

Hedged Equity Strategy

What we look for

Long Stocks

Core stock holdings: companies that are reasonably priced, and are run by sensible and properly incentivized managers

Short Stocks

Core short stock holdings: companies that look like the opposite of a core long stock holding, usually with a catalyst to expose the firm's weakness

Opportunity

Opportunistic stock holdings: companies that represent great return/risk trade-offs or superior diversification benefits

Investment Managers



Michael Olsen, CFA



JP Bennett, CFA

Performance (as of 12/31/2025)

	QTD (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Annualized Since Inception*
Gross	1.33	2.00	2.00	12.56	1.78	8.63	8.45
Net	1.09	1.04	1.04	11.51	0.82	7.58	7.37
Benchmark**	1.86	12.36	12.36	15.81	10.17	10.44	9.68

* 04/17/14 ** Benchmark: 70% of the S&P 500®

Past performance is not an indicator of future performance results, and there can be no assurance that future results achieved by clients will in any way resemble the above performance. See below for additional information.

Description

The Hedged Equity strategy is acutely focused on managing risk. The strategy aims for long-term capital appreciation with an emphasis on positive real returns over every rolling three-year period. The objective of the Hedged Equity strategy is to provide strong rates of return with reduced volatility compared to pure equity strategies. By adding Hedged Equity to your portfolio, we're providing you with an alternative strategy that aims to generate returns that are less dependent on the overall movement of the stock market. This is the only strategy we manage in which we have the ability to short companies we believe to be overvalued and use options strategies for hedging or to generate income. Through the use of these tactics and by strategically managing exposure to the market, our Hedged Equity strategy seeks to reduce drawdown relative to other equity strategies.

Holdings* (as of 12/31/2025)

Alphabet Inc Class C (GOOG)
Alphatec Holdings Inc (ATEC)
Amazon.com Inc (AMZN)
American Tower Corp (AMT)
Aon PLC (AON)
Arcbest Corp (ARCB)**
Atlassian Corporation Plc (TEAM)
Axon Enterprises Inc (AXON)
Biomarin Pharmaceutical Inc (BMRN)
Broadridge Financial Solutions (BR)
Brown & Brown Inc (BRO)
Cellnex Telecom Sau-Unsp ADR (CLLN)
(CLLN) Clear Secure Inc Cl A (YOU)**
CME Group Inc (CME)
DexCom Inc (DXCM)
Dr. Ing. H.C. F. Porsche AG ADR (DRPRY)
Equifax Inc (EFX)**
Icon PLC ADR (ICLR)

Please take a minute to review our Client Relationship Summary, which is available at <https://foolwealth.com/crs>. It's only two pages, but it provides important information about our firm and allows you to more easily compare our services to others in the financial industry. In addition, please see Appendix B to our Investment Advisory Agreement for a discussion of the risks associated with this strategy.

Top Sectors

Here's our top sector exposures in the strategy as of 12/31/2025:

Communication Services 21.7%
Healthcare 15.5%
Financial Services 12.8%
Industrials 8.9%
Technology 8.0%
Consumer Cyclical 6.4%
Utilities 3.4%
Real Estate 2.8%

Invesco QQQ Trust Series 1 ETF (QQQ)**
iShares Russell 2000 ETF (IWM)**
iShares Russell Mid-Cap Growth ETF (IWP)**
LIFE TIME GROUP HLDGS INC COM (LTH)**
Mastercard Inc (MA)
Meta Platforms Inc (META)
NextEra Energy Inc (NEE)
Nintendo Co Ltd ADR (NTDOY)
Rentokil Group PLC ADR (RTO)
Rxo Inc (RXO)
Teradata Corporation (TDC)**
The Howard Hughes Corporation (HHH)
Ultragenyx Pharmaceutical Inc (RARE)
Universal Music Group NV ADR (UNVGY)
Waters Corp (WAT)
Watsco Inc (WSO)
* Includes cash component
** Short position

Performance results are based on a representative account for each strategy ("Model Portfolio"). Each Model Portfolio is based on a real money portfolio and is funded with proprietary assets. Returns for periods longer than one year are annualized. Gross and Net Returns shown are in US dollars and reflect reinvestment of dividends and other earnings and are gross of withholding taxes, if any. Gross Returns are presented gross of advisory fees but net of commissions, ADR fees, underlying fund fees, and custodian fees. Net Returns are net of a model investment advisory fee (Model Fee) for the respective time period and are calculated and accrued daily based on the daily closing balance of the Model Portfolio, and charged in the subsequent month. The Model Fee for periods prior to October 1, 2017 was 1.15%, and 0.95% for periods beginning on October 1, 2017. The Model Fee for each period represents the highest fee charged to any client during that period, expressed as a percentage of assets. Actual advisory fees may vary depending on, among other things, portfolio size. Additional information regarding Fool Wealth's fees is available upon request and also may be found in our Client Relationship Summary (Form CRS) and in Item 5 of our Brochure (Form ADV Part 2A) (a link to each of these documents is provided below). Quarter To Date (or "QTD") returns are updated monthly to show performance from the start of the quarter to the most recent month end.

Clients should be aware that their individual account results may not exactly match the performance of the Model Portfolios for several reasons, including the timing of a client's investment, differences in account permissions and capabilities that impact the ability to trade or hold a model security, and trade restrictions initiated by the client. For the Hedged Equity Model Portfolio, your account size will determine the interest rate on the cash margin balance. Based on the value of your account, the interest rates on your cash margins can be lower or higher than those shown in the Hedged Equity Model Portfolio. Our Hedged Equity Model Portfolio is a \$1 million account. Therefore, depending on the size of your account, yours may reflect a lower or higher interest rate on the cash margin balance than the Hedged Equity Model Portfolio.

Furthermore, the performance information provided is based on Model Portfolios held at Interactive Brokers, LLC ("IB"). Clients with accounts at IB should note that, IB, at their discretion, can remove any security from their list of securities eligible for fractional trading. Securities not eligible for fractional trading will have the fractional holding liquidated. If you hold less than one total share of a security that is no longer eligible, your position will be closed. IB will consider parameters regarding close price, average daily volume, or market cap to determine which shares are fractional eligible. To the extent IB removes fractional shares, those shares in your account are reverted to cash in your account. As a result, accounts with smaller holdings of a security may experience excess cash in their accounts as IB liquidates its fractional shares, which may cause you to incur capital gains. Additionally, the Model Portfolio may invest in a security that is not eligible for fractional shares and your account may not get invested in that position as a result. The liquidation of shares or positions not invested due to fractional share eligibility will result in a deviation from the Model Portfolio.

Clients who choose to hold their Personal Portfolio at Charles Schwab & Co., Inc. ("Schwab") should note that the performance of their Personal Portfolio(s) may differ (perhaps materially) from the Model Portfolio presented herein. Accounts held at Schwab lack fractional share functionality, meaning that these accounts can only hold full shares of securities. In order to keep accounts as fully vested as possible, MFWM will invest excess cash in ETFs that we believe offer comparable exposure to the desired asset class. Holding a significant amount of ETFs will result in further deviations from the Model Portfolio along with performance dispersion as compared to Personal Portfolios held in IB.

During discussion with our Wealth Advisers, they may provide advice with respect to 401(k) and IRA rollovers into accounts that are managed by MFWM. Such recommendations pose potential conflicts of interest in that rolling retirement savings into a MFWM-managed account will generate ongoing asset-based fees for MFWM that is would not otherwise receive.

The performance information displayed above includes information describing certain periods of extreme market conditions, and such results should not be considered repeatable in future periods. To the extent a strategy invests more heavily in particular sectors or industries of the economy, your performance will be especially sensitive to developments that significantly affect those sectors or industries. A list of the risks associated with each strategy can be found in our Brochure and Investment Advisory Agreement (Appendix B).

70% of the S&P 500® is the benchmark used for Hedged Equity because the strategy aims for 70% net long market exposure during most periods while seeking to generate a better risk adjusted return through superior security selection. The Hedged Equity Strategy is not limited to securities comprising the index. Index returns are shown for comparison purposes only, and the the Hedged Equity Strategy is not managed with a view towards targeting the performance of the index. The volatility of the index is different from that of the Hedged Equity Strategy.

Access to Motley Fool Wealth Management ("MFWM") is only available to clients pursuant to an Investment Advisory Agreement and acceptance of MFWM's Client Summary and Brochure, which are available at <https://foolwealth.com/iaa>, <https://foolwealth.com/crs>, and <https://foolwealth.com/adv>, respectively. You are encouraged to read these documents carefully.

Each Personal Portfolio is subject to an account minimum, which varies based on the strategies included in the portfolio. MFWM retains the right to revise or modify portfolios and strategies if it believes such modifications would be in the best interests of its clients, and we may modify allocations within a client's account subject to the constraints of each client's current risk score and objective. **Model Portfolios may or may not contain any specific security at any time, and decisions to invest should not be based on the presumed or current composition of any Model Portfolio.**

Holdings are unaudited and as of the "as of" date of this report, may not reflect holdings beyond that date, and do not include collateral received for securities loaned, if any. The unaudited holdings list is to be used for informational purposes only. Clients can see a current and complete list of their individual account holdings by logging into their account at Interactive Brokers. This list is for the general information. **The mention of these specific holdings does not constitute a recommendation by MFWM.**

For purposes of calculating sector exposure, we have excluded from the table cash (and cash equivalents) held by the Model Portfolio. With respect to ETF holdings, we conduct a "look-through" and have included each ETF's sector exposure (as most recently reported by the applicable ETF) in this table. If the Model Portfolio utilizes derivatives (such as options) and/or short sales, sector exposure is presented on a gross basis. Gross exposure refers to the absolute level of a Model Portfolio's investment by considering the value of both long and short positions (in other words, gross exposure is a measure that indicates total exposure to financial markets, thus providing an insight into the total amount at risk). In addition, for each option (or derivative position) we use the market value, rather than notional value. Market value is the price of an options contract in the marketplace, whereas notional value is the total value of an option's underlying securities at their market (or "spot") price.

All investments involve risks and you may lose money. MFWM makes no assurance that investment objectives will be met.

MFWM, an affiliate of The Motley Fool, LLC ("TMF"), is an investment adviser registered with the U.S. Securities and Exchange Commission. MFWM is a separate entity, and all financial planning and investment advisory services are provided independently by the Wealth Advisers and asset managers at MFWM. No TMF analysts are involved in the investment decision-making or daily operations of MFWM. MFWM does not attempt to track any TMF services.

