

Morningstar[®] Managed PortfoliosSM

Absolute Return Portfolio

Offered by SelectOne
and Morningstar
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With low correlations to the broad market, our Absolute Return portfolio aims to provide modest, equity-like returns while also minimizing volatility and providing downside protection in poor market environments. Invested in alternative asset classes to enhance its risk/return profile, this portfolio seeks to take advantage of relative market opportunities and add value on a consistent basis.

Risk-Managed Portfolio Construction

The portfolio employs a risk-managed approach that includes combining open-end mutual funds from various asset classes that exhibit low correlations with each other. The portfolio also favors funds in which the fund managers stress capital preservation and set absolute performance as the primary goal. The portfolio is diversified across asset classes and may invest in global equities, global fixed income, real estate, natural resources, and cash, as well as open-end mutual funds that employ hedged and/or alternative investment strategies.

These strategies may include long-short, hedged equity, convertible arbitrage, and merger arbitrage. Please see the reverse side of this piece for more information about these types of securities.

This broad level of diversification aims to enhance the portfolio’s risk-adjusted performance. Due to the fairly unique nature of the securities in which the underlying funds may invest, the performance of the portfolio may not be highly correlated to traditional asset classes. While the portfolio will have exposure to various asset classes for diversification purposes, the portion of assets dedicated to certain segments of the market will change to take advantage of relative opportunities presented in the market.

Superior Portfolio Management

Morningstar Investment Services combines extensive quantitative analysis with rigorous qualitative due diligence to identify fund managers that we believe offer the best chance to consistently add value on a risk-adjusted basis. Our investment team conducts on-site fund manager visits, phone interviews, detailed portfolio analysis, and performance attribution. Using a proprietary evaluation system, we award the highest scores to fund managers who employ a prudent, repeatable investment process that has yielded strong results over time.

We strategically select appealing funds that contribute to the Absolute Return portfolio’s investment strategy. We then continually monitor the portfolio and its holdings to ensure that it remains consistent with its stated investment objectives.

A Powerful Solution for Investors

What’s the result of combining sophisticated portfolio construction, discerning manager research, and a variety of alternative investment strategies?

A low-volatility investment solution that seeks capital appreciation and protects against loss.

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Figures are based on a recent allocation, and are subject to change. Asset classes shown are Morningstar category groups. Allocation of portfolios at the individual account level may vary.

Diversification does not eliminate the risk of experiencing investment losses.

See the following page for more information about these types of securities.

Asset Class	%
● US Stocks	12
● International Stocks	8
● Taxable Bonds	18
Investment-Grade	13
High-Yield	5
● Alternatives	61
Multi-Strategy	11
Long-Short Equity	10
Convertible Arbitrage	10
Credit Arbitrage	9
Merger Arbitrage	9
Global Macro	8
Commodities	4
● Short Term Reserves	1