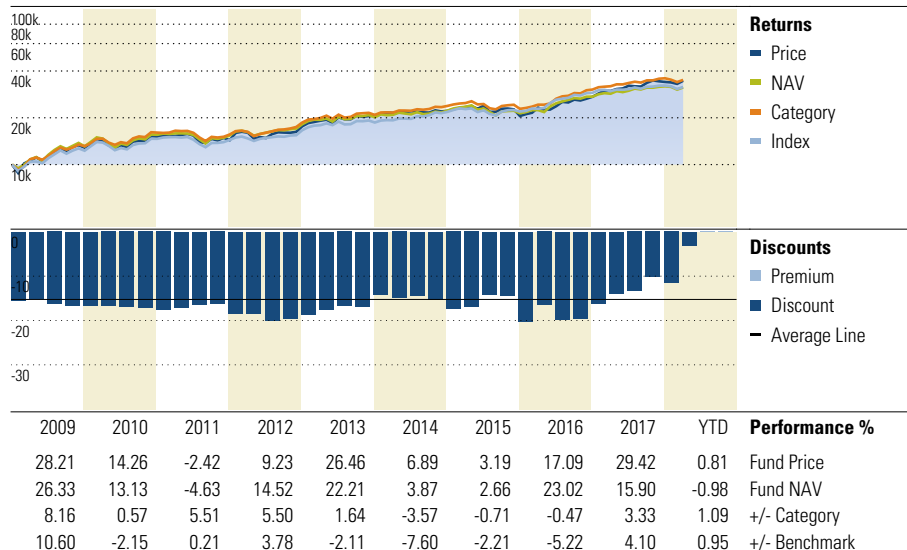
Brunner Ord BUT

Morningstar Rating™
★★★

Morningstar Analyst Rating
Bronze 4/27/18 10:12 UTC-0500

Morningstar Benchmark MSCI World NR USD
Morningstar Category™ Global Large-Cap Blend Equity

Last Closing Price GBP	774.00
Last Closing NAV GBP	860.72
Discount/Premium %	-9.52
Latest Published NAV	843.60
Latest Published NAV Date	30/04/2018
Traded Currency	GBX
Yield	2.12
Dividend Frequency	Quarterly
Total Assets £ Mil	405.5
Net Assets £ Mil	373.9
Market Cap £ Mil	330.4
Net Gearing %	7
Avg Daily Shares Traded Mil (3 month)	0.03
Inception Date	01/01/1927



Morningstar Analyst: David Holder, Senior Analyst

The conduct of Morningstar's analysts is governed by Morningstar's Code of Ethics, Securities Trading and Disclosure Policy, and Morningstar Manager Research Integrity Policy. For information regarding conflicts of interest, please click <http://global.morningstar.com/managerdisclosures>

Executive Summary

People: The fund benefits from an experienced fund manager in Lucy Macdonald as well as a significant investment team at AllianzGI. The substantial resources available to Macdonald include over 80 global sector analysts.

Parent: Brunner is managed by Allianz Global Investors. The equity management is based on a strong, fundamentally aligned, global research approach.

Board: The board of five bring a range of skills to bear here, with the majority having a background in investment. All are shareholders, which we like to see, as it aligns their interests with shareholders.

Process: Macdonald builds the portfolio from the bottom up, identifying three main pillars central to stock selection: quality, growth prospects, and valuations.

Performance: The fund has performed well under Macdonald's tenure. Returns have been relatively consistent and delivered in line with expected levels of volatility.

Fees: With a latest ongoing charge of 72 basis points, this fund is competitively priced when compared with peers; the fee structure is clear and transparent, and there are no performance fees levied here.

Role in Portfolio

Core. This fund is suitable for investors looking for global equity exposure, although they should be aware of its (diminishing) bias to the UK. In addition, the requirement to continue to generate income whilst shifting exposure away from the UK is a potentially onerous task and one that puts a degree of pressure on Macdonald when it comes to stock selection.

Morningstar Opinion

17 Apr 2018 | A solid option for global growth and income.

Under the guidance of the board and manager, Brunner has evolved from a UK centric investment vehicle holding over 200 stocks, to a higher conviction, largely international portfolio with around 80 positions. Indeed, within Macdonald's time, the benchmark has moved from 60% UK/40% overseas to the current 70% Overseas and 30% UK benchmark. This is a trend that we have observed in a number of a Global investment trusts reflecting the changing nature of the dividend paying credentials of overseas markets and the range of investment opportunities available to managers.

The fund has an impressive dividend record, having grown the dividend for the past 46 consecutive years. This puts a requirement on the portfolio to maintain and increase the underlying income in a time when dividends within the Oil & Gas, Basic Materials and Pharmaceutical sectors are coming under pressure. Historically the UK element of the portfolio has borne a disproportionate weight in providing the trust's income, although overseas markets can now contribute to a greater extent and there are revenue reserves of a year and a half, at the current rate, which does provide a degree of flexibility for the board and Macdonald.

Lucy Macdonald is an experienced manager and CIO of Global Equities at Allianz Global Investors, and able to draw upon the significant global analyst resources available in the group, including the firm's regional portfolio

management teams, global sector analysts, and the Global Policy Council, which produces macro research. In June 2016 co-manager Jeremy Thomas left AllianzGI and so Macdonald has sole responsibility for the trust which we think is eminently more sensible as it brings enhanced accountability and consistency of investment approach across the portfolio. Since June 2016 Macdonald has worked closely with Matthew Tillet who assists on UK stock selection with a focus on income more generally. Thus far this dynamic appears to be working well.

Investors should be aware that the fund has structural gearing in the form of a GBP 30.8m (9.251%) debenture redeeming in 2023. In January 2018 a previous expensive debenture was paid back which saved over GBP 2 million in annual interest payments. The board have guided that investors can expect that these savings will be used to buoy shareholder distributions. These historical facilities have been a hindrance to performance and the redemption of the final outstanding debenture in due course will be a material fillip for investors and enhance investment flexibility for the manager. The board has looked closely at various options to repay or refinance this loan, but this is not a simple exercise. The board are however keen to achieve this if the practical obstacles can be overcome.

The combination of manager experience, substantial global analytical resource, improving debt profile and competitive fees give cause for confidence and conviction that the fund is well placed to provide long term growth in capital and income. The fund retains its Morningstar Analyst Rating of Bronze.

Brunner Ord BUT

Morningstar Rating™
★★★Morningstar Analyst Rating
Bronze 4/27/18 10:12
UTC-0500

People

Manager	Lucy MacDonald
Manager Start	30/06/2005
Avg. Manager Tenure	12.9 Years
Other Funds Managed	—

The fund is managed by Macdonald with assistance from Matthew Tillett in picking stocks within the UK. Macdonald is CIO of Global Equities and leads the Global Equity Fund Management team of eight with average industry experience of over 14 years. Macdonald joined RCM (acquired by AllianzGI) in 2001 from Baring Asset Management, having spent 16 years at that firm. She has been at the helm of this fund since June 2005 and co-manager with Jeremy Thomas from July 2010 to June 2016 when he left the company. Macdonald is now wholly responsible for all aspects of the management of the fund. Tillett joined Allianz Global Investors in 2006 as part of the Global Graduate Program. He is currently the lead portfolio manager for the UK Unconstrained strategy. Previously he worked in the Research

Department as a pan-European media analyst, before moving to portfolio management as part of the UK Equity Team in 2009. Macdonald can draw on Allianz's regional portfolio management teams, global sector analysts (including ESG/Credit and Grassroots) which number 93 with an average of 15 years' experience, each analyst carries out around 100 company meeting per year, and the Global Policy Council for its macro research. They benefit from having career analysts, which AllianzGI views as a career track in itself rather than a stepping stone to portfolio management. This should help to retain experienced staff, which in our view leads to a better depth of research. Finally, they can commission the Grassroots Research team to carry out customised research.

Parent

Fund Advisor	Allianz Global Investors GmbH
Domicile	UK
Website	www.brunner.co.uk/Navigate.aspx/Brunner/1/Home/Home

Allianz Global Investors' equities group, has a large global analyst base, based in offices specialised by sector. To support fundamental analysis, AllianzGI uses the Grassroots Research unit to conduct independent market research. The fund managers' time is divided into 75% for portfolio management and 25% for other research. Stock analysts who manage sector funds devote 25% of their time to portfolio management and the other 75% to equity research. The fund manager and analysts are paid a base salary and an annual incentive and participate in a long-term incentive program. Seventy percent of the yearly incentive is based on the employee's rolling three-year performance. Equity analysts' calls are

measured on the StarMine platform. The other 30% of the yearly incentive depends on qualitative goals. The long-term incentive program can represent up to 30% of the salary of a senior portfolio manager or analyst. Here, company growth and operating earnings are crucial. Communication with investors is good and detailed. AllianzGI's open-end fee structure is somewhat above average. Furthermore, for funds with performance-based pay, we feel it is more appropriate to use a lower fee structure. Performance fees should be set up so that not just the asset manager profits; introducing high-water marks or compensating for relative underperformance before the performance fee kicks in would help.

Board of Directors

Tender Offer	No
Buyback Authorization	Yes

The board, which numbers five, and formally meets seven times a year has an average tenure of over eight years. There is legal and accountancy backgrounds represented, but predominantly a strong investment focus and less corporate/industry experience. Carolan Dobson who was appointed to the board in December 2013 replaced Keith Percy as chairman after the AGM in March 2016. She is also chairman of BlackRock Latin American Investment Trust plc and has non-executive positions on the boards of a number of other investment companies. She was previously head of UK equities at Abbey Asset Managers, Head of Investment Trusts at Murray Johnstone and was the portfolio manager of two investment trusts. The most recent appointment to the board is Jim Sharp (January 2014) who was pre-

viously a director at Schroders and is connected to the Brunner family through marriage. The board retains the input of Vivian Bazalgette who was appointed in January 2004 and who was previously the CIO of Prudential and M&G as well as holding senior positions at Gartmore and Mercury Asset Management. Peter Maynard who joined the Board in October 2010 was Group Legal director and company secretary at Prudential Plc. Previously he worked at HSBC in various roles including a director of HSBC Investment Bank and Deputy Group Legal Adviser. More recently he has been the Head of Group Governance and Regulatory Compliance at Old Mutual plc. All of the board members are shareholders which we like to see as it aligns their interests with general shareholders.

Brunner Ord BUT

Morningstar Rating™
★★★

Morningstar Analyst Rating
Bronze 4/27/18 10:12 UTC-0500

Process: Investment Approach

Investment Objective: To provide shareholders with growth in capital value and dividends by investing in a portfolio of global and UK equities.

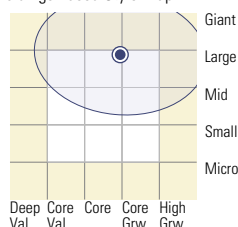
Hedging Policy NULL
Tactical Use of Cash No

Macdonald builds a portfolio of between 60 and 80 stocks from the bottom up. Where once the respective UK and overseas portfolios were managed almost entirely separately by two fund managers, with the appointment of Macdonald as sole fund manager in June 2016 the portfolio is constructed as a single entity, which is a material improvement in our opinion. The process starts with the analysts screening their respective universes and awarding rankings to their stocks. The manager then uses this analysis to undertake her own review, in which she looks at quality, prospects for growth, and valuation. Target companies will have demonstrated their ability to consistently sustain a high return on capital and generate and grow their cash, which the manager

sees as an indication of their long-term competitive advantage. Quality characteristics include businesses with well-known brand names, proprietary technology, patent protection, and monopoly positions. In addition, the company must have an attractive valuation relative to its peers. A decision to sell can be triggered by the company achieving its price target, a change in the investment case, or finding a better opportunity elsewhere. The portfolio is not benchmark-constrained, but Macdonald aims to keep relative stock and sector overweightings to a maximum of three percentage points and five percentage points respectively, for risk-management purposes. Active share is over 80%.

Process: Portfolio Positioning

Morningstar Holdings Based Style Map



The principal difference at the regional level, when compared with category peers is that the UK weighting is 30% compared to 10%. This weighting has been steadily diminishing (2002: 60%). Due to income requirements this fund is always likely to have a UK bias, relative to peers, but there is scope for the current allocation to further reduce (tactically down to 15%). The US exposure is a further differentiator in that the fund's weighting is 36% which compares to the peer group category average of 55%. By way of refer-

ence the MSCI World index has a 63% allocation to US equities. These are material differences which can drive returns, not least given the resulting currency positions. Sector positioning is a factor of stock selection. Currently the fund is underweight the Consumer Cyclical and Consumer Defensive sectors when compared to peers. Metrics such as P/E and P/B stand at modest premia to peers, and overall this fund sits on the edge of growth within the "core" space.

World Regions	Assets %
Greater Europe	51.62
United Kingdom	30.79
Europe-Developed	20.83
Europe-Emerging	0.00
Africa/Middle East	0.00
Americas	37.49
North America	36.22
Latin America	1.27
Greater Asia	10.89
Japan	2.64
Australasia	1.91
Asia-Developed	2.98
Asia-Emerging	3.37
Not Classified	0.00

Asset Allocation	% Assets	Long	Short	Net
Cash	7.8	0.3	7.5	
Equity	92.5	0.0	92.5	
Bond	0.0	0.0	0.0	
Other	0.0	0.0	0.0	

Top 10 Holdings 30/11/2017	% Assets
Royal Dutch Shell PLC B	2.81
UnitedHealth Group Inc	2.79
Microsoft Corp	2.72
AbbVie Inc	2.57
The Estee Lauder Companies Inc Clas	2.14
BP PLC	2.07
Munchener Ruckversicherungs-Gesells	1.96
Visa Inc Class A	1.82
HSBC Holdings PLC	1.77
United Internet AG	1.73

Sector Weightings	% Equity
Cyclical	37.3
Basic Materials	7.7
Consumer Cyclical	7.8
Financial Services	20.3
Real Estate	1.6
Sensitive	41.0
Communication Services	3.8
Energy	6.7
Industrials	15.2
Technology	15.3
Defensive	21.7
Consumer Defensive	6.5
Healthcare	13.4
Utilities	1.8

Brunner Ord BUTMorningstar Rating™
★★★Morningstar Analyst Rating
Bronze 4/27/18 10:12
UTC-0500**NAV Performance Analysis**

Data as of 30-04-2018

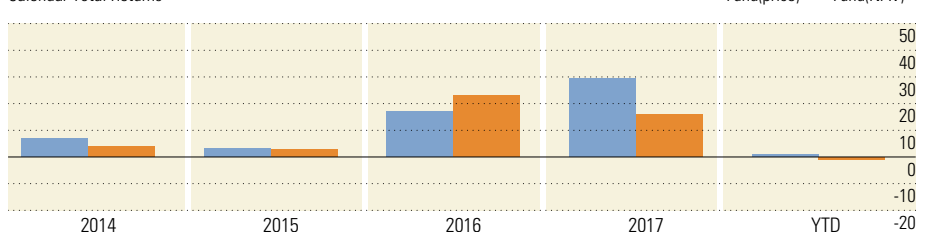
Trailing Returns Price	Total	+/-
	Rtn %	Bmark
3 month	1.73	3.81
6 Month	3.14	3.45
1 Year	16.39	10.04
3 Year Ann.	13.88	2.34
5 Year Ann.	12.56	0.58

Trailing Returns NAV	Total	+/-	+/-	%Rnk
	Rtn %	Bmark	Cat	In Cat
3 month	-1.61	0.47	0.71	29
6 Month	0.30	0.61	1.00	26
1 Year	10.89	4.54	4.79	12
3 Year Ann.	10.88	-0.66	1.27	47
5 Year Ann.	10.61	-1.37	0.95	49

Over Macdonald's tenure (July 2005), the fund has returned an annualised 8.4%, which is 1.2% per year ahead of its Morningstar Category. Performance here over five, three, and one year is competitive versus peers and the benchmark. Calendar-year 2017 was an especially strong year with the net asset value increasing by 17.2% compared with 12.5% for peers and 13.3% for the benchmark. Pleasingly, outperformance was

predominantly driven by stock selection, with accretive positions in Abbvie, Tencent, and Estee Lauder. Less positive were Nielsen, Criteo, and Walgreens Boots Alliance. Under Macdonald's single tenure, the performance of the UK portfolio, which has historically detracted from performance, has notably improved, testament to the work and productive partnership between Macdonald and Tillett.

Calendar Total Returns

**Discount / Premium**

Data as of 08-05-2018

Discount / Premium %	6 Mo	1Yr	3Yr
	High	-7.39	-7.39
Average	-10.93	-12.12	-15.21
Low	-13.62	-15.74	-22.89
Z-Statistic	-0.06	0.65	1.28

The board does not enforce a strict discount control mechanism. It can and does buy back shares for cancellation with the aim of generating modest enhancements to NAV and reducing the discount volatility. The board is cognisant that the benefit of buying back shares must be weighed against the effects on liquidity and costs so the board has not tended to be ultra-active in buying back shares here. Since 2007, the fund has bought back (for cancellation) 5.5 million shares

or some 13% of the 42.6 million shares currently outstanding. The five-year average is around 16%, which is considerably wider than the peer group, possibly reflecting a combination of lack of significantly large buybacks, investor ambivalence regarding the debt structure, and the overhang of shares held by Aviva. The company has, however, seen a significant re-rating recently, and the discount to NAV (April 2018) is 7%.

Risk & Return

Data as of 30-04-2018

Morningstar Rating	Return	Risk	Rating
3 Year	Avg	Avg	★★★
5 Year	Avg	Above Avg	★★★
10 Year	Avg	Above Avg	★★★
Overall	Avg	Above Avg	★★★

The fund is modestly more volatile than its Morningstar Category average peers, as demonstrated through its 10-, five-, and three-year standard deviation (a statistical measure of risk). The fund's Sharpe ratio has tended to be ahead of peers, illustrating that risk has generally been used to

good effect. The fund's beta (or sensitivity to market movements) is higher than peers, which means that the fund has historically captured more of the market upside (and downside) than peers.

Volatility Ratios	3 Yr NAV	5 Yr NAV	Risk vs Index	3 Year	5 Year
Standard Deviation	11.05	10.56	Alpha NAV	-1.83	-2.72
Mean	0.85	0.85	Beta NAV	1.08	1.13
Sharpe Ratio	0.45	0.58	R-Squared NAV	89.18	89.59
Sortino Ratio	0.64	0.90	Treynor Ratio NAV	5.20	6.36

Brunner Ord BUTMorningstar Rating™
★★★Morningstar Analyst Rating
Bronze 4/27/18 10:12
UTC-0500**Fees**

Management Fee %	0.45
Ongoing Charge ex Perf Fee %	0.73

Allianz Global Investors are eligible to an annual management fee of 0.45% of net assets, with 70% being charged to capital and 30% being charged to revenue. There is no performance fee

in place, and we feel that, with ongoing charges for fiscal-year 2017 of 0.72% (2016:0.78%), investors overall are paying a competitive fee here.

Gearing

Total Assets £ Mil	405.5
Net Assets £ Mil	373.9

Gearing in this fund is predominantly achieved through a debenture of GBP 30.8 million (9.251%) redeeming in 2023. Through fiscal-year 2017, the board repaid the previous January 2018 debenture of GBP 18.2 million and is looking carefully at options for the early repayment of the remaining debenture. Macdonald isn't taking a tactical view

through the use of gearing; rather, she uses it to build positions in the highest-conviction stocks. The removal of the remaining debenture will be a significant fillip for shareholders and for general market sentiment towards the company. Currently, the fund's net gearing is 8% (April 2018).

Dividends

Dividend History	2015	2016	2017
Dividend	15.30	15.80	16.50
Special Dividend	0.00	0.00	0.00
Total	15.30	15.80	16.50

The fund aims to provide growth of both capital and income, so real increases in dividends are an important feature here. The board has a policy of paying a progressive dividend each year, and it has stayed true to this; in fact, it has paid an increased dividend every year for the past 46 years, which is an impressive feat. In 2014 the board moved to paying a dividend on a quarterly basis

(previously dividends were paid in two tranches). For FY 2017 dividends per share of 16.5p (2016:15.8p) were paid on revenue per share of 18.4p (2016:16.4p). Subsequent to the payment of the final dividend, revenue reserves will equate to 25.4p (2016:23.3p) or approximately 18 months at the current rate. The trust yields 2.2% (April 2018).

Morningstar Global Fund Report Disclosure

The Morningstar Global Fund Report ("Report") is for informational purposes, intended for financial professionals and/or qualified investors ("Users") and should not be the sole piece of information used by such Users or their clients in making an investment decision.

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar. The opinions expressed within the Report are given in good faith, are as of the date of the Report and are subject to change without notice. Neither the analyst nor Morningstar commits themselves in advance to whether and in which intervals updates to the Report are expected to be made. The written analysis and Morningstar Analyst Rating within this Report are statements of opinions; they are not statements of fact.

Morningstar believes its analysts make a reasonable effort to carefully research information contained in their analysis. The information on which the analysis is based has been obtained from sources which are believed to be reliable such as, for example, the fund's prospectus and shareholder reports (or their equivalents), fund company website, interviews with fund company personnel, and relevant and appropriate press sources as well as data, statistics and information within Morningstar's own database. Morningstar does not perform an audit or seek independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, Users accessing this Report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Inc., a U.S.A. domiciled financial institution.

This Report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors; Users and User clients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, Morningstar makes no representation that the Report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar and its officers, directors and employees will not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. Morningstar encourages Users and User clients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, or Morningstar affiliates guarantee the accuracy of the translations.

This Report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst or Morningstar. In Territories where a Distributor distributes our Report, the Distributor, and not the analyst or Morningstar, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Morningstar Analyst Rating

	2016	2017	2018
Gold			
Silver			
Bronze			
Neutral			
Negative			
Under Review			
Not Rateable			

For a list of funds which Morningstar currently covers and provides written analysis on please contact your local Morningstar office. For information on the historical Morningstar Analyst Rating for this fund or any Fund Morningstar covers, please contact your local Morningstar office.

Please note that investments in securities (including mutual funds) are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Risk, Return and Star Rating serves as useful data points with respect to evaluating a fund's risk profile.

A current yield percentage is not a reflection of the actual return an investor will receive in all cases as market prices for securities are constantly changing due to such things as market factors. Where a security is denominated in a different currency than the currency of the User or User's clients, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment.

Indexes noted within the report are unmanaged, their returns do not include payment of any sales charges or fees an investor would pay to purchase securities, and cannot be invested in directly.

In certain jurisdictions, the Report contents, except for the Morningstar Analyst Rating and key analysis/opinions, may be shared with the fund company prior to publication. In the unlikely event that Morningstar would change their analysis/opinions and/or the Morningstar Analyst Rating based on feedback as result of such review, the Report would disclose such a fact.

Conflicts of Interest:

- Analysts may own (actual or beneficial) interests in the financial products that are the subject of the Report. No material interests are held by Morningstar, the analyst or their immediate family in the financial products that are the subject of the Report.*
- Analysts' compensation is derived from Morningstar's overall earnings and consists of salary, bonus and in some cases restricted stock. Analysts receive no compensation or material benefits from product issuers or third parties in connection with the Report.#
- Morningstar does not receive commissions for providing research and does not charge financial product issuers to be rated.
- Analysts may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment adviser or investment adviser representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst).
- Morningstar may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.
- Morningstar affiliates (i.e., its investment management group) may have arrangements with a fund company's affiliate to provide investment consulting advice some of which an analyst may issue an investment research reports on one or more of the fund company's funds. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publically traded company (Ticker Symbol: MORN) and thus a fund which is the subject of this Report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section <http://investorrelations.morningstar.com/sec.cfm?doctype=Proxy&year=&x=12>. A fund's holding of Morningstar stock has no bearing on and is not a requirement for funds Morningstar determines to cover.

Analysts do not have any other material conflicts of interest at the time of publication. Users wishing to obtain further information should contact their local Morningstar office or refer to <https://corporate.morningstar.com/us/asp/subject.aspx?xmlfile=540.xml>

The Morningstar Analyst Rating™ for Funds

The Morningstar Analyst Rating™ for Funds is a forward-looking analysis of a fund. The Analyst Rating does not express a view on a given asset class or peer group; rather, it seeks to evaluate each fund within the context of its objective, an appropriate benchmark, and peer group.

The date shown next to the Morningstar Analyst Rating is the date on which Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the fund based on the analyst's latest review and research report for the fund.

The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

Morningstar Analyst Ratings

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

Gold

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five

years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

Silver

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

Neutral

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

Negative

Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

Morningstar may also use two other designations in place of a rating:

Under Review

This designation means that a change that occurred with the fund or at the fund company requires further review to determine the impact on the rating.

Not Ratable

This designation is used only where we are providing a report on a new strategy or on a strategy where there are no relevant comparators, but where investors require information as to suitability.

For more information about our Analyst Rating methodology please go to

<http://corporate1.morningstar.com/ResearchLibrary/>

Morningstar Star Rating

The Morningstar Star Rating is a proprietary data point that is quantitatively driven. Funds are rated from one to five stars based on how well the fund performed (after adjusting for risk and accounting for sales charges) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five-stars and the bottom 10% receives one-star. Funds are rated for up to three time periods –three-, five-, and ten-years– and these ratings are combined to produce an overall star rating, which is noted within the Report. Funds with less than three years of history are not rated. Morningstar Star Ratings are based entirely on a mathematical evaluation of past performance. Morningstar Star Ratings are in no way to be considered a buy or sell signal nor should be viewed as a statement of fact.

Equity-Related Data Points

The Report lists the fund's top ten holdings as of the dated noted. For each underlying holding, a series of data points is provided including, where applicable, that security's Economic Moat as of the date noted.

Economic Moat

The concept of an economic moat plays a vital role in our equity analyst's qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of its fair value estimate. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a *narrow moat* are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. *Wide-moat* companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, *no-moat* companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

For more information about methodology in analysing stocks, please go to

<http://global.morningstar.com/equitydisclosures>.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ("the Service") and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at <http://global.morningstar.com/equitydisclosures>.

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India

#The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in IndiaThe terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.