

Form CRS

Key Questions to Ask

The Client Relationship Summary (“Form CRS”) is intended to provide you with important information about your relationship with Motley Fool Wealth Management (“Fool Wealth,” “us”, “we”, “our”) in a standardized, summary fashion. Standardizing how information is provided raises the level of client understanding and lets you more easily compare offerings and services across the industry. You can review our Form CRS [here](#).

A very important part of Form CRS is its Key Questions or “Conversation Starters.” As the name suggests, these questions are intended to spark further inquiry into key aspect of our services and flesh out details on things like fees and conflicts of interests—everyone’s favorite topics!

Please see below our responses to these Key Questions. If you have follow-up questions or just want more detail, please email us at support@foolwealth.com or give us a call at 844-408-4390, Monday through Friday, 9:00am – 5:00pm ET.

With that out of the way, here we go...



“Given my financial situation, should I choose an investment advisory service? Why or why not?”

We believe that all individuals are capable of managing their own financial affairs, including their investments. The key decision you need to make when considering an investment advisor is whether you have the time, desire, and confidence to manage your own investments successfully.

Some common reasons that our clients cite for hiring a financial advisor include:

- Entering retirement, they have a desire to reduce the amount of time dedicated to financial management and benefit from having a trusted advisor with whom they can plan for ongoing spending needs.
- As they age, some couples realize the risk of having only one partner knowledgeable about the couple’s finances and they wish to bring in a third party before cognitive decline, disability, or death.
- They have no interest in managing investments and want to outsource financial management to the extent possible.
- They appreciate the market-beating capability of owning individual stocks, but do not want to spend time researching companies and placing trades themselves.

Some common reasons that people choose **not** to hire a financial advisor include:

- *Low asset balances* – while in the early stages of building savings/investments (or in cases where financial needs are covered from fixed income streams such as real estate, pensions, annuities), it may be more expensive to hire a financial advisor on a relative basis.
- *Alignment of values* – for some investors, it can be critical that their advisor adhere to socially conscious

or other values-based investing standards. Fool Wealth does **not** currently apply those filters to its investment selections.

- *Cost* – Advisors charge a fee for their advice, either through explicit invoiced hourly costs or an asset-based fee. Some investors are opposed to paying fees for these services.

“How will you choose investments to recommend to me?”

Your recommended investment allocation is based upon your responses to an online questionnaire regarding your financial and portfolio information, risk tolerance levels, time to retirement, need to access assets, and plans to add funds to or withdraw funds from each account. Our Planner Services also incorporate additional information we receive from Clients, through their interaction with a financial planner, regarding their personal financial situation.

While our asset allocation recommendations are custom-built to meet our clients’ personal financial goals, our selection of individual securities is **not** personally tailored for client accounts. Rather, the individual securities purchased and sold for client accounts are based upon and track the holdings in our Model Portfolio.

“What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

The Model Portfolios upon which our Personal Portfolios are based are managed by our Portfolio Managers. This team has over five decades of combined experience managing clients’ assets.

Our recommended asset allocations for Personal Portfolios are determined by the President with quarterly review and input from the financial planners. Our financial planners are licensed professionals with Series 65 or other specialty financial industry designations.

[Part 2B of our Form ADV](#) provides a list of the above individuals and their detailed biographies, which include descriptions of their licenses and/or professional designations. These individuals are “investment adviser representatives” or “IARs,” which requires that they hold a Series 65 license or a professional designation that serves as an alternative to a [Series 65 license](#).

IARs that currently hold (in good standing) the following professional designations are exempt from the Series 65 by most state regulators: the Certified Financial Planner (CFP), Chartered Financial Analyst (CFA), Personal Financial Specialist (PFS), Charter Financial Consultant (ChFC) or Chartered Investment Counselor (CIC).

Note: Clients investing \$300,000 or more in our Personal Portfolio Program have access to Fool Wealth financial planners, who will provide financial review and counseling services in connection with their Personal Portfolio. Clients investing \$1,000,000 or more in our Personal Portfolio Program have access to Fool Wealth’s financial planning services.

? “Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”

If a client funds their Personal Portfolio account entirely with cash, the entire \$10,000 will be invested, subject to brokerage commissions. We do not charge a front-end “load” or upfront sales charge (like some mutual funds). On the other hand, if a client funds their account by transferring securities (known as an Automated Customer Account Transfer Service or “ACATS”), we’ll need to configure your account to our Model Portfolios. This involves selling securities that are not part of the Model Portfolios being followed by a client and reallocating the proceeds. ***Buying and selling securities to bring your account in-line with our Model Portfolios will involve transaction costs and tax consequences, which may be significant. We recommend that you consult with your tax and/or financial adviser if you have any questions.***

We offer index-based Personal Portfolios and stock-based Personal Portfolios. In order to help you understand the costs associated with both types of Personal Portfolios, the following examples assume that you invest \$10,000 for five years, with a 5% return each year. Since there are no breakpoints at this investment level, our AUM Fee of 0.40% for the index-based Personal Portfolio or 0.95% for the stock-based Personal Portfolio applies to the entire account*. We also assume that you did not add to or withdraw assets from your account.

Stock-Based Personal Portfolio (\$10,000; 5% annual return; 0.95% annual fee)		
	Balance (Less Fees)	Fees Deducted
Year 1	\$10,412.19	\$97.18
Year 2	\$10,841.37	\$101.19
Year 3	\$11,288.25	\$105.36
Year 4	\$11,753.54	\$109.70
Year 5	\$12,238.01	\$114.23
Total Fees Deducted		\$527.67

Index-Based Personal Portfolio (\$10,000; 5% annual return; 0.40% annual fee)		
	Balance (Less Fees)	Fees Deducted
Year 1	\$10,469.65	\$41.02
Year 2	\$10,961.36	\$42.95
Year 3	\$11,476.16	\$44.97
Year 4	\$12,015.13	\$47.08
Year 5	\$12,579.42	\$49.29
Total Fees Deducted		\$225.31

* **Note:** MFWM currently uses Interactive Brokers and Charles Schwab as the custodians and brokers for our Personal Portfolio Program. Your actual costs will be higher due to transaction fees and other fees charged based on the custodian you use. Please see our [Custodian Comparison & FAQ](#) for more information about investment minimums and transaction costs and other fees.

? “How might your conflicts of interest affect me, and how will you address them?”

Conflicts of interest are an inescapable part of an investment advisory business, especially once you accept more than one client. Broadly speaking, the conflicts of interest associated with our advisory business can be divided into three categories.

1. *Conflicts inherent in how we charge our clients.*

As the SEC astutely notes in an FAQ, compensation that an investment adviser receives in connection with the investments it recommends and related services it provides can result in the investment adviser having interests that conflict with those of its clients. You should check out this FAQ, which can be found [here](#).

For example, investment advisers (including us) have an incentive to invest in securities that would make us the most money and to gather as many additional clients/assets as possible. By charging the same fee for access to each of our stock-based Model Portfolios, we believe we mitigate the first conflict. For an example of the latter conflict, our financial planners recommend 401(k) and IRA rollovers into our Personal Portfolio program, and by so doing, create potential conflicts of interest in that rolling retirement savings into a Personal Portfolio account will generate ongoing AUM Fees for Fool Wealth that it would not otherwise receive.

2. *Conflicts associated with managing other accounts*

Our Portfolio Managers provide asset management services to other clients (specifically Exchange Traded Funds) and certain proprietary accounts. Conflicts of interest arise when a Portfolio Manager has day-to-day portfolio management responsibilities with respect to more than one fund or account, especially when managing or providing investment advisory services for other funds or accounts with similar investment strategies and different (higher) fees. These factors create conflicts of interest because Portfolio Managers have potential incentives to favor certain funds or accounts over others (including the Model Portfolios), with the result that other funds or accounts could outperform the Model Portfolios.

A conflict may also exist if the Portfolio Managers identify a limited investment opportunity that may be appropriate for more than one fund or account, but the Model Portfolios are unable to take full advantage of that opportunity because of the need to allocate that opportunity among multiple funds or accounts. In addition, the Portfolio Managers may execute transactions or make recommendations for another fund or account that may adversely affect the value of securities held by the Model Portfolios.

3. *Conflicts associated with our relationship with affiliates (e.g., shared service arrangements and referrals to proprietary products and services offered by our affiliates)*

We have a publishing affiliate, The Motley Fool, LLC (TMF), that publishes opinions and recommendations regarding the purchase and sale of securities. Their opinions and recommendations may affect the prices of securities held by our clients or the prices at which our clients can purchase or sell particular securities. We have no advance or nonpublic knowledge of their recommendations or opinions.

We also rely on TMF for various support services, including accounting, information technology, human resources, and marketing services. If we do not meet profit expectations, or if other affiliated businesses are more profitable than us, TMF (or our parent company) may seek to reallocate these corporate resources to other affiliated businesses in order to enhance the overall profitability of The Motley Fool group of companies. Decreased access to these resources could impair our ability to grow and improve our business (including gathering new assets), which could negatively impact the scope and quality of services that we provide to our clients.

Finally, we may direct clients and prospective clients to the websites of affiliated advisory entities. While we don't get directly paid for these referrals, the purchase and holding of affiliated products or services by clients enhances the profitability of affiliated businesses, which indirectly benefits us. This conflict of interest is exacerbated with respect to products and services that have a performance fee.

For additional information regarding conflicts of interest, please see [Item 11.B. of our Brochure \(Part 2A of Form ADV\)](#).

? “As a financial professional, do you have any disciplinary history? For what type of conduct?”

Our financial professionals do not have any disciplinary history. As IARs, financial professionals are required to disclose a broad range of disciplinary histories, including criminal, civil, regulatory, and financial, such as bankruptcies or charge-offs. A more detailed overview of our financial professionals’ disciplinary history can be found at <https://www.investor.gov/CRS> or <https://www.adviserinfo.sec.gov>. Detailed information about our financial professional’s education and occupational background can be found in [Part 2B of our Form ADV](#).

? “Who is my primary contact person?”

Clients eligible to receive Financial Planning Services are paired with a financial planner. These financial planners will be your primary contact person. Clients receiving Counseling Services are able to request speaking with a specific financial planner, which will be honored on a best-efforts basis. Otherwise, the first available financial planner will be your point of contact for questions or concerns.

Clients investing under \$300,000 should contact our Client Experience team by calling 844-408-4390 for questions regarding account opening and their Personal Portfolio. Questions that require input from financial planners will be resolved on an escalation and as-available basis.

? “Is he or she a representative of an investment adviser or a broker-dealer?”

Our certified financial planners are IARs. These individuals’ credentials are discussed above.

? “Who can I talk to if I have concerns about how this person is treating me?”

We have adopted a procedure for client grievances that requires all personnel to escalate concerns appropriately. The best way to submit a concern or complaint is by sending an email to support@foolwealth.com, which will be escalated appropriately by the recipient. Alternatively, you may call 844-408-4390 to speak with our Client Experience Team.