



FAQ's for Retirement Investors

Maxwell Noll Investment Advisors Policies Regarding the US Department of Labor's "Fiduciary Rule"

In August 2016, the Department of Labor passed a regulation known as "The Conflict of Interest Rule" or "The Fiduciary Rule" to ensure people saving for retirement are getting a fair deal in terms of what they are paying for investment services. As Registered Investment Advisors, we have always been subject to fiduciary standards. We believe transparency in the investment industry is long overdue.

The rule is scheduled to take effect on April 10, 2017.

What is the Fiduciary Standard?

Simply stated, it means the advisor must always act in the best interests of the client. This means not recommending investments or investment products solely because of the amount of compensation the advisor will receive. The investment must, first and foremost, benefit the client.

How will Maxwell Noll Investment Advisors invest my account?

Maxwell Noll believes every investor should know what they own. We invest primarily in exchange-traded or NASDAQ-listed equities (common and/or preferred stocks), exchange-traded mutual funds (ETFs), and exchange-traded real estate investment trusts (REITs). Depending on your needs, we may also invest in corporate bonds.

It is our long-standing belief that a diversified portfolio in high-quality companies that provide growth potential and dividend income (though not all companies pay dividends) will benefit the individual investor over the long-term.

We use a limited number of companies, and this enables us to closely monitor our clients' portfolios. We analyze each company for minimum standards of price stability, dividend growth, and revenue growth.

We do not use open-end mutual funds (funds that do not limit the number of outstanding shares), however, we will retain any funds you already own if you wish. We will review your mutual fund

holdings to ensure they are performing at a minimum standard and will not hamper the growth of the rest of your portfolio.

Maxwell Noll does not use or recommend proprietary products, hedge funds, private placements or alternative investments.

All accounts are “discretionary.” This means the advisor will choose the investments, the amount to invest, and the timing of the purchase or sale without seeking the clients’ approval prior to making the transactions. All investment decisions are made in accordance with the clients’ stated investment objectives and risk tolerance. Clients are notified of any transactions by email, and receive a trade confirmation directly from their custodian firm.

Why does Maxwell Noll avoid open-end mutual funds?

We feel open-end mutual funds hold too many assets, and not all of those assets meet our criteria for quality. Also, mutual funds charge management fees. Depending on which source you use, those annual fees can range on average from .71% (Morningstar-2013) to 1.5% (Investopedia). We believe between their over-diversification and management fees, long-term growth is limited.

How much will I pay for your services?

Maxwell Noll has a tiered management fee structure, depending on the asset. Equities, ETFs and REITs are charged at 1% of the portfolio value per annum. Fixed income assets (bonds) are charged at .5% of the portfolio value per annum, and cash balances are charged at .25% per annum. Fees are calculated on the value as of the last business day of each month, and are billed monthly.

As of this report (August, 2016), the average annual fee among all our clients for all asset classes is .9% annually. This means the annual fee for a \$100,000 portfolio invested in 75% equities would be approximately \$900.

We do not charge a fee for open-end mutual funds, because the fund manager is already charging you a fee and we are not closely supervising the day-to-day performance of the fund.

We also do not charge for US Treasury securities, as they require little or no oversight.

How do I pay my monthly fees?

Most clients choose to have their fee deducted from their accounts, however, if you are itemizing and can deduct the management fee on your tax return, you may pay by check. *(NOTE: Management fees paid directly from retirement accounts are not deductible, but they are also not taxable as a distribution).* We do not accept PayPal or credit cards.

Are there any other fees?

Maxwell Noll Investment Advisors does not charge additional fees for investment services. Our custodian, TD Ameritrade Institutional, does charge a \$6.95 transaction fee for each trade.

How are asset managers compensated?

99.9% of Maxwell Noll's revenues come from management fees. We do not receive compensation from any other source. The remaining .01% of our revenues comes from interest on our cash reserves.

All our asset managers and full-time staff are salaried. Wages are increased annually at the same rate, across the board. Bonuses are awarded at the end of the year at the same rate, across the board.

We do not pay or receive incentives of any kind relating to investment products.

Are there any material conflicts of interest?

In consideration of our investment policies, business model, and compensation structure, we firmly believe no conflicts of interest exist.

We welcome any additional questions or comments.

A copy of our Policies and Procedures manual is available on request at no charge. Additional disclosures are also available on our annual Form ADV-Part 2. It is also available on our website www.maxnoll.com.