



## ***ANNEX WEALTH MANAGEMENT<sup>®</sup>, LLC***

### **Registered as Annex Advisory Services, LLC**

Securities & Exchange Commission Number 801-63505

Central Records Depository Number 127987

### **Firm Brochure**

**(Substitute Part 2A of Form ADV)**

### **Headquarters**

12700 West Bluemound Road

Suite 200

Elm Grove, WI 53122

262-786-6363

[www.AnnexWealth.com](http://www.AnnexWealth.com)

**Brochure Dated: March 25, 2019**

This Brochure provides important information about the qualifications and business practices of Annex Wealth Management<sup>®</sup>, LLC ["Annex"] that should be considered before becoming a Client of Annex or one of its Programs. If you have any questions about the contents of this Brochure, please contact us at 262-786-6363 or [info@annexwealth.com](mailto:info@annexwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission, any state securities authority, or other governmental agency.

Annex Wealth Management<sup>®</sup>, LLC is a registered investment adviser. Registration as an Investment Adviser does not imply a certain level of skill or training. Additional information about Annex Wealth Management<sup>®</sup>, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes to Annex's Brochure

Annex's Disclosure Brochure, dated March 25, 2019, was prepared according to the SEC's requirements and replaces the previous disclosure document posted to the SEC's website and dated March 28, 2018. Annex Wealth Management®, LLC ("Annex") provides a copy of its current Disclosure Brochure ("Brochure") to all new and prospective Clients as a substitute to Part 2A of Form ADV.

This page will discuss **only specific material changes** that were made to the Brochure since the last revision (03/28/18) and provides Clients with a summary of those changes. When there are material changes, Annex sends a copy of this updated page to all existing Annex Clients along with their quarterly performance reports or billing invoices.

We will gladly provide any Client with a complete Brochure at any time, without charge. A copy may be requested by contacting Annex at 262-786-6363 or [info@AnnexWealth.com](mailto:info@AnnexWealth.com). Our Brochure is also available on the "About Us" section of our website at [www.AnnexWealth.com](http://www.AnnexWealth.com), also free of charge. Additional information about Annex Wealth Management® is also available via the SEC's website at, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about Annex's management team and each person registered as an investment adviser representative of Annex.

### **Material Change(s):**

- In early 2016, the firm introduced a web-based asset management tool powered by Annex Wealth Management and branded as Savvy. That platform has been rebranded as **Annex Ignite** ("Ignite"). The platform provides investment management services through an electronic interface but does not provide the user with a comprehensive financial planning or wealth management experience; nor does the user have one-on-one access to the members of the Annex Wealth Management Team. Ignite is powered by many of the industry-leading technology platforms enlisted by Annex Wealth Management. More information about Ignite can be found in Item 4 entitled *Advisory Business* of the Annex Brochure or by accessing the Ignite website at [www.annexignite.com](http://www.annexignite.com)
- The **Managed Assets** section of the brochure has been updated to reflect the growth of the firm. As of March 18, 2019 Annex Wealth Management® managed approximately **\$2,136,432,787.00** in assets for more than 6380 Clients. Approximately \$1,955,352,422.00 is managed on a discretionary basis and approximately \$181,080,365.00 on a non-discretionary basis. A detailed accounting of the assets we managed on the date of this Brochure is reflected in our most recent Brochure posted to the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at [www.AnnexWealth.com](http://www.AnnexWealth.com).

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## **Item 4 – Advisory Business**

### **Firm Description**

Founded in 2001, Annex Wealth Management® is a domestic limited-liability company whose Articles of Organization are filed with the State of Wisconsin. Annex Wealth Management, LLC is the sole Member to three other domestic limited-liability companies, namely; Annex Insurance Services LLC, a licensed corporate insurance agent (formed 2003), Annex Advisory Services LLC, an Investment Advisor federally registered with the US Securities & Exchange Commission (formed 2003), and Annex Investment Services LLC, which is currently dormant (formed 2003). Collectively, each of these separate limited-liability companies are held out to the public and marketed as Annex Wealth Management®. Unless specifically noted otherwise, wherever we use the name Annex Wealth Management or “Annex” throughout this Brochure, we are referring to the registered investment advisor and its business operations.

Annex offers a wide range of advisory services to individual investors, high net worth individuals, pension and profit sharing plans, charitable organizations, trusts, small businesses, partnerships, corporations, and other similar entities. As its core business function, Annex provides comprehensive wealth management and financial planning services to its Clients including personalized on-going money management services, financial planning, and consultative services. Annex tailors its advisory services to the individual needs of its Clients by following a consistent process of goal-setting, discovery, risk assessment, financial planning, portfolio development, asset management, and monitoring. Annex’s advisory services are described in detail within this Brochure. Clients and prospective Clients are encouraged to have all of their questions answered regarding Annex and its services prior to entering into a contract with Annex.

Annex’s Corporate Offices in Elm Grove, Wisconsin are the central supervisory and management location. Assets under the management of Annex are held by independent qualified custodians including TD Ameritrade Institutional, Schwab Institutional, and Fidelity Institutional in a separate account for each Client under that Client’s name.

### **Principal Owner**

Annex Wealth Management, LLC is wholly-owned by David J. Spano, CFP®. In turn, Annex Wealth Management, LLC is the sole member (owner) of its related companies Annex Advisory Services, LLC, Annex Insurance Services, LLC, and Annex Investment Services, LLC.

### **Types of Advisory Services & Tailored Relationships**

Annex provides investment advice through individual consultations about investment matters for a fee. Annex also offers discretionary asset management services where it provides continuous, active, individualized management to each Client. Additionally, Annex provides consulting services to its Clients about other life planning and business planning matters outside of the investment industry. All of these services are frequently and collectively referred to as “financial planning”.

### **Comprehensive Wealth Management & Financial Planning**

Beyond investment management, asset selection, asset allocation, and rebalancing is the comprehensive wealth management and financial planning services offered to each Annex Client. The bundled fee Annex collects from each Client for its services contemplates a broad range of wealth management services based on the standards of impartial conduct – that is, providing advice in each Client’s best interest, charging reasonable fees based on the scope and complexity of the services provided, and making straightforward statements to each Client about its recommendations. In this regard, Annex should be viewed as a “level-fee” fiduciary whose bundled fees are based on individualized and ongoing comprehensive wealth management and financial planning services without the bias and conflicts of commissions or variable compensation based upon its recommendations.

Over the course of the relationship, each Client will have the opportunity to consult with Annex and discuss personal financial opportunities, short- and long-term financial goals, tolerance for various levels of risk, annual savings objectives, asset protection, college funding, retirement planning, projected investment returns and projected income streams, cash-flow projections, tax planning, current and future spending, retirement plan distribution options, pension, Social Security and Medicare election decisions, estate planning, and charitable-giving, along with other financial considerations.

Annex provides financial planning services to its Clients that usually lead to Clients electing to receive investment management services from Annex. The bundled fee Annex charges is almost always based on the value of each Client's investment accounts. Therefore, Annex has an inherent conflict because its interests are best served by making financial planning recommendations that result in either retaining or increasing assets under management. Clients should understand that financial planning recommendations such as paying off a mortgage or gifting, among other things, may reduce Annex's assets under management, thereby creating a natural conflict. Annex seeks to effectively manage this conflict by separating the functions of Client goals-setting and financial planning recommendations to Clients between two separate departments and by eliminating client withdrawals from any calculation of employee compensation, including bonuses.

### **Limited Discretionary Asset Management Services**

Annex provides investment management services, under the terms of a contract, to Clients who are interested in allowing Annex to manage their investments on their behalf. Annex will open a brokerage Account (or multiple Accounts, as appropriate, and each an "Account") at a qualified custodian and based on the information provided by the Client, manage the investments in each Account on the Client's behalf. Annex will supervise, provide for ongoing active management, and direct the investments of the Account with respect to the purchase, sale or continued holding of securities, subject to any restrictions the Client may impose. While Annex generally utilizes investment companies (mutual funds), exchange-traded funds, cash equivalents, and individual securities in its Client accounts, it does not limit the types of investments it might consider managing for a Client. Annex believes that all asset classes – equities, fixed income, alternatives, and cash – are valuable tools in implementing its investment strategies. As such, Fees for services are based on each accounts total value including cash and cash equivalents.

Annex may use various software, research, and other tools from unaffiliated companies to assist in the development of asset allocation models and Client portfolios. Annex's Investment Policy Committee meets frequently and many of the tactical allocations in your account will come from the topics and strategies discussed at those meetings. As such, Annex's Clients benefit from a "team-approach" to asset allocation and account rebalancing.

Under this program, the Client grants limited discretionary authority over their Account to Annex. This means that when Annex feels it is appropriate, and without further consultation with the Client, Annex may buy or sell securities in an attempt to achieve the objectives provided by the Client. The discretionary nature of the Account does not create a custody relationship between Annex and any Client. Clients may terminate their agreement with Annex at any time and receive a pro rata refund of any unearned fees. Clients may also impose any reasonable restriction or limitation on the management of their account. Each Client retains each and every ownership right to the assets in their Accounts, including the right to withdraw assets for an Account upon appropriate notice to Annex.

Annex may recommend that Clients accessing the Firm's Limited Discretionary Asset Management Services establish brokerage accounts with one of its contracted qualified custodians. Accounts will generally be in the custody of Fidelity Investments Institutional Services Company, Inc. ("Fidelity"), Schwab Institutional a Division of Charles Schwab & Co. ("Schwab"), TD Ameritrade Institutional, Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), or a similar custodian, and each a *Qualified Custodian* as that term is used in the Act and in [Investment Adviser Act Release No. 2176](#). Accounts will only be opened at Qualified Custodians with the request and signed application of the Client thereby providing notice to each Client as to their custodial relationship. Each Custodian will send each Client a quarterly statement detailing the balances and activities in their Account over the previous quarter, including the

advisory fees collected by Annex from the Account during the previous period. Custodians may be registered broker-dealers and SIPC members.

Annex will contact each Client at least annually to review their Account(s) and to determine whether there should be any changes to the Client profile and how each Account is being managed. The Client may impose any reasonable restrictions on the management of their Account(s) or modify existing restrictions.

Each Client will receive Account statements from the custodian according to the terms of their custodial contract. In addition, each Client will receive a consolidated report regarding their Account(s) from Annex quarterly. Clients are *strongly* urged to review the reports provided by Annex against the account statements and transaction confirmations they receive directly from their custodian for any inaccuracies. Clients should IMMEDIATELY notify Annex *and* the custodian of any inaccuracies.

### **Consulting Services**

For Clients having a need for ongoing financial advice or analyses involving an investment, portfolio, financial situation or condition, Annex offers Consulting Services designed to meet the Client's needs and expectations. Consulting Services will generally include investment recommendations, an analysis of a Client's existing portfolio or financial condition, data gathering about the Client's financial goals, tolerance to risk, time horizon, tax status, family, and similar information. Based upon the analyses, a plan is developed to assist the Client in achieving their desired outcome. The plan may then be implemented at the Client's discretion in any manner or degree that the Client chooses. In other words, the Client is free to follow the plan, in whole or in part, or may choose not to follow the plan at all, and may do so with any advisor or investment firm he or she chooses to use. Consulting Services are generally oriented towards reviewing existing investment portfolios, investment choices in qualified plans, insurance and asset protection strategies, risk management, retirement projections, estate or business plans, education savings, trust services, retirement planning, estate planning, and corporate and small business planning. All of these efforts would collectively fall under the area of general "financial planning". Where a written analyses or financial plan is requested, Annex will generally utilize third-party provided software to produce financial plans, asset allocation models, portfolio analyses and similar written reports and plans. The projects encompassed in Annex's Consulting Services are intentionally broad and tailored to address the material issues of each Client's financial goals. The fees paid for Consulting Services, if any, are exhausted by those services and an additional fee would be required for the ongoing monitoring or management of Client assets.

Consulting Services may be contracted on a flat fee or as a percentage of the assets for which the Services are being performed. Flat fees for basic projects can start as low as \$1000 but can be significantly higher depending upon the scope and duration of the Services provided. A written estimate of the fees for Services will be provided to the Client in their Consulting Agreement prior to the initiation of any Services. Annex may require an advance deposit equal to as much as 100% of the estimated fee. Any remainder of the fee is due to Annex at the time the Services are completed and the financial plan or other report is delivered to the Client. Once the fees are paid in full, the Consulting Agreement will be terminated and any additional Services will require a new Consulting or other advisory Agreement. Annex will not collect any fee in excess of \$1200 for Services to be performed six (6) months or more in the future. Should the contract terminate at the instruction of the Client or Annex, any prepaid and unearned fee will be returned to the Client.

### **Pension Consulting Services**

Annex provides advisory services to retirement plans ("Plans"), generally covered by ERISA. In doing so, Annex represents that it is registered as an investment advisor under the Investment Advisors Act of 1940 and acknowledges that, with respect to each Client's account, if it is a covered employee plan, Annex is a "Fiduciary" and "Investment Manager" as defined in sections 3(21)(A) and/or 3(38) of the Employee Retirement Income Security Act of 1974. Annex will provide participants in each Plan with information about the Plan features and investment alternatives that is sufficient to enable participants to make informed investment decisions.

Annex may provide Limited Discretionary Asset Management services (as described above) to a Plan or to Plan participants. Annex may also provide additional services in concert with the Plan including assisting in establishing the

investment policy for the Plan, the investment objectives of the Plan, the asset types and classes to be offered under the Plan, the number of investment options to be offered under each class of investment, the criteria and benchmarks for the selection and monitoring of the specific investments to be offered under the plan, monitoring the investments in the Plan and suggesting replacements as appropriate, providing participant education, and advising the Plan Sponsor in following a fiduciary process. Additionally, Annex may offer to conduct in-person group sessions and provide educational materials to participants in the Plan, advising them of features, benefits, and investment options under the Plan. Annex may also offer participants one-on-one meetings and individual advice to create model portfolios where the participant elects not to make his or her own asset allocation decisions. Participants maintain the sole responsibility to act upon the Advice, unless they individually enter into a separate advisory contract under which Annex would take on discretionary control and ongoing management for the participants account(s).

Annex does not charge a fee and a commission within any Plan, beyond the nominal and disclosed trading and administrative charges incurred by the Plan Custodian. Annex does not participate in any trading or administrative charges to Plan assets by custodians nor does it receive any Rule 12b-1 commissions ("trail commissions") or other similar compensation for Plans covered by ERISA. Annex will not collect commissions and therefore, does not allow its advisors to offset consulting fees through the collection of brokerage commissions. Annex does not have any arrangements with broker-dealers under which it will benefit from money managers placing trades for any Client or plan with such broker-dealer.

When Annex is hired for any Client account or as a consultant to any Plan, it provides the Plan contact with its Privacy Policy & Code of Ethics. Within the Code of Ethics, Annex acknowledges in writing that it owes a fiduciary obligation to the plan while providing consulting services.

### **Annex Ignite ("Ignite")**

Annex Ignite (or, Ignite) is a consumer-friendly online experience for Clients who seek online investment analysis, online account opening and account transfer capabilities, and the proactive asset management philosophies and disciplines of Annex's investment team. Ignite allows its Clients to create a personal financial profile that matches them with a model investment portfolio that is low-cost, globally-diversified, and actively managed to meet their personal risk tolerance needs. Ignite follows Annex's proactive core-and-tactical investment philosophy to monitor risk parameters, rebalancing opportunities, performance comparisons to a benchmark, and dynamic investment selection as opportunities are identified. Ignite accounts are held in the Client's name at TD Ameritrade Institutional. The Ignite platform provides investment management services through an electronic interface but does not provide the user with comprehensive financial planning or a broad wealth management experience; nor does the user have one-on-one access to the members of the Annex Wealth Management Team. Ignite is powered by many of the industry-leading technology platforms enlisted by Annex Wealth Management and therefore, Ignite is the branded name of a modified offering of Annex's full-service platform. Annex will market Ignite under its unique brand name "Annex Ignite" as listed on Annex's Form ADV Part 1 Schedule D as an additional name under which Annex conducts its advisory business. More information about Ignite can be found by accessing [www.annexignite.com](http://www.annexignite.com).

### **Tailored Relationships**

Annex tailors its advisor services to the individual needs of each of its Clients. Each Client is relied upon to provide Annex with accurate information regarding their investment portfolio and financial situation. Information Annex considers in tailoring individual advisory services would include, the Client's financial condition, investment objectives, tolerance to risk, investment timeframe, liquidity needs, and tax status. All of Annex's recommendations will be made in reliance of the information provided by the Client, and the Client is responsible for ensuring that the information provided to Annex is complete and accurate. The information provided by the Client will be retained in the Client's electronic and secured file and will be updated whenever the Client informs Annex of changes to the information and/or as a part of periodic Client reviews.

Annex performs advisory services for other Clients and it may give advice or take actions in other Client's accounts that may differ significantly to the timing or nature of actions it takes in another Client's account(s). Clients are free to

impose restrictions on the management of their account(s). Contracts for advisory services cannot be assigned by Annex without the Client's consent.

### Managed Assets

As of March 18, 2019 Annex Wealth Management® managed approximately \$2,136,432,787.00 in assets for more than 6380 Clients. Approximately \$1,955,352,422.00 is managed on a discretionary basis and approximately \$181,080,365.00 on a non-discretionary basis. Our clients are individuals (78% of our clients), high net worth individuals<sup>1</sup> (21% of our clients), pensions, charitable organizations, government agencies, and corporations.

### Periodicals and Publications

Annex may distribute reports, newsletters, white papers, articles, workshop announcements, or other items of interest to Clients and prospective Clients through various means, such as the US mail, email, electronic media, social media, or by posting them on its website. Annex does not charge any fee for any periodical or publication, nor any workshop or other public presentations.

## Item 5 – Fees and Compensation

### Description

All fees for Annex's services **are subject to negotiation based on the scope and complexity** of the comprehensive wealth management services provided to the Client but **will not exceed a maximum fee of 1.50% of assets under management per year**. The average fee paid by Clients is usually discounted from this maximum fee and has historically averaged around 1% per year. The specific nature and basis for the calculation of fees is established in each Client's written agreement with Annex. Annex charges fees in different ways depending on the manner in which the Client elects to engage the firm, and the services the Client elects. Fees for Limited Discretionary Asset Management Services and the Annex Ignite platform are generally calculated as a percentage of assets under management based on the market value of the assets in the Account at the close of the last business day of each calendar quarter and are collected *in advance*.

A typical fee calculation for Limited Discretionary Asset Management services or the Annex Ignite platform, would be (ending account value) x (annual fee %/4 quarters) = (quarterly fee). As an example, a Client with a \$100,000 account balance at the close of the last day of a quarter and paying a 1.5% annual fee would be charged a fee of \$375.00 for that quarter.

$$\text{Example: } (\$100,000.00) \times (.015/4) = (\$375.00)$$

Fees for the initial quarter for which services are provided are prorated based upon the number of days remaining in the quarter.

The fees for Consulting Services are contracted on an asset-based, hourly, or flat-fee basis. Flat fees for basic projects can start as low as \$1000 but can be significantly higher depending upon the scope and duration of the services provided. A written estimate of the fees for services will be provided to the Client in their Consulting Agreement prior to the initiation of any services. Annex may require an advance deposit equal up to 100% of the estimated fee. Annex will not collect any fee in excess of \$1200 for Services to be performed six (6) months or more in the future. Any unearned portion of any previously paid fees for Consulting Services will be refunded to the Client if services are terminated by the Client prior to the completion of the contracted project.

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<sup>1</sup> The Form ADV Glossary of Terms explains that a "**high-net-worth individual**" is an **individual** with at least \$1,000,000 managed by the reporting investment adviser (Annex), or whose **net worth** Annex reasonably believes exceeds \$2,000,000.



While Annex generally utilizes investment companies (mutual funds), exchange-traded funds, cash equivalents, and individual securities in its Client accounts, it does not limit the types of investments it might consider managing for a Client. Annex believes that all asset classes – equities, fixed income, alternatives, and cash – are valuable tools in implementing its investment strategies. As such, Fees for services are based on each accounts total value including cash and cash equivalents.

Annex retains the discretion and right to offset or waive its right to collect any fee due Annex, in whole or in part, by virtue of its Client contracts. Annex's waiver of any fee for any particular Client shall have no bearing whatsoever on the fees due from any other Clients or Client account.

Part of the advisory fee each Client pays is used by Annex to offset the costs of providing portfolio accounting, modeling and rebalancing services, technology platforms, compliance, back office operational support, billing, and reporting services, commonly referred to as a "platform fee".

Advisory fees for services provided by Annex may be more or less than those for comparable services offered elsewhere. Clients have the option to purchase investment products that Annex recommends through other brokers or agents that are not affiliated with Annex.

### **Fee Debiting**

Annex will generally bill its fees on a quarterly basis. The vast majority of Annex Clients elect to have their fees deducted directly from their investment account(s). Rarely, some Clients will opt to have an invoice sent to them and write a check for services to Annex. Still other Clients will elect to have fees deducted directly from a personal checking or savings account via ACH/wire transactions to Annex's company bank account. Clients are free to elect any of these methods for the payment of their advisory fees.

Through their advisory contract, Clients who elect to have fees deducted directly from their investment account(s) authorize Annex and their account custodian(s) to deduct one-fourth of the annual management fee directly from the Client's account(s) at the beginning of each quarter and send the fees to Annex. Unless they are writing checks or having fees sent to Annex via ACH/wire transaction, Clients will not receive advance billing invoices prior to the debiting of fees. However, each Client will receive a quarterly account statement directly from their qualified account custodian detailing the fee deducted from each account during the prior period. Likewise, the fees previously collected by Annex for its services will be detailed in the activity section of their quarterly performance report provided by Annex. The Client's authorization to deduct fees directly from the Client's account is intended as an accommodation for the benefit of the Client. Also, Clients authorize Annex and its advisors and custodians to sell money market shares and then securities, in that order of preference, if sufficient cash balances are not available in the Account at the time the fees are to be debited. Fees are usually collected within the first few days of the beginning of the new quarter. Clients who have any questions on how their fee was calculated or who wish to dispute any fee, should IMMEDIATELY contact Annex at 262-786-6363. Invoices are created and mailed at the beginning of each quarter for any Clients who elect to be billed directly for services and to those who elect to have fees ACH/wired to Annex.

### **Other Fees**

Clients may pay additional fees beyond the advisory fee they pay to Annex. Included in these other fees would be transaction fees or "ticket charges", Rule 12b-1 fees, and mark-ups and mark-downs on certain fixed income securities. Clients may also incur certain charges imposed by custodians, brokers, third party investment companies, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

**Mutual Fund, Variable Annuity, and Exchange Traded Fund ("ETF") Investors:** Mutual funds, variable annuities, and certain ETFs pay management fees to their own investment advisers, which reduces the overall return to the investor. Therefore, most Clients who invest in mutual funds, variable annuities and ETFs through their advisory account pay two levels of advisory fees for the management of their assets; one to the mutual fund, variable annuity, or ETF, and one to

Annex. As an example, assume that Annex elects to place a mutual fund in an account as a part of a Client's asset allocation. That mutual fund has a fund manager who is paid for his or her services by the Client. That manager's fees are deducted directly from the performance of the investment. *In addition*, because Annex has placed that mutual fund in its advisory model, the value of that mutual fund will be included in Annex's fee when the Clients invested in that model are billed each quarter.

### **Termination of Agreements & Pro Rata Refunds of Unearned Fees**

A Client may elect to terminate their agreement with Annex at any time for any reason. Should a Client elect to terminate services during any quarter, then the Client will only be responsible for the prorated fee based upon the number of days services were performed. In that case, a prorated reimbursement of unearned fees will be made to the Client. For instance, if a Client terminates his or her services 25 days into a 90-day quarter for which fees have already been paid, then the Client shall be entitled to 65 days of fee reimbursement, or 65/90ths of the original fee paid.

*Example: [# of Days in Quarter - Days of service]/[# of days in Quarter] x [Prepaid Fee \$] = Prorated Refund*

Any unearned portion of previously paid fees for Consulting Services will be refunded to the Client if services are terminated by the Client prior to the completion of the contracted project. The Client's refund amount will be based upon the percentage of the project that has been completed and delivered to the Client. For instance, a Client may have contracted for 4 hours worth of work at a rate of \$200/hour and paid the entire fee in advance. If the Client terminates the agreement after only 2 hours of services have been delivered, then the Client would be entitled to a refund of \$400 (2 unearned hours X \$200.00 = \$400).

### **Compensation for the Sale of Investment Products**

Annex seeks to use no-transaction-fee mutual funds, institutional-class shares, other mutual funds purchased at net-asset-value (without loads/commissions), and no-commission/no-surrender charge variable annuities in Client accounts. Annex does not receive any commissions for selecting any assets for inclusion in your account. Where Annex buys or sells stocks, bonds, Exchange Traded Funds, options, or similar brokerage assets in a Client's account, Annex limits the "commission" charged to the amount imposed by the custodian to complete the trade. As such, Annex does not collect any commissions for the purchase or sale of Account assets. Clients have the right to purchase investment products that Annex recommends through other brokers or agents not affiliated with Annex.

### **Item 6 – Performance-Based Fees**

Annex does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client) because of the potential conflict of interest.

### **Item 7 – Types of Clients**

Annex generally provides investment advice and financial planning services to individuals, including high-net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. In providing these services, advisors rely on the Client to furnish Annex with current and accurate information regarding their investment portfolio and financial situation, investment objectives, risk tolerance level, investment time frame, liquidity needs, and tax status, as well as the related documents which Annex requests. Upon completion of its review and analysis, Annex will suggest an investment strategy for the Client. Each recommendation and investment decision will be made in reliance on the information provided by the Client to Annex.

Annex will contact each Client household at least annually to see if there have been any changes in financial condition, investment objectives, risk tolerance level, investment time frame, liquidity needs, tax status, or similar meaningful information. Each Client may impose reasonable restrictions on the management of their Account or modify existing restrictions at any time.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Annex may employ fundamental, technical, or cyclical analysis of securities, and passive or tactical allocation strategies in providing investment advice to Clients. In doing so, Annex may use financial newspapers and magazines, research and other materials prepared by unaffiliated third-parties, inspections of corporate activities, corporate rating services and annual reports, prospectuses, filings with the US Securities & Exchange Commission, company press releases, information posted on the Internet, and similar informative materials. Annex may also consult with other investment managers and industry professionals about the investments and investment strategies being considered. Annex also conducts regular Investment Committee meetings. These meetings are designed as an open and free flowing discussion of the economy, world events, opportunities, challenges, and ideas affecting investing and investment strategies. Many of the ideas employed by Annex are a product of these meetings reflecting the team-approach that Annex uses in managing Client Accounts and assets. Annex will also use software it has licensed from outside vendors to create financial plans, Account reports, asset allocation models, portfolio analysis, historical investment reports, and similar Client reports.

### **Investment Strategies**

Annex uses a range of investment strategies that may include long-term purchases, short-term purchases where securities are bought and sold within a year, and more active trading where securities are bought and sold within thirty days. Annex's Core & Tactical Investment Philosophy is designed to engineer broadly diversified global portfolios that seek to combine the benefits of a long-term core portfolio with the potential for reduced risk and/or enhanced returns through tactical investment selections. We provide a proactive investment management style design with lower costs, reduced volatility, and the potential for long term performance. Annex generally uses Exchange Trades Funds ("ETFs"), individual equities, fixed income securities, mutual funds, variable annuity separate accounts, and cash to implement its investment strategies. All of these asset classes, including cash and cash equivalents, are included in the calculation of client fees.

### **Risk of Loss and other Known and Unknown Risks**

Investing involves risk of loss that Clients should be prepared to bear. As with all investments, Clients face risks including the loss of principal, interest rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk, financial risks, and unforeseeable risks related to governments, taxes, geopolitical strife, wars, and acts of God.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Annex or the integrity of Annex's management. Neither Annex nor its management have been the subject of any past legal or disciplinary events.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Annex is primarily a fee-based company which means that it earns most of its revenues by charging advisory fees to the Client accounts it manages and through consulting and financial planning fees. However, some of Annex's employees and advisors are also registered with H. Beck, Inc. ("HBI") a broker-dealer and Member of FINRA and SIPC and many of them are licensed insurance agents. Annex does not receive any commissions for transactions executed in your advisory account(s). Further, Clients have the right and discretion to purchase investment or insurance products that Annex recommends through other brokers or agents not affiliated with Annex. Typically, approximately 95% of Annex's annual Operating Revenue – that is, the revenue received directly by the firm that supports its core business, growth,

and operations – is derived from the efforts of its registered investment advisor. Likewise, the vast majority of the efforts of the Annex staff, its principal officers, and advisors' time is spent on its investment advisory business, with only a small percentage of time on HBI-related or insurance-related matters.

Some Clients who have an advisory relationship with Annex will also have an account with HBI for the purchase of securities for which no advisory fee will be collected by Annex. Many Advisors are also insurance agents appointed with various unaffiliated insurers and licensed with the various states in which they conduct an insurance business. When offering insurance services to their Clients, advisors will transact business through and represent Annex Insurance Services, LLC as agents. Annex Insurance Services, LLC is wholly-owned by Annex Wealth Management, LLC. In these instances, Annex earns commissions from the sale of investment and insurance products, including commissions commonly referred to as "trail commissions" (Rule 12b-1 fees) paid by some mutual fund companies and exchange traded funds. Typically, these purchases will include mutual funds, variable annuities, long-term care insurance, life insurance, direct-participation programs, 529 college-savings plans, equities, fixed income securities, or other similar investments. When Clients purchase securities or insurance products through Annex, Annex will receive a commission from that sale. It should be clear, however, that Annex does not collect a commission and an advisory fee for the management of the same investment or insurance product.

HBI also has regulatory mandated supervisory authority over Annex and its advisors creating a close relationship between Annex and HBI. Annex is also an Office of Supervisory Jurisdiction (OSJ) for HBI. Management of Annex act as registered principals for HBI and supervise the activities of its representatives, the accounts opened, and securities transactions executed through HBI.

Annex has entered into an agreement to participate in the Third Party Strategist Program sponsored by Envestnet Asset Management, Inc. ("Envestnet"). Through the program, Annex has made selected model portfolios available to certain other investment advisors and financial institutions. The outside investment advisors may select Annex's models through their own separate interface with Envestnet. Envestnet, in turn, trades the models at the direction of Annex for the Clients of the outside advisor or financial institution. These Clients are not Clients of Annex and do not receive any of the valuable financial planning or wealth management services provided to Annex's Clients. They receive the portfolio models and asset management services of Annex only. The models Annex selected to include on the Envestnet platform are virtual clones of those same models as they are managed for Annex's Clients.

Annex charges a platform fee to the outside Advisor for asset management services. Envestnet charges the Client asset-based pricing to cover trading fees as well as a sponsor fee. Additionally, the custodian and broker/dealer will charge fees for their services. Lastly, the introducing advisor will add a fourth layer of fees that will be paid by the Client. Because of the multiple layers of fees, Clients who engage Annex for asset management services through this means will routinely pay more than Clients who engage Annex for its comprehensive wealth management services directly. Annex does not include the assets in the Third Party Strategist Program in its calculation of Assets Under Management (see Item 4 *Managed Assets*), nor in its census of Clients and accounts or in its form ADV Part 1A, Item 5 filing.

Some of Annex's advisors are Certified Financial Planners and are active members of The Financial Planning Association ("FPA®"). The Financial Planning Association is the membership organization for the financial planning community. FPA is built around four Core Values - Competence, Integrity, Relationships and Stewardship. The CFP® is a professional designation granted in the United States by the Certified Financial Planner Board of Standards, Inc. ("CFP Board"). The CFP® certification is voluntary; no federal or state law requires financial planners to hold a CFP® certification. Please see Item 23 – Education and Business Standards for more information about the CFP® certification.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

Annex has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client

information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Annex must acknowledge the terms of the Code of Ethics at the time they are registered or employed with Annex and then annually thereafter, or as amended.

As a fiduciary, Annex has a duty of utmost good faith to act solely in the best interests of each of our Clients, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels the officers, directors, employees, affiliates, and advisors to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying our Code of Ethics and represents the expected basis of all of our dealings with our Clients. To summarize various aspects of our Code of Ethics and its core principles:

- The interests of Clients will be placed ahead of Annex's or any advisor's or employee's own investment interests.
- Advisors and employees are expected to conduct their personal securities transactions in accordance with the Annex's Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest with the Client.
- Annex advisors and employees will not take inappropriate advantage of their position with the firm.
- Annex advisors and employees are expected to act in the best interest of each of our Clients.
- Annex advisors and employees are expected to comply with federal and state securities laws and the Firm's Compliance Policy Manual.
- Annex advisors and employees are expected to exercise diligence and care with our Client's confidential personal information in compliance with the firm's Privacy Policy.
- Annex advisors and employees are expected to conduct themselves with the utmost integrity and to avoid any actual, or create the perception of, conflict with our Clients.
- Annex's advisors and employees are prohibited from receiving any gift, gratuity, hospitality or other offering of more than \$100 in value from any person or entity doing business with Annex in any calendar year, unless the gifts are reported in accordance with Annex's gift reporting policy *and* the gifts are neither so frequent or excessive as to raise a question of inappropriateness.
- Annex advisors and employees wishing to serve as director for an outside company or engage in business activities outside of Annex must first seek the approval of the firm's Chief Compliance Officer who will determine whether such service is consistent with the interests of Annex and our Clients.

Annex will happily provide a complete copy of its Code of Ethics to any Client, or prospective Client, upon request.

### **Participation or Interest in Client Transactions**

Aside for immediate family members and other similar arrangements approved in advance by Annex, advisors are not permitted to participate in the gains or losses in any Client account. Advisors are not permitted to act as a trustee, custodian, executor, joint-tenant, beneficiary or similar other named fiduciary to any Client account unless the arrangement is approved in advance by Annex's Chief Compliance Officer.

### **Personal Trading Policy**

Annex and its employees and advisors may buy, sell, or hold securities in their personal Accounts that they also recommend, buy, or sell for their Clients. Personal securities transactions by these individuals are reported to Annex

quarterly so that Annex may supervise the Account activities to reasonably determine if any personal transactions were effected to the detriment of Annex's Clients.

Annex's employees and advisors are required to follow Annex's Code of Ethics. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Annex's Clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading ahead of Client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees and advisors to invest in the same securities (or related securities such as warrants, options or futures) as Clients, there is a possibility that employees and advisors might benefit from market activity by a Client in a security held by an employee. Employee and advisor trading is consistently monitored under the Code of Ethics to reasonably prevent conflicts of interest between Annex and its advisors, and its Clients.

Before placing a trade in a personal Account, Annex employees and advisors are asked to consider whether the security is currently listed on the Annex Restricted List; to consider whether the amount or nature of the transaction will have a meaningful effect on the price or market for the security; whether they personally will benefit from purchases or sales being made for Clients; whether the transaction is likely to harm any Client; and whether there is any appearance or suggestion of impropriety. Personal Accounts will include all Accounts for family members living within an Annex employee or advisor household and any other Accounts over which they have authority or a direct beneficial interest.

A Client may obtain a complete copy of the Annex Personal Trading Policy by sending a written request and a stamped self-addressed return envelope to Annex Wealth Management, LLC in care of the Annex CCO at 12700 W Bluemound Road, Suite 200, Elm Grove, WI 53122.

## **Item 12 – Brokerage Practices**

### **Selecting Brokerage Firms**

Annex makes recommendations to Clients regarding the custodian(s) where Client accounts will be held. In general, custodians include Schwab Institutional, Fidelity Investments, and TD Ameritrade, each a *Qualified Custodian* as that term is used in the Act and in [Investment Adviser Act Release No. 2176](#). Annex recommends custodians based on the proven integrity and financial strength of the firms, best execution of orders at reasonable commission rates, administrative costs to Annex's Clients, and the quality of the custodian's client service. When Annex enters a buy or sell trade into any of the custodian's trading platforms, it is the custodian who selects the broker or dealer who will execute the trade – not Annex. Annex does not receive any commissions for trades executed in Client accounts, nor does it share in any of the administrative fees charged by the custodians for trading or other services it may charge for in servicing Client accounts.

Annex participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD AMERITRADE, Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker/dealer and FINRA member. Like the other custodians Annex recommends, TD Ameritrade Institutional offers investment advisors, like Annex, services which include custody of securities, trade execution, clearance, and settlement of transactions. Additionally, Annex participates in programs with TD Ameritrade where Annex receives valuable benefits from TD Ameritrade. The majority of Annex's Client accounts and assets are in the custody of TD Ameritrade. (Please see the disclosure under Item 14 "Client Referrals and Other Compensation" and Item 19B "Additional Services Agreement" below for additional important information that you should consider).

### **Soft Dollars**

When Annex enters a trade into any of its custodians trading platforms, it is the custodian who decides where to execute that trade. The custodian may share in the commission for the transaction, as well as "trail commissions" (generally, Rule 12b-1 commissions paid by mutual funds and some exchange-traded funds), and other compensation it may receive for including certain mutual funds on its trading platform or directing trades to brokers or dealers. It should be clear that Annex and its advisors do not participate in any of these commission sharing arrangements.

However, the custodians do provide Annex with non-proprietary research (that is available to all advisory firms using the custodian's platform), custody of securities, trade execution, clearance, and settlement of transactions. The custodians who share in the commissions generated by trades in a Client's account use those commissions to be able to provide these services to Annex without cost. Annex receives a benefit because it does not have to produce or pay for research or the services provided by the custodians. Annex does not feel that these arrangements adversely impact any Client in that (i) no additional fee is charged to any Client, (ii) the services are provided to all Clients and all accounts, and (iii) best execution is preserved.

### **Directed Brokerage**

While Annex does recommend qualified independent custodians to its Clients, Annex does not have any arrangements under which it directs trades in Client accounts to any particular broker or dealer for execution.

### **Item 13 – Review of Accounts**

Annex reviews each Client Account on a periodic basis. Annex will contact each Client not less than annually to review their Account(s) and to determine whether there have been any changes in the Client's financial situation or investment objectives, any material changes to ownership interest or control of the Account, or if the Client wishes to impose any reasonable restrictions on the management of the Account or modify existing restrictions.

Annex's principal officers and their qualified delegates periodically review a sampling of Client Accounts to identify situations or events that may require further review or a specific action. Account review instructions and standards are included in the Annex Compliance Policy Manual provided to each reviewer. More frequent reviews may be triggered by market conditions, changes in a Client's investment objective, concerns or requests made by a Client, new information about an investment, economic news, changes in tax laws, geopolitical events, and/or other important changes.

Each Client will receive quarterly Account statements directly from their custodian. The reports will include a description of all of the activity in the Account during the preceding quarter, including all transactions made on behalf of the Account, all contributions and withdrawals made by the Client, all fees and expenses charged to the Account, and the value of the Account at the beginning and end of the period. Additionally, Clients who receive Limited Discretionary Asset Management services from Annex will receive a quarterly performance report from Annex. Annex's performance reports will be sent via US Mail, or if the Client elects, they may receive the report electronically by downloading it from the secured portal provided by Annex's third-party portfolio accounting vendor. Clients are *strongly* urged to review the quarterly reports provided by Annex against their account statements and transaction confirmations they receive directly from their custodian for any inaccuracies. Clients should immediately notify Annex *and* the custodian of any inaccuracies.

### **Item 14 – Client Referrals and Other Compensation**

#### **Client Referrals**

**AdvisorDirect** - Annex may receive Client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect program. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Annex was likely selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Annex and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Annex and has no responsibility for Annex's management of Client portfolios or Annex's other advice or services. Annex pays TD Ameritrade an on-going fee for each successful Client referral. This fee

is usually a percentage (not to exceed 25%) of the advisory fee that the Client pays to Annex ("Solicitation Fee"). Annex will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Annex from any of a referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired Annex on the recommendation of such referred Client. Annex does not charge Clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its Clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Annex's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer Clients through AdvisorDirect to investment advisors that encourage their Clients to custody their assets at TD Ameritrade and whose Client accounts are profitable to TD Ameritrade. Consequently, in order to obtain Client referrals from TD Ameritrade, Annex may have an incentive to recommend to Clients that the assets under management by Annex be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. More than eighty-five percent (85%) of the discretionary Client assets managed by Annex are in the custody of TD Ameritrade. In addition, Annex has agreed not to solicit Clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Annex's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for Client accounts.

**Solicitors** - Annex has entered into agreements with First Federal Bank of Wisconsin and Central Illinois Bank/Marine Bank for each bank to act as a "solicitor" for Annex, as that term is defined in Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. Annex also has engaged William H. Haise as an individual solicitor. Marine Bank is a tenant in the Elm Grove, WI Annex Wealth Centre. When a referred person engages in investment advisory services or accounts with Annex, Annex has agreed to compensate the solicitor for the referral by paying the solicitor a percentage of the ongoing quarter-end advisory fees collected by Annex. A conflict of interest exists in that the solicitor is predisposed to make referrals to Annex because the solicitor is compensated for the referral. Each solicitor obtains the referred person's signature on a Solicitor's Written Disclosure document, a copy of which is retained by Annex. Annex does not charge Clients referred by solicitors any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass solicitation fees paid to a solicitor to the referred Clients.

### **Other Compensation**

Annex frequently promotes itself as "independent" in its advertisements, radio shows, website and other electronic communication, seminars, brochures and similar presentation to the public. The firm makes this representation to differentiate itself from other registrants whose ownership structure makes it beholden to a parent company such as a bank, trust, insurance, or similar financial service company. Annex also holds itself out as "independent" because it does not offer any proprietary products, participate in fixed income underwriting or issuance, participate in syndication or offering groups, offer Initial Public Offerings (IPO's), or create other similar in-house investment products where a conflict of interest might be created. The representations of independence notwithstanding, some of Annex's advisors and employees are also registered with H. Beck, Inc. ("HBI") a broker-dealer and Member of FINRA and SIPC and many of them are licensed insurance agents. Annex's advisors earn commissions from the sale of investment and insurance products, including commissions commonly referred to as "trail commissions" (Rule 12b-1 fees) paid by some mutual fund companies and exchange traded funds. Typically, these purchases will include mutual funds, variable annuities, long-term care insurance, life insurance, direct-participation programs, 529 college-savings plans, equities, fixed income securities, or other similar investments. When Clients purchase securities or insurance products through an Annex advisor, both Annex and the advisor will receive a commission from that sale. It should be clear, however, that neither Annex nor its Advisors are not permitted to collect a commission and an advisory fee for the management of the same investment or insurance product. Annex does not receive any commissions for transactions executed in your advisory account(s). Further, Clients have the right and discretion to purchase investment or insurance products that Annex



recommends through other brokers or agents not affiliated with Annex. Typically, approximately 95% of Annex's annual Operating Revenue – that is, the revenue received directly by the firm that supports its core business, growth, and operations – is derived from the efforts of its registered investment advisor. Likewise, the vast majority of the efforts of the Annex staff, its principal officers, and advisors' time is spent on its investment advisory business, with only a small percentage of time on HBI-related or insurance-related matters.

The total compensation Annex and its Representatives receives for investment advice, securities, and insurance may vary depending upon the programs, securities, and insurance selected by the advisor. Therefore, Annex and its Representatives may have a financial incentive to recommend one program or product over another.

As disclosed under Item 12 above, Annex participates in TD Ameritrade's institutional customer program and Annex may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Annex's participation in the program and the investment advice it gives to its Clients, although Annex receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Annex participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds and ETFs with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Annex by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Annex's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Annex but may not directly benefit its Client accounts. These products or services may assist Annex in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Annex manage and further develop its business enterprise. The benefits received by Annex or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Annex endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Annex or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Annex's choice of TD Ameritrade for custody and brokerage services.

Annex also receives from TD AMERITRADE certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisor participating in the program. Specifically, the Additional Services include payments directly to Envestnet Asset Management, Inc. ("Envestnet"), a third-party technology company contracted by Annex. Annex receives valuable services from Envestnet including, but not limited to, portfolio optimization/asset allocation tools, an online platform including information about our Client accounts reconciled and updated daily, investment sub-manager research and evaluation, portfolio modeling, trading interfaces, risk tolerance and scoring tools, model investment policy statements, and portfolio accounting and reporting tools. Envestnet bills Annex for these services, and in turn, TD AMERITRADE agrees to pay Envestnet the negotiated amount per the Additional Services Addendum to partially defray Annex's costs. TD Ameritrade provides the Additional Services to Annex in its sole discretion and at its own expense, and Annex doesn't pay any fees to TD Ameritrade for the Additional Services. Annex and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the Additional Services.

Annex's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Annex, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Annex's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Annex, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to receive Additional Services from TD Ameritrade, Annex may have an incentive to recommend to its Clients

that the assets under management by Annex be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Annex's receipt of Additional Services does not diminish its duty to act in the best interest of its Clients, including seeking best execution of trades for Client accounts.

As discussed in the Brokerage Practices section above, Annex recommends custody relationships for Client Accounts. Annex receives economic benefits through these custodians that are typically not available to retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; recruiting efforts for advisors to join Annex; discounts on services such as overnight delivery costs; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Annex by third party vendors. The custodians may also have paid for business consulting and professional services received by Annex and its advisors. Some of the products and services made available to Annex by the custodians may benefit Annex but may not directly benefit its Clients. However, these products or services may assist Annex in managing and administering Client accounts. Services made available to Annex by custodians are intended to help Annex manage and further develop its business enterprise including growing the Firm, reducing operating expenses, and enhancing profitability, all of which indirectly benefit Clients by ensuring that Annex is a going concern and allowing for retained earnings to be reinvested into the firm to continue to develop Client services and the overall Client experience. The benefits received by Annex or its advisors from custodians it recommends *do not* depend on the amount of brokerage transactions directed to any particular broker, dealer, or custodian. As part of its fiduciary duties to Clients, the firm endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Annex or advisors in and of itself creates a potential conflict of interest and may indirectly influence Annex's selection of custodian and purveyors of brokerage services.

#### **Item 15 – Custody**

Annex has determined that it is subject to Rule 206(4)-2, "Custody of Funds or Securities of Clients by Investment Advisers" of the Investment Advisers Act of 1940, as amended ("the Act"). This part of the Act is commonly referred to as "the Custody Rule". Annex has determined that it has custody of Client funds as a general consequence of Annex's authority to collect advisory fees directly from Client accounts, the manner in which certain third-party checks are made payable as they pass through Annex's back office for deposit to a qualified custodian, and its authority to wire money without a Client's signature on most of its Client accounts. It is important to note that Annex continues to utilize the custodial services of TD Ameritrade Institutional, Schwab Institutional, Fidelity Investments, and similar *qualified custodians* to maintain Client funds and securities in a separate account for each Client under that Client's name.

Most Clients will instruct their qualified custodian to debit advisory fees directly from their account(s) each quarter and to pay those fees directly to Annex. Under these circumstances, the qualified custodian is acting only as an agent for the Client. The qualified custodian and Annex provide this service as an accommodation to the Client to assist in paying advisory fees. Some Clients have signed a Direct Deposit Authorization allowing Annex to debit its advisory fees directly from the Client's checking or savings account. These Clients will receive a billing invoice from Annex at least five (5) business days prior to the ACH debits from their account. Annex does not have control or custody of any Client's checking or savings account held at any depository institution.

Aside from the periodic advisory fee it collects from Client accounts, Annex does not have the authority to withdraw funds or securities from a Client's account maintained at a qualified custodian solely on Annex's instruction to the custodian. Likewise, Annex does not have the discretionary ability to transfer Client funds or securities to an account not in the Client's name or control at their qualified custodian. All withdrawals from a Client's account require Client-signed written standing or specific instructions and Annex does not have the discretion to alter the timing or amount of any withdrawal.

When instructed by the Client, Annex has the ability to designate or change a Client's address of record with the Client's qualified custodian. Upon receiving the request for a change of address from Annex, the qualified custodian will send written notice of such change to the Client at both the Client's old and new address of record confirming the change.

Clients will be notified in writing, when an account is opened, of their qualified custodian's name, address, and the manner in which their funds or securities are maintained. Clients will also be provided with prompt written notice following any changes to this information.

Annex will not accept stock certificates, or similar physical securities, from its Clients. Clients who are holding stock certificates will be instructed to send the certificates and any related stock powers or other documents directly to their qualified custodian. Annex may provide mailing instructions and overnight materials to the Client to assist in the delivery of the certificates from the Client directly to the qualified custodian. If Annex inadvertently receives securities from a Client, Annex will return the securities to the sender within three (3) business days.

Clients will receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains Client's investment assets. Among other things, the quarterly account statement will detail the fee deducted by Annex from each Account during the prior period. The Client's authorization to deduct fees directly from the Client's account is an accommodation for the benefit of the Client. Clients are *strongly* urged to review the reports provided by Annex against the account statements and transaction confirmations they receive directly from their custodian for any inaccuracies. Clients should IMMEDIATELY notify Annex *and* the custodian of any inaccuracies. Annex's quarterly performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Some Clients may elect to provide Annex with username and password information for their qualified employer retirement plan account. Annex will use this access to review and make necessary changes to the portfolio allocations, research investment choices, and review annual summary plan descriptions. Annex will supervise, provide ongoing management, and direct the investments of the accounts with respect to the purchase, sale or continued holding of securities, subject to such reasonable restrictions as the Client may impose. Annex will not use the password access to the employer retirement plan to withdraw funds or securities or transfer them to an account not in the Client's name at a qualified custodian.

Annex is taking a conservative interpretation of the SEC's definition of custody, and for the protection of our Clients, has elected to subject the firm to the "surprise examination" requirements of the Rule. Therefore, Annex has engaged an independent public accountant to verify our Client's funds and securities by way of an unannounced audit, which will be conducted once each calendar year; the first of which was conducted in August 2014. Because it considers itself subject to the Custody Rule, the SEC requires an annual unscheduled and unannounced independent verification, by actual examination, of the accounts of Annex by an independent public accountant. Annex complies with this requirement and the terms of the Custody Rule. The independent public accounting firm will file each surprise examination report and Form ADV-E with the US Securities and Exchange Commission through the IARD.

#### **Item 16 – Investment Discretion**

When contracting for asset management services with Annex through either the Limited Discretionary Asset Management or Annex Ignite each Client appoints Annex as their attorney-in-fact granting limited discretionary authority over the management of their account. The Client appoints Annex by executing a contract granting Annex discretionary authority. As such, when it is deemed appropriate and in the Client's best interest, but without prior consultation with or consent from the Client, Annex and its advisors may:

- buy, sell, exchange, convert and otherwise trade in any stocks, bonds, mutual funds, exchange-traded funds, variable contract separate Accounts, and other securities, including cash and money market instruments, that it

deems to be in the Client's best interest in attempting to achieve the objectives provided to Annex including determining the securities to be bought and sold and the amount to be bought or sold; and

- place orders for the execution of such securities transactions with or through such custodians, brokers, dealers or issuers as Annex or the Client may select; and
- sell securities or other assets that are part of a Client account, regardless of the length of time that such securities have been owned or held by the Client, and regardless of the resulting rate of portfolio turnover, if Annex, in its sole discretion, believes such sales are consistent with the Client's investment objectives; and
- execute all documents necessary to affect the retention or appointment of custodians and/or outside investment advisory firms participating in the Annex advisory services programs on behalf of the Client; and
- deduct advisory fees directly from the Client account.

The discretionary nature of the advisory relationship alone, does not permit Annex, its employees, or any advisor to take custody of any Client funds or securities.

Clients may impose any reasonable restrictions on the management of their Account(s) or modify existing restrictions at any time. Investment guidelines and restrictions, and any modification thereof, must be provided to Annex in writing.

#### **Item 17 – Voting Client Securities**

Without exception, Annex does not have any authority to and does not vote proxies on behalf of Clients. Custodians have been instructed by Annex to mail proxy materials directly to the Client, or a designated representative of the Client, who is responsible for voting the proxy. In the event that Annex receives proxy materials intended for the Client, Annex will promptly forward the materials to the Client so that the Client may take whatever action s/he deems advisable. Annex and its advisors may answer Client questions regarding proxy-voting matters in an effort to assist the Client; however, the final decision of how to vote the proxy rests solely with the Client.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Annex does not require or solicit prepayment of more than \$1200 in Fees per Client for services to be performed six or more months in the future and, thus, has not included a balance sheet of Annex's most current fiscal year. Annex is unaware of any financial condition or commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of any bankruptcy petition or proceedings.

#### **Item 19 – Selection of Custodians**

##### **Potential Conflicts of Interest**

As disclosed under Item 12 and 14 above, Annex recommends custodians to Clients for custody and brokerage services. The vast majority of the time, Annex will recommend Schwab Institutional, TD Ameritrade Institutional, or Fidelity Institutional as the Client's custodian. There is no direct link between Annex's recommendations and the investment advice it gives to its Clients, although Annex receives economic benefits from the custodians that are typically not available to retail investors who may have accounts with the custodians. These benefits include the following products and services (provided without cost or at a discount to Annex): duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Annex's Clients; access to block trading

(which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an Internet-based electronic communications network for Client order entry and account information; access to selected mutual funds and ETFs with no transaction fees and to certain institutional money managers; referral of advisors to Annex who might join Annex as advisors; and discounts on compliance, marketing, research, technology, billing, reporting, and/or practice management products or services received by Annex by third-party vendors. The custodians may also have paid for business consulting and professional services received by Annex's advisors and staff and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for Annex's advisors or staff to attend educational conferences or meetings relating to advisor custody and brokerage services generally. Some of the products and services made available by the custodians may benefit Annex but may not directly benefit its Client accounts. However, these products or services may assist Annex in managing and administering Client accounts. Other services made available by the custodians are intended to help Annex manage and further develop its business enterprise. The benefits received by Annex or its advisors from the custodians *do not* depend on the number of accounts opened at the custodian, the value of the accounts opened at the custodian, or the amount of brokerage transactions directed to the custodian by Annex. Clients should be aware, however, that the receipt of economic benefits by Annex or its advisors in and of itself creates a potential conflict of interest and may indirectly influence Annex's recommendation of a custodian for custody and brokerage services.

### **Additional Services Agreement**

Annex also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisor participating in the program. Specifically, the Additional Services include payments directly to Envestnet Asset Management, Inc. ("Envestnet"), a third-party technology company contracted by Annex. Annex receives valuable services from Envestnet including, but not limited to, trading interfaces with qualified custodians, portfolio optimization/asset allocation tools, an online platform including information about our Client accounts reconciled and updated daily, investment sub-manager research and evaluation, portfolio modeling, risk tolerance and scoring tools, model investment policy statements, and portfolio accounting and reporting tools. Envestnet bills Annex for these services, and in turn, TD Ameritrade agrees to pay Envestnet the negotiated amount per the Additional Services Addendum to partially defray Annex's costs. TD Ameritrade provides the Additional Services to Annex in its sole discretion and at its own expense, and Annex doesn't pay any fees to TD Ameritrade for the Additional Services. Annex and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the Additional Services.

Annex's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Annex, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Annex's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Annex, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to receive Additional Services from TD Ameritrade, Annex may have an incentive to recommend to its Clients that the assets under management by Annex be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. More than eighty-five percent (85%) of the discretionary Client assets managed by Annex are in the custody of TD Ameritrade. Annex's receipt of Additional Services does not diminish its duty to act in the best interest of its Clients, including seeking best execution of trades for Client accounts.

### **Item 20 – Business Continuity Plan**

**General** - Annex has developed a Business Continuity Plan designed to ensure the continuation of essential business operations in the event of natural or man-made disaster, a loss of communications or services, or upon loss of a key person in Annex's employ. The Plan has the support of Annex's management who have committed the necessary time and funds to create and maintain a practical Business Continuity Plan. The Plan is analyzed and tested regularly and updated, as necessary.

**Disasters** - The Business Continuity Plan covers natural disasters such as ice or snowstorms, tornadoes or high winds, and earthquakes. It also covers man-made disasters such as a loss of electrical power, loss of telephone, fire, bomb threats, chemical or biological disasters, Internet outages, loss of the file server, loss of key management, cybersecurity threats, and computer viruses.

**Alternate Offices** - Key personnel from Annex would relocate to an Annex Branch Office to support ongoing operations in the event our main office is unavailable. Annex has taken measured and reasonable steps to ensure that it can effectively operate for the benefit of its Clients from any residence or office location with telephone or internet access. Generally, we would not relocate Annex's employees or advisors until a disaster has made the office unavailable or unusable for a period of at least 48-hours. Annex's operating, trading, and communication systems are intentionally designed to be Internet-based so that they could be performed by personnel from virtually any location. In practice, the telephones and other communication lines would be rerouted and advisors and staff would work from home or the alternate office until such time as the main office was once again available. In the event of a disaster, Annex would post a notice along with contact information on its website at [www.annexwealth.com](http://www.annexwealth.com)

## Item 21 - Information Security Program

### Information Security Executive Summary and the Importance of Information Security

As a registered investment advisor, Annex Wealth Management has an obligation to its Clients to develop, test, monitor, and refine its security systems to minimize the risks of a cybersecurity breach or loss of Client information. Maintaining the security of the information in the company's possession is a core function of its operation. The availability, integrity, security, and confidentiality of information is critical to the protection of the company's reputation, its limitation of risk, and its ability to continue to attract and retain its Client relationships.

Annex Wealth Management has intentionally built its platforms in an internet-based environment. Amongst other functions, we hold and retrieve Client non-public information, trade Client accounts, communicate with Clients, store confidential documents, maintain custodial relationships, and reconcile and report on Client accounts, via the internet. Put simply, the internet provides immeasurable benefits to Annex, but we cannot escape the fact that it also brings inherent risks.

Therefore, Annex Wealth Management has dedicated considerable time and resources in support of the effort to protect the company's information, as well as the personal non-public information of its Clients. We have focused on technology hardware designed to limit access to confidential information, software programs designed to detect and eliminate viruses and hacking, physical security measures, Client identification and verification protocols, ensuring that third-party vendors treat our Client information as private, limiting access to those who require it for the company to function properly, real-time monitoring and reporting on vulnerabilities and attempted attacks, periodic security patches and systems upgrades, platform redundancy and backup, detecting insider threats, education and training, event simulation, and penetration testing and reporting.

Annex has designed and implemented a paperless account opening process leveraging the technology of its custom Client relationship management system, custodians, and DocuSign®. The Annex account opening platform reduces manual paperwork errors, makes opening and transferring accounts faster, decreases costs, is environmentally friendly, and securely stores bank-level encrypted documents with tamper seals and stringent compliance to security standards.

Annex Wealth Management's Cybersecurity and Information Security Policy will be reviewed and evolve and will continue to be a primary focus of the senior management of the firm.

## Privacy Policy

### *Our Promise to You*

As a Client of Annex Wealth Management, LLC®, you share both personal and financial information with us. We understand that you expect us to protect this information and use it responsibly. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information. We strongly believe that the identity of our clients is intrinsically confidential and should therefore be protected. That is why we have adopted the following policies as *Our Promise to You* to protect the privacy of your non-public personal information.

### *Information Provided by Clients*

In the normal course of doing business, we typically obtain the following non-public personal information about our Clients:

- Personally Identifiable Information (“PII”) regarding our Clients’ identity such as name, address, email address, telephone number, social security number, driver’s license information, passport information, and other information that permits us to contact or communicate with you;
- Salary, employment, occupation, and tax information;
- Information regarding insurance and securities transactions; and
- Financial information such as net-worth, assets, income, financial statements, holdings reports, insurance records, investment records, banking information and other information you may elect to supply to us.

### *How We Collect Information About You*

We collect non-public personal information from a variety of sources, including:

- Information we receive from you on Investor Profiles, New Account Forms, applications, questionnaires, contracts, and other forms;
- Information we receive from you when you communicate with us in writing, electronically, through DocuSign, by telephone, through our website, or whenever you communicate with us or request information from us;
- Your business dealings and transaction with us, our affiliates, account custodians, billing and reporting service providers, affiliated and unaffiliated product sponsors whose products you own, and other arrangements we have entered into to provide services to you.

### *Information That We Disclose*

Where allowed by law, we disclose non-public personal information about you to affiliated and unaffiliated third parties that provide services to us, or with whom we have contractual relationships, so that we may more effectively provide services to you. These will include:

- Custodians and Broker/Dealers we direct transactions to for execution;
- Broker/Dealers with whom Annex is registered and those with whom Annex may seek registration;
- Investment companies, insurance companies, and other investment product providers to effect transactions and provide services to your accounts;
- Clearing Firms through whom we clear and settle securities transactions;
- Custodians who provide services to your accounts;
- Companies that provide billing and performance reporting services;
- Credit Unions, Banks, and other third-parties with which we have joint-marketing agreements for the marketing and offer of our contracted services;
- Companies that assist us in maintaining books and records, meeting regulatory requirements, and facilitating mailings or publications on our behalf;
- Federal, State or other agencies with regulatory authority over us, where required by law or regulation;

- Other third-parties and associates that provide services to us so that we may in turn provide effective services to you including those companies, associations, agencies, institutions and third-parties with which we or our representatives are licensees, registrants or Members;
- Companies with whom we have entered into a confidential memorandum to explore potential registration opportunities, mergers or acquisitions; and
- In certain circumstances, Annex, at its sole discretion, may elect to share PII with an employee or advisor who chooses to leave Annex for another firm, subject to the requirements or limitations of applicable law. However, you may opt out of this information sharing if you do not want your advisor to take your personally identifiable information to his or her new firm by contacting us at 262-786-6363.

Where we share your non-public information with third parties for the purposes noted above, we ensure that there are contractual agreements in place prohibiting the third party from using or disclosing the information for any purpose other than for which it has been contracted or from further sharing that information with any other parties. Except as provided above, we will not share your non-public personal information with any third-party, affiliated or unaffiliated, for marketing or other purposes.

#### *How We Manage and Protect Your Personal Information*

We do not sell information about current or former Clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a Client or Client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our contractual arrangements with these service providers require them to treat your information as confidential.

In order to protect your personal information, we maintain security policies and procedures reasonably designed to prevent unauthorized use or access. In addition, physical, electronic and procedural safeguards are in place to protect your personal information. Internally, your information is available to employees and management of the firm in order that we may provide services to you. Our employees and advisors may use our website to obtain non-public personal information about you; however, neither you nor our advisors may use our website to alter your information. Our Privacy Policy restricts the use of Client information and requires that it be held in strict confidence.

#### *Client Notifications*

When we make material changes to our Privacy Policy we will inform you promptly by posting an updated version to our website at [www.annexwealth.com](http://www.annexwealth.com) and may send you an amended copy in the mail. Please do not hesitate to contact us with questions about our Privacy Policy.

## **Item 22 –Senior Management**

### **David J. Spano, CFP®, President/Chief Executive Officer**

Born 1965, Mr. Spano earned his Bachelor of Science in Business Administration from the University of Wisconsin-Milwaukee in 1987 and achieved status as a Certified Financial Planner (CFP®) in 1991. (See Item 23 – *Education and Business Standards* for more information about CFP® certification).

Mr. Spano entered the financial planning industry in 1986, acted as the Vice President–Sales Manager for a Milwaukee-based Regional Broker-Dealer from 1988 to 1995, and as Vice President-Regional Director for SII Investments, Inc. from 1995-2009. In 2000, Mr. Spano founded Annex Wealth Management with the company taking its current form as a limited liability company in 2001. He is currently a Registered Principal of the H. Beck, Inc. Brookfield, WI Office of Supervisory Jurisdiction.

Mr. Spano has no history of legal or disciplinary events.



Mr. Spano hosts the radio show "Money Talk" heard at 10 am Saturdays on News Talk 620 WTMJ. Dave has a long history of service to various non-profit organizations. These include acting as the former Chairman of the Board and past-President of the Financial Planning Association of Southern Wisconsin, where he also served as the Director of Government Relations since 2004. He also served as the Treasurer and President of the Italian Community Center. He serves, or served, on the boards of The United Ethnic Festivals, Milwaukee World Festival, Inc. (Summerfest), The Milwaukee Air & Water Show, The Historic Third Ward, The Lakeshore State Park, and Miller Park Stadium Board.

Dave is also a Registered Representative of H. Beck, Inc., a broker/dealer, and an agent of Annex Insurance Services, LLC. While it is rare, in these capacities Mr. Spano infrequently receives commissions based on the sale of securities, insurance, and other investment products, including distribution or service fees from the sale of mutual funds. Typically, these activities contribute less than five percent to the annual operating revenue of Annex Wealth Management.

Mr. Spano holds FINRA registrations of General Securities Representative (Series-7), FINRA General Securities Principal (Series-24), Registered Options Principal (Series-4), Uniform Securities Agent State Law (Series-63) and Uniform Investment Advisor Law (Series-65).

Additional information about Dave is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

### **Mark M. Oswald, Chief Compliance & Operations Officer**

Born 1964, Mr. Oswald is the Chief Compliance & Operations Officer of Annex Wealth Management responsible for the regulatory oversight and daily operations of the Wealth Management firm and its affiliates. His responsibilities include the continuing development of all aspects of the Firm, regulatory oversight supervision of all Annex Advisors, supervision of Accounts and transactions, and compliance with SEC, Financial Industry Regulatory Authority (FINRA), and State securities rules and regulations.

Mr. Oswald attended the University of Wisconsin-Whitewater studying Finance with an emphasis on Financial Planning from 1982-1985 and 1987-1989.

Prior to assuming his current duties, Mr. Oswald served five years as the Chief Compliance Officer for FINRA Member Firms, SII Investments, Inc. and Investment Centers of America Inc., developing and implementing the supervisory structures for those firms. In the late 1990's, he acted in a similar capacity for Princor Financial Services, the broker-dealer arm of the Principal Financial Group. He began establishing his regulatory experience in the position of Vice-President Compliance with NYSE Member Robert W. Baird & Co. in 1993. Mark can be heard as the co-host of "Money Talk", Saturday mornings at 10am on News Talk 620 AM WTMJ. Mr. Oswald is also occasionally asked to act as an expert witness in industry disputes and regulatory matters.

Mr. Oswald has no history of legal or disciplinary events. Additional information about Mark is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Mr. Oswald is also a Registered Representative of H. Beck, Inc., a broker/dealer. Mark does not receive any commissions based on the sale of securities, insurance, or other investment products.

Mark has more than 29 years of securities industry experience and holds FINRA registrations of General Securities Representative (Series-7), General Securities Sales Supervisor/Branch Office Manager (Series-9 and Series 10), FINRA General Securities Principal (Series-24), Uniform Securities Agent State Law (Series-63) and Uniform Investment Advisor Law (Series-65).

### **Derek V.W. Felske, CFA, Chief Investment Officer**

Born 1958, Mr. Felske is the Chief Investment Officer of Annex Wealth Management, LLC and is responsible for core and tactical asset allocation, active manager selection, and the development of Annex's managed account portfolios. He chairs the Investment Policy Committee and interacts closely with the firm's Investment Advisors.

Mr. Felske earned a Bachelor of Arts (BA) in Economics from Dartmouth College and a Master of Business Administration (MBA) in Finance and Accounting from the Wharton School at the University of Pennsylvania.

A Chartered Financial Analyst (CFA) since 1994, Derek is bound by the CFA Institute's Code of Ethics and Standards of Professional Conduct, which, among many other things, requires a charter holder to place the integrity of the profession and the interests of Clients above their own interests. (See Item 23 - *Education and Business Standards* for more information about the CFA certification).

Mr. Felske entered the financial services industry in 1981 and has over 25 years of experience in the investment management, futures and hedge fund fields. Prior to joining Annex in 2011, Derek was an Investment Advisor Representative with FSC Securities. In addition, Derek was previously a Senior Vice president and Portfolio Manager for Strong Capital Management and American Century where he managed or co-managed mutual fund and separate account portfolios for retail accounts, high-net worth individuals, and institutional investors.

Mr. Felske has no history of legal or disciplinary events. Additional information about Derek is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

First registered in 1999, Derek holds FINRA registrations of General Securities Representative (Series-7) and Uniform Securities Agent State Law (Series-63) and Uniform Investment Advisor Law (Series-65).

### **Melissa M. Case, CPA, Chief Financial Officer**

Born 1978, Ms. Case is the Chief Financial Officer of Annex Wealth Management, LLC overseeing all areas of the firm's financial operations and accounting. Melissa joined Annex with over 12 years of experience in finance and accounting. Prior to joining Annex, Ms. Case held the position of Controller at R. A. Smith National, Inc. managing all accounting and finance functions.

A Certified Public Accountant, Case holds a Master of Business Administration degree from the University of Wisconsin - Milwaukee, and a bachelor's degree in accounting from Indiana University - South Bend. Ms. Case is a member of the Wisconsin Institute of Certified Public Accountants (WICPA).

Ms. Case has no history of legal or disciplinary events.

### **Mark Beck, Director of Wealth Management Services**

Born 1971, Mark Beck is the Director of Wealth Management Services for Annex Wealth Management. Mr. Beck earned a Bachelor of Business Administration in Finance from the University of Wisconsin- Whitewater and has a Certificate in Financial Planning from Waukesha County Technical College.

Prior to joining Annex in 2009, Mr. Beck held the positions of Principal/Director and Chief Investment Officer for Financial Strategies, Inc. from 1999-2008. Mark can be heard as the host of "The Annex Wealth Management Investment Show", Saturday mornings at 11am on News Talk 1130 AM WISN.

Mr. Beck has no history of legal or disciplinary events. Additional information about Mark is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 23 – Education and Business Standards**

Annex seeks for its management and advisors to have a minimum of five years of investment industry experience, similar tenure in a business related field, or a college degree. Annex also expects its advisors to pass the Uniform Investment Advisor Law Examination and maintain FINRA Series 65 or Series 66 registration, or their equivalent, and meet the examination and, where required, registration requirements of each State in which they conduct an advisory business unless otherwise exempted by regulatory allowances. Advisors are encouraged to achieve certification as a Certified Financial Planner™ (CFP), Chartered Financial Analyst (CFA) or other professional designation. Annex will frequently register an Investment Advisor Representative who has not yet achieved these standards but is committed to making progress to fulfill these requirements.

### **Certified Financial Planner™ (CFP)**

The CFP® is a professional designation granted in the United States by the Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is voluntary; no federal or state law requires financial planners to hold a CFP® certification.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning and estate planning.
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances.
- Experience – Complete at least three years of full time financial planning-related experience (or the equivalent, measured as 2000 hours per year); and,
- Ethics – Agree to be bound by CFP® Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® mark:

- Continuing Education – Complete 30 hours of continuing education every two years, including two hours on the Code of Ethics and other parts of the Standard of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and,
- Ethics – Renew and agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interest of their Clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Chartered Financial Analyst (CFA)**

The CFA is a professional designation given to those who have successfully completed the requirements set forth by the globally recognized CFA Institute (formerly the Association for Investment Management and Research or AIMR). The CFA charter is voluntary; no federal or state law requires investment advisors to hold a CFA charter.

To attain the right to use the CFA designation, an individual must satisfactorily fulfill the following requirements:

- Experience – Have 48 months of “acceptable professional work experience.”
- Exams – Sequentially Pass three rigorous, six-hour exams administered on an annual basis.
- Education – The self-study curriculum changes yearly, in keeping with new developments in the securities markets and in the investment profession. Level I focuses on general knowledge and comprehension of fundamental investment tools and concepts. Level II concerns the application of principles and analysis to the valuation of assets. Level III addresses the synthesis and evaluation of Client needs and portfolio management issues. The CFA Institute estimates that at least 250 hours of studying is needed to pass each exam.
- Ethics – All CFA charterholders are expected to adhere to the CFA Institute’s Code of Ethics and Standards of Professional Conduct.

Once an individual becomes a CFA charterholder, they must comply with the following:

- The CFA Institute’s Articles of Incorporation and Bylaws.
- The CFA Institute’s Code of Ethics and Standards of Professional Conduct. The Code and Standards prominently require that a charterholder place the integrity of the profession and the interests of Clients above their own interests, act with integrity, competence, and respect and always strive to improve and maintain professional competence.
- The CFA Institute’s Rules of Procedure for Professional Conduct.

CFA charterholders who fail to comply with the above standards and requirements may be subject to the CFA Institute’s disciplinary process, which could result in suspension or permanent revocation of their CFA charter.

\*\*\*\*\* END \*\*\*\*\*