

INVESTMENT STRATEGY OVERVIEW

MENENDEZ, YODER & HUNT RETIREMENT GROUP *of Wells Fargo Advisors*

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The GROWTH Portfolio

The GROWTH Portfolio consists of large and mid-cap stocks that are broadly diversified across the major sectors of the economy. Individual securities may be selected on the basis of fundamental analysis with consideration also given to quantitative factors, such as relative strength and earnings momentum. Criteria for stock selection include what we view as above-average growth potential relative to the market (as defined by the S&P 500 Index), strong brand franchise, dominant market share, and proven management teams. Other factors taken into consideration include relative and absolute valuation levels, turnaround potential with a catalyst for change, and macroeconomic conditions.

In the GROWTH Portfolio we concentrate on seeking earnings growth as a fundamental indicator of overall corporate health and the focus of our selection criteria. We do not establish a minimum dividend yield criterion either for individual positions or the overall portfolio.

We believe that while stock prices are ultimately driven by earnings growth, price action is an important factor in both buy and sell decisions. We invest in stocks that have a generally positive or improving technical pattern.

Sell decisions are based on a variety of factors. Stocks may be considered for sale or rebalancing based upon valuation levels, when a position size appreciates to a large percentage of the portfolio, or if fundamentals of the company show signs of deterioration. We also believe in reviewing price action for our equity positions. Position size adjustments or outright sells are often governed by quantitative factors including relative performance and technical support levels.¹

The DIVIDEND-GROWTH Portfolio

The goal of the DIVIDEND-GROWTH Portfolio is to provide an increasing stream of dividend income and growth of investment capital.

This portfolio typically consists of stocks with attractive dividend yields that have demonstrated the potential to raise those dividends over time. We invest in companies that we believe will provide consistent annual dividend growth and prioritize income growth over capital appreciation.²

The DIVIDEND-GROWTH Portfolio is broadly diversified with exposure to all major economic sectors. Stocks that reduce or eliminate their dividend may be removed from the portfolio. Stocks may be considered for sale or rebalancing due to a change in fundamentals, sector rebalancing or position size. Some stocks may be sold or trimmed to make room for new opportunities.

The SATELLITE Portfolios

Diversification among broad sets of asset classes is a critical element in managing risk and pursuing performance over a variety of market conditions. Our SATELLITE Portfolios may provide exposure to

traditional and non-traditional asset classes. These include, but are not limited to, international equities, domestic mid-cap equities, domestic small-cap equities, emerging market equities, real-estate, commodities, as well as absolute return and other alternative strategies.³

A portion of our SATELLITE Portfolios are allocated to a tactical strategy. This component is designed to enhance return potential by concentrating some positions (including cash and cash alternatives) that focus on shorter-term trends.

The SATELLITE Portfolios are implemented through the use of mutual funds, exchange traded funds and closed-end funds.

Fixed Income Portfolios

Our Fixed Income Portfolios contain a CORE plus SATELLITE structure. We do not believe in taking significant credit risk within the CORE fixed income component of our clients' portfolios: therefore, we may be highly concentrated in US government, high-quality municipal, government agency and investment-grade⁴ corporate bonds.

The SATELLITE component of our Fixed Income Portfolios is designed to enhance return potential by taking advantage of shorter-term trends, credit spreads and special situations within the market. This part of the portfolio will focus on sectors (e.g., corporate, high-yield, TIPS, foreign, adjustable rate) that we believe will add opportunistic value and diversification to the CORE portfolio.

Structure and Communication

Each client's situation involves a unique set of circumstances and goals. We work with each client to design a customized portfolio blend tailored to their financial needs and investment objectives.

Regular communication is vitally important. (We are committed to regular meetings to review clients' goals and objectives, general market conditions, overall investment performance and asset allocation.⁵)

Tax Sensitivity⁶

Taxes have a significant impact on our financial lives and we are committed to coordinating with our clients and their tax advisors to employ tax aware strategies. These include utilizing tax-exempt municipal bonds where appropriate, monitoring opportunities to harvest capital losses, and maximizing dividend and long-term capital gains treatments. Wherever possible, we seek to avoid using investment vehicles that result in excessively complicated or delayed tax reporting issues.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax or other tax surcharges.

Investment and Insurance Products: Not FDIC Insured / No Bank Guarantee / May Lose Value

Steven Menendez & David Yoder act as our group's Private Investment Program (PIM) Managers and are authorized to make all discretionary decisions for advisory program accounts. Other team members listed provide support and assistance in the implementation of investment strategy as outlined by the portfolio manager.

¹ Past performance is no guarantee of future results and there is no assurance that any investment strategy will be successful.

² Dividends are not guaranteed and are subject to change or elimination.

³ We employ the use of mutual funds and ETFs (exchange traded funds) to gain exposure to all of these asset classes.

⁴ A rating that indicates that a bond has a relatively low risk of default.

⁵ Asset allocations cannot eliminate the risk of fluctuating prices and uncertain returns.

⁶ Wells Fargo Advisors does not provide legal or tax advice. You should consult with your attorney, accountant and/or estate planner before taking any action.

All investing involves risk, including the possible loss of principal.

As each Private Investment Management (PIM®) program account is individually managed, construction and ongoing management of portfolios may vary from those discussed in this Strategy Overview.

An investment in a mutual fund or exchange-traded fund (ETF) will fluctuate and shares, when sold, may be worth more or less than their original cost. ETFs are subject to risks similar to those of stocks and may yield investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched.

Investments and investment strategies contained herein are provided for informational purposes only. We would need to review your individual situation before recommending appropriate strategies to you.

Relative Strength is a measure of price trends that indicates how a stock is performing relative to other stocks in its industry.

Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations.

The PIM program is not designed for excessively traded or inactive accounts and is not appropriate for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services. The minimum account size for this program is \$50,000.

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