

General Information (required)

Respondent: <i>(Please enter your full name if you are submitting as an individual or the name of the organization if you are submitting on behalf of an organization.)</i>	The Independent Trustees of the Morningstar Funds Trust
Stakeholder Group: <i>(Please select the stakeholder group with which you most closely identify.)</i>	Investor / Asset Owner
Region: <i>(If you are submitting as an individual, please select the region in which you live. If you are submitting on behalf of an organization and the organization has a significant presence in multiple regions, please select "Global". Otherwise, please select the region in which the organization has its main office.)</i>	North America
Country: <i>(If you are submitting as an individual, please enter the country in which you live. If you are submitting on behalf of an organization, please enter the country in which the organization has its main office.)</i>	United States
Confidentiality Preference: <i>(Please select your preference for whether or not your response is published on the CFA Institute website.)</i>	yes, my response may be published

QUESTIONS FOR INTENDED USERS

Questions for Investment Managers, Asset Owners, Consultants, and Investors

1. Do you agree that the investment industry needs a DEI Code to drive change?

<QUESTION_01>

We believe that a DEI code will facilitate and accelerate change.

<QUESTION_01>

2. Do you consider the Principles cover the key areas for change?

<QUESTION_02>

<QUESTION_02>

3. Is there a DEI area that you would like to see covered by the Code that is not in the draft Code?

<QUESTION_03>

<QUESTION_03>

4. Will the draft Code help establish the changes in processes and practices that investment industry organizations need to drive up DEI internally?

<QUESTION_04>

Yes

<QUESTION_04>

5. Will the draft Implementation Guidance help enable the changes in process and practice that investment industry organizations need to drive up DEI internally?

<QUESTION_05>

Yes

<QUESTION_05>

6. To what extent would an investment firm becoming a signatory to the Code help provide the DEI-related information that is typically provided or asked for in Requests for Proposals (RFPs),

Due Diligence Questionnaires (DDQs), other types of questionnaires and in client DEI-related discussions?

<QUESTION_06>

<QUESTION_06>

7. To what extent are the draft Principles supportive of and complementary with local laws and regulations and other DEI codes and standards?

<QUESTION_07>

<QUESTION_07>

8. Would an investment organization becoming a signatory to the Code help provide investor reassurance about the investment organization's culture?

<QUESTION_08>

<QUESTION_08>

9. Would it be helpful if the Implementation Guidance to the Code is reviewed and updated annually or less frequently?

<QUESTION_09>

<QUESTION_09>

10. Would your firm be prepared to contribute examples of tested DEI practice to update the Implementation Guidance to the Code?

<QUESTION_10>

<QUESTION_10>

DEI CODE AND IMPLEMENTATION GUIDANCE FOR INVESTMENT ORGANIZATIONS

General comments section

11. General comments on the Code and Implementation Guidance:

<COMMENT_11>

We applaud the CFA Institute for spearheading the drafting of the DEI Code and Implementation Guidance. We believe that, by providing a roadmap for a DEI program, the proposed Code and Guidance will facilitate and accelerate change. Well done!

Speaking as independent directors on a mutual fund board, we believe that the Code and Guidance will provide insight for fund directors, corporate directors, and others in an oversight role. We suggest minor additions to the language of Principle #4 and of Principle #5 to clarify the value to directors [see our responses to questions #15 and #16 below].

<COMMENT_11>

12. Comments on Principle #1 and associated Implementation Guidance:

<COMMENT_12>

<COMMENT_12>

13. Comments on Principle #2 and associated Implementation Guidance:

<COMMENT_13>

<COMMENT_13>

14. Comments on Principle #3 and associated Implementation Guidance:

<COMMENT_14>

<COMMENT_14>

15. Comments on Principle #4 and associated Implementation Guidance:

<COMMENT_15>

We recommend that this section clarify that “leaders” and “leadership” include both executives and those in non-executive oversight positions, such as independent directors. Practices recommended in the Implementation Guidance should apply to independent directors and others in oversight positions, as appropriate (e.g., training).

We also recommend that firms adopting the Code should be required to inform their boards of directors (or other oversight bodies) of that adoption. The boards should then incorporate review of adherence to the Code into its governance practices. Both steps are preparatory to the board reporting discussed in Principle 6 [Measurement].

<COMMENT_15>

16. Comments on Principle #5 and associated Implementation Guidance:

<COMMENT_16>

We would recommend adding “fund directors” to “asset owners, allocators, and consultants.”

Fund directors perform many of the same functions as asset owners. For example, they are responsible for the hiring and review of service providers, sub-advisors, and vendors.

However, in common industry usage, fund directors are generally not considered to be included in the term “asset owner.”

We believe that fund directors could significantly accelerate DEI in the industry by adopting the practices appropriate for asset owners listed in the Implementation Guidance. Therefore, we urge the CFA Institute to clarify the applicability of this section to fund directors, by specifically mentioning them in this section.

<COMMENT_16>

17. Comments on Principle #6 and associated Implementation Guidance:

<COMMENT_17>

<COMMENT_17>