

## MORNINGSTAR DATA SERVICE LEVEL STANDARDS

Morningstar has a proud history delivering quality data on time. These service level standards indicate the strength of our commitment to our clients. Morningstar recognises that commitment to timely data is one component of the service provided and acknowledges that data integrity is unequivocally integral to clients needs and expectations. Electronic data collection and quality control procedures ensure Morningstar is able to provide the industry with the most comprehensive, up-to-date and accurate managed funds database available.

### DATA COLLECTION

Morningstar collects and maintains data on more than 6000 active funds and another 4000 'inactive' ones. Where fund managers choose to provide Morningstar with data that is in the correct Investment Management Data (IMD) format (as backed by the Investment and Financial Services Association (IFSA)), it is then electronically loaded into our database almost instantaneously (otherwise we add the data manually). In addition to timeliness, electronic data collection also ensures minimal manual manipulation by Morningstar, thereby significantly reducing potential data input error rate.

When data is supplied by fund managers in the correct, industry standard, IMD format, Morningstar has the ability to electronically load the following data points:

- Unit Price Data;
- Fund Distribution Data;
- Asset Allocation Data;
- Fund Size Data;
- Tax Breakdown Information; and
- Portfolio Holdings Data.

Morningstar also has a customised facility to enable new fund additions to be loaded into the database electronically.

Morningstar's electronic data collection facilities are continually being refined and improved; our aim is to collect all data this way wherever possible.

### DATA AUDITS

Once the information has been received and loaded into the Morningstar database – regardless of whether it is electronically or manually - a number of audits are activated to ensure the integrity of this data:

- Unit prices are subject to automated quality control procedures on entry by Morningstar at the time of entry. Our database software will highlight potential errors automatically when a price being entered is 10% higher or lower than the previous price. If a system warning occurs, the data is checked at that point.
- Automated verification procedures are executed and reports are produced and reviewed daily. These verification procedures are a series of checks on data entry that systematically search for the following potential errors:
  - Entry price less than exit price (potential switch of unit price data).
  - Entry price 5-10% greater than exit prices
  - Exit price 5-10% greater/less than previous exit price.

- The quality of primary month-end data in the Morningstar database is checked by a review of performance calculations for a sample of managed investment products for the previous month end. End of month performance checking is performed by analysts and covers the following specifics:
  - Individual managed investment product returns are checked against a product's peers in the same subcategory for any major differences.
  - Individual product returns are checked against the applicable market index performance for the same period.
  - Individual product data completeness is checked, such as ensuring that additional income amounts are available as at the end of month for those products that do not include income in the unit price.
  - Overall checks are made in relation to general market performance.
- Investment product net asset data is subject to range checking similar to the range checks described above that apply to unit prices. A warning is triggered by a 25% difference in the net asset value being entered and the previous net asset value.
- Quality Checks – Ratings
- Quantitative Data (Qt's) – Calculated product performance data on the Morningstar research database forms the basis of product Qt calculations. Morningstar performs the Qt calculations on a monthly basis, subsequent to the release of end of month performance data. This means that Qt calculations occur after to the extensive data checks by analysts each month in preparation for the release of calculated performance data by Morningstar. Once calculated, product Qt data is spot checked by an analyst, for reasonableness. Should major deviations from prior month's Qt data for a product be identified, then further reasonableness tests are conducted to ascertain the source of change in Qt's, until a logical explanation for the change is found. Any incorrect data identified at this stage of the checking process is then corrected, and Qt's for the subcategory, which includes the product in question, re-run.
- Qualitative Data (Ql's) – Ql data for each manager originates from Morningstar's Australian based qualitative research team. An analyst enters data into the research database, it is then calculated and transferred into special Morningstar TotalAccess software for checking prior to release. An analyst then checks the Ql's. This facility allows us to the transfer ratings data that has yet to be publicly released into the software, which in turn enables the checking of output. Changes to Ql data are infrequent, occurring only upon qualitative review of a Morningstar rated manager. Therefore, once checked and "signed-off", Ql data does not need to be checked again, until changed.
- Product Q<sup>2</sup>'s – Q<sup>2</sup>'s for products are calculated each month, simultaneously to product Qt's (ie part of the one process). The spot checking of Q<sup>2</sup>'s each month by an analyst provides a cross-check to the spot checking process of product Qt's. Similar reasonability checks are performed for product Q<sup>2</sup>'s to monitor significant changes in monthly Q<sup>2</sup>'s, as the ones outlined under product Qt's.

Morningstar enhances its processes and procedures on an ongoing basis and as an integral part of its operations to ensure delivery of timely, high quality data to the industry. These enhancements relate, in particular to efficiencies that arise from the electronic data collection process, considered an industry best practice standard.

## SCHEDULE OF AUSTRALIAN DATA & RATINGS SERVICE STANDARDS

<b>Fundtraq</b>		
<ul style="list-style-type: none"> <li>• Trial Load sent within 3 working days on receipt of request</li> <li>• Initial Load sent within 7 working days on receipt of request</li> <li>• Dial-in instructions including Client Code &amp; Password to be sent with Initial Load</li> <li>• FundTraq access available 24hrs, 7 days a week, unless advised of maintenance requirements.</li> </ul>		
<b>Weekly</b>		
<b>Data Points</b>	<b>Data Received by:</b>	<b>Data entered/available by:</b>
Weekly Unit Prices	COB following Monday	COB following Tuesday
<b>Monthly</b>		
<b>Data Points</b>	<b>Data Received by:</b>	<b>Data entered/available by:</b>
Month-end Unit Prices	5 <sup>th</sup> working day (WD) of following month	9 <sup>th</sup> WD of following month
Risk Free Rate	5 <sup>th</sup> WD of following month	9 <sup>th</sup> WD of following month
Market Indices	5 <sup>th</sup> WD of following month	9 <sup>th</sup> WD of following month
Distributions (For Mortgage/ Cash Funds)	Month-end + 5 days	Month-end + 9 days
Performance Returns	5 <sup>th</sup> WD of following month	9 <sup>th</sup> WD of following month
Morningstar Star Ratings	(QI ratings to be received by 6 <sup>th</sup> WD of following month)	10 <sup>th</sup> WD of following month
Product/Pool Sizes	10 <sup>th</sup> WD of following month	20 <sup>th</sup> WD of following month
Distributions	Month-end + 15 days	Month-end + 30 days
Tax Breakdowns	Month-end + 15 days	Month-end + 30 days
Asset Allocations	Month-end + 30 WD	Month-end + 45 WD
<b>Quarterly</b>		
<b>Data Points</b>	<b>Data Received by:</b>	<b>Data entered/available by:</b>
Inflows	Quarter-end + 10 WD	20 <sup>th</sup> WD
<b>Half Yearly</b>		
<b>Data Points</b>	<b>Data Received by:</b>	<b>Data entered/available by:</b>
Tax Breakdowns	Month-end + 15 days	Month-end + 30 days
<b>Annually</b>		
<b>Data Points</b>	<b>Data Received by:</b>	<b>Data entered/available by:</b>
MERs	2 months after relevant period	10 <sup>th</sup> WD upon receipt of data

AD-HOC		
Data Points	Data Received by:	Data entered/available by:
Fund Additions	T+0 WD	T+5 WD
Queries	T+0 WD	T+1 WD