

Noe Investment Planning and Management

Prospective Client Presentation



Presentation Outline

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Mission Statement

“The sole focus of my business is to help my clients achieve their financial and investment goals.”



Firm Information & My Experience

- Noe Investment Planning and Management was established in 2003.
- I began providing planning and investment management services to a small number of clients in 2004.
- In 2005, I registered as an investment advisor with the State of Illinois.
- I have over eight years of investment experience working with two large Illinois public pension plans (Illinois Teachers' and Illinois Municipal). I left my position with the Illinois Municipal Retirement Fund in early 2006. I am now working full-time as an independent investment advisor.
- I achieved the Chartered Financial Analyst (CFA) designation in 2002.
- I currently have 18 full-time (retainer) clients and I directly manage approximately \$6.5 million.
- My goal is to slowly grow the business to 30 – 35 clients and to have \$15 - \$20 million total assets under management.



Services

- My services fall into two categories:
 - Investment/Financial Planning
 - Investment Management
- Investment/Financial Planning includes the following:
 - Help clients establish goals – *paying down debt, saving for retirement, saving for college education, etc*
 - Develop a written plan for clients to achieve their goals – *specify amount of money to save each month, timeframe needed to achieve the goal, recommend specific investments, etc.*
 - Help clients with their retirement accounts – *recommend investments for 401ks, 403bs, 457s, and IRAs*



Services Continued

- Investment Management Services include the following:
 - Building portfolios of investments that meet client objectives
 - Monitor and rebalance these portfolios on an ongoing basis
 - Provide quarterly and monthly performance reports to clients



Planning/Investment Process

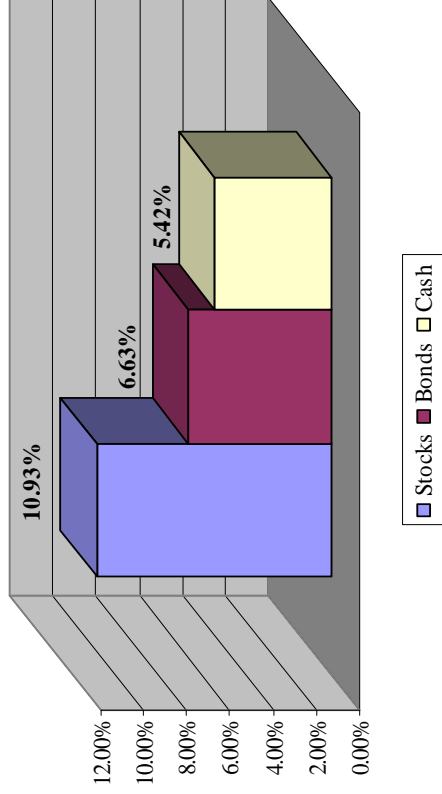
- Define Your Goals and Objectives
 - Are you investing for retirement, child's college fund, new home, etc?
- Identify Your Constraints
 - Time Horizon
 - When do you plan on withdrawing money from your accounts?
 - Risk Tolerance
 - Are you aggressive or more conservative? How do you handle losses?
 - Other Constraints
 - Taxes
- Develop and Implement an Investment Plan
 - Decide on portfolio structure and choose investments
 - How much to save per year to reach your goal
- Portfolio Monitoring and Reporting
 - Monthly “snapshot” statements
 - Quarterly reports



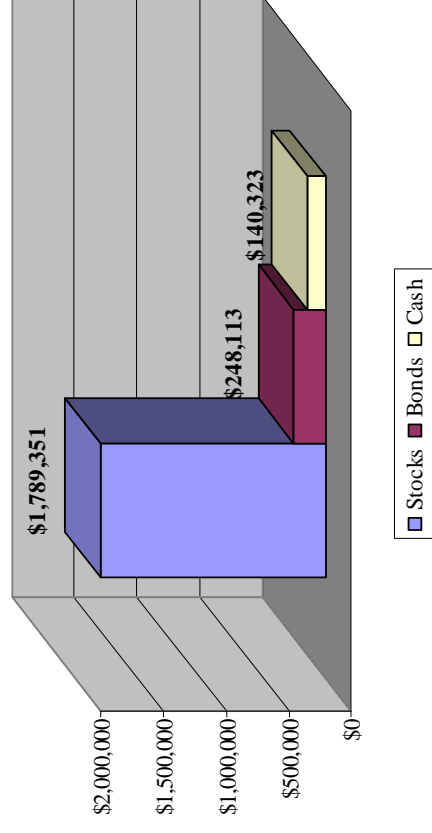
Investment Philosophy

1) Long-Term Investors Should Own Stocks

Historical Performance (1955-2004)



Growth of \$10,000



Investment Philosophy

2) Diversify Your Investments

	1999	2000	2001	2002	2003
Int. Stks	+27.3%	Real Estate +26.4%	Real Estate +13.9%	Bonds +10.3%	Sm. US Stks 48.2%
Sm. US Stks	+26.1%	Bonds +11.6%	Bonds +8.4%	Real Estate +3.8%	Int. Stks 39.2%
Lg. US Stks	+21.8%	Money Market +6.2%	Money Market +4.4%	Money Market +1.8%	Real Estate +37.1%
Money Market	+4.6%	Sm. US Stks +0.0%	Sm. US Stks -0.3%	Int. Stks -15.6%	Lg. US Stks 28.9%
Bonds	-0.8%	Lg. US Stks -11.0%	Lg. US Stks -12.8%	Sm. US Stks -20.8%	Bonds +4.1%
Real Estate	-4.6%	Int. Stks -14.0%	Int. Stks -21.2%	Lg. US Stks -21.3%	Money Market +1.2%

- Investment returns are unpredictable from year to year
- Avoid heavy allocations to individual stocks – buy mutual funds and ETFs
- Many investors concentrate their holdings in only one or two of these asset classes such as U.S. Large Cap Stocks & Bonds
- By diversifying your investments into more of these asset classes, you will decrease the volatility of your returns (reduce risk)



Investment Philosophy Continued

3) Lower Your Costs

- Trading stocks frequently and purchasing mutual funds with high expenses eat away at your returns
- Example - 10% return per year on two mutual funds.
 - Invest \$50,000 in Fund A with an annual fee of .25%
 - Invest \$50,000 in Fund B with an annual fee of 1.25%
 - In 20 years Fund A would be worth almost \$63,000 more than Fund B
- In the long-run mutual funds with lower fees outperform the funds with higher fees
 - Invest in low cost index mutual funds and exchange traded funds (ETFs)
 - It is very difficult for even the best money managers to outperform index returns over the long-run because of their higher costs



Investment Philosophy Continued

4) Rebalance Your Portfolio

- As your investments perform differently, your portfolio mix changes. If you do not rebalance your investments, the risk & return profile of your portfolio will change.
- Rebalancing is a discipline that forces you to sell portions of your strong performing investments and buy portions of your poorer performing investments (sell high and buy low)
- Example:
 - \$200,000 portfolio (50% stocks, 50% bonds) on 1/1/2002
 - In 2002 stocks returned -20.9% and bonds 10.3% (Portfolio = \$189,410)
 - On 12/31/2002 portfolio = (58% bonds, 42% stocks)
 - In 2003 stocks returned 31.7% and bonds 4.1%
 - Rebalanced portfolio (back to 50/50 mix) = \$223,277 on 12/31/03
 - Portfolio without rebalancing = \$218,990 on 12/31/03



Why Noe Investment Planning & Management?

- Many people do not have the time or expertise to put together their own investment plan or to manage their investments on an ongoing basis.
 - I will work with you to develop an investment plan that will achieve your specific goals.
 - I will put together an appropriate investment structure, taking into consideration your specific time horizon and risk tolerance.
 - I will manage/monitor your portfolio and rebalance or make changes (if needed).
- Low costs
 - My management and planning fees are very reasonable. Because I am a fee-only advisor, I am not motivated to sell you expensive investment products.
 - Your portfolio will only be invested in low-cost mutual funds and exchange traded funds (ETFs) – no sales charges, no high commissions.
- Independence
 - I do not receive compensation from any insurance company, mutual fund company, or broker/dealer.
 - I am completely objective when providing recommendations to clients.
 - I invest clients' money with only their goals and objectives in mind.



Exhibit A – Fee Schedule

- Investment & Financial Planning Only:
 - General investment advice and planning, including help with 401k, 403b, 457 plan, or IRA investments (*Fee = \$125 per session*)
 - One-time development and implementation of an investment plan (*Flat Fee = \$250*)



Exhibit A – Fee Schedule

- Full-Service Relationship:

- Fee Schedule

<u>Fee %</u>	
1.00%	on the first \$250,000
0.80%	on the next \$250,000
0.60%	on the next \$500,000
0.50%	on the next \$1,500,000
0.30%	on amounts over \$2,500,000

- Minimum annual fee is \$800
 - Full-Service relationship includes the development of an investment plan, investment recommendations, investment account management, quarterly investment reports, monthly portfolio statements, 2 or more formal meetings per year, and access to MoneyGuidePro online (ability to access your financial plans online via a secure network, free investment account aggregation services, other financial tools, calculators, etc.)



Exhibit B – New Client Process

- **Investment Planning Relationship:**
 1. Complete Investor Questionnaire/Profile
 2. Develop Investment Policy / Financial Plan
- **Full-Service Relationship:**
 1. Complete Investor Questionnaire/Profile
 2. Develop Investment Policy / Financial Plan
 3. Execute Managed Account Agreement and Retainer Contract
 4. Establish new brokerage accounts and transfer accounts (if needed)
 5. Execute a trading authorization agreement with brokerage firm

Note: Contracts and Agreements can be terminated at any time with written notice