

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

Effective May 3, 2012



**1728 9th Ave.
Helena, MT 59601**

Phone: 406-442-2400 **Fax:** 406-442-1230
Website: www.annacoim.com

This brochure provides information about the qualifications and business practices of AnnaCo Investment Management. If you have any questions about the contents of this brochure, please contact us @ 406-442-2400 or via email @ phil@annacoim.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about AnnaCo Investment Management is available on the SEC's website at www.adviserinfo.sec.gov. Our firm's IARD # is 110335.

Item 2 Material Changes

Material Changes for 2012 – James Howeth is no longer an owner of AnnaCo Investment Management. David Howeth, William Howeth, and John Howeth have been added as minority owners in AnnaCo Investment Management.

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Item 4 Advisory Business

AnnaCo Investment Management provides investment advice for a fee. We have been providing investment advice from the Helena, Montana area since 1987. We are owned by Philip Howeth, Kerry Neils, CFA, David Howeth, William Howeth, and John Howeth. Philip Howeth and Kerry Neils are also investment adviser representatives of the firm. You can learn more about these representatives in [supplements](#) to this brochure. AnnaCo Investment Management also employs one account administrator, Amy Christensen.

AnnaCo Investment Management manages investment portfolios on either a discretionary (meaning we buy and sell securities for your portfolio without contacting you prior to the transaction for authorization) or a non-discretionary basis (meaning we will contact you and obtain authorization prior to the transaction). We recommend and advise upon individual corporate exchange-listed domestic and international equity securities, corporate and United States government bonds, agency bonds, CD's, municipal securities, and mutual funds.

AnnaCo Investment Management also provides investment advice through consultation for an hourly fee. Our personnel possess certain expertise (i.e. Neils holds the Chartered Financial Analyst designation, while Christensen holds the Certified Trust and Financial Advisor certificate) allowing us to provide varying consultation services ranging from retirement and college funding analysis to investment portfolio reviews and asset allocation recommendations based upon your current financials needs, goals, and objectives, etc. We will collect necessary information to complete the services requested and provide a written summary of recommendations.

We tailor our investment advice and recommendations to the individual financial needs and investment objectives of our clients. Recommendations are based upon each client's risk tolerance, time horizon, cash flow needs, and tax considerations. Clients may restrict their investments to certain securities or types of securities purchased in their portfolio.

As of December 31, 2011 we managed \$87,329,723.00 on a discretionary basis and \$0.00 on a non-discretionary basis.

Item 5 Fees and Compensation

We are compensated for managing investment portfolios based upon a percentage of the market value of assets managed. Fees are negotiable.

Market Value of Asset Managed	Annual Fee
\$ 100,000 to \$ 999,999	1.00%
\$1,000,000 to \$1,999,999	0.75%
\$2,000,000 to \$4,999,999	0.60%
\$5,000,000 or more	0.50%
Fixed Income Only Accounts	0.375%

Should an existing account fall below \$100,000 due to market fluctuation or withdrawal it will continue to be charged a 1% annual fee. We will also discuss with the client whether or not continuing an advisory relationship remains feasible.

Clients may authorize fees to be deducted from their accounts or clients can choose to be billed directly. Fees are payable quarterly **in advance** and based on the market value of the portfolio at the end of the previous quarter.

We execute an Engagement Letter with our clients defining certain terms of our investment advisory relationship. This engagement can be terminated at any time. You will receive a refund of fees paid in advance, but not yet earned, based upon the number of days left in the quarter. Example:

Billing Period	Agreement Termination Date	# of unearned days	Fee	03/31 Market Value	Calculated Fee to be Returned [(\$1,200,000*.0075)/365*51]
04/01 - 06/30	05/10	51	0.75%	\$1,200,000.00	\$1,257.53

For investment advice provided through consultation we charge \$100.00 per hour. We will execute an Engagement Letter defining the terms of the consulting services to be provided. Upon completion of the consulting services we will provide a written summary of recommendations and an invoice for the services. Fees are due and payable upon receipt of the invoice. No refunds will be made. The consulting services can be terminated at any time with any fees for consulting services provided due and payable as of the termination date (date of our receipt of written notice of termination).

You will incur transaction fees or commissions from the broker-dealer through which the investments are purchased or sold. Mutual funds and annuity companies also charge annual management fees. We do not retain any portion of any of these additional fees. The custodian, broker-dealer, and/or investment company keep all of these additional fees.

For additional information see [Item 12. Brokerage Practices](#) below.

We do not receive any other compensation such as commissions or “loads” for

the sale of securities or other investment products nor do we receive any annual service fees from mutual fund or annuity companies.

Item 6 Performance-Based Fees and Side-by-Side Management

We are not compensated with performance-based fees.

Item 7 Types of Clients

AnnaCo Investment Management provides investment advisory services to individuals, pension and profit sharing plans, trusts, foundations, endowments, corporations and other business entities. Generally we do not accept accounts less than \$100,000.00.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

AnnaCo Investment Management's investment strategy focuses primarily on prudently allocating and diversifying the investments held in your portfolio to manage risks and earn a reasonable rate of return over a complete market cycle.

We will establish an allocation of stocks and bonds based upon your individual goals and circumstances. For instance, we will allocate a higher percentage of your portfolio to individual stocks if you present a higher risk tolerance or a lower percentage of your portfolio to individual stocks if you present a lower risk tolerance.

We then search for investment opportunities across several industry groups and market sectors to diversify the investments in your portfolio. We analyze individual investment opportunities emphasizing **value** with *growth* as a secondary consideration. We review the company's financial statements and calculate financial ratios to determine the company's relative value. Once we identify a company demonstrating a **value** opportunity, we analyze general market and economic conditions to attempt to determine a good time to purchase the investment and if or when to sell the investment.

It is important to understand investing in general involves risk of loss that you should be prepared to bear.

Our investment strategy involves investing in individual securities such as stocks and bonds. Your investment portfolio will be exposed to some degree to all risks detailed below. Again, as stated above, in an effort to reduce these risks our investment strategy focuses on prudently allocating and diversifying the investments held in your portfolio.

● **Market Risk** The risk that market conditions can negatively impact investment returns. Market risk is generally dependent on valuation and economic conditions, such

as inflation, consumer sentiment, or credit availability. This risk includes the daily fluctuation in the share price of the investment. Cyclical down markets are unavoidable.

● **Business Risk** Any risk that lowers a business's net assets or net income, could, in turn, lower the return of any security based on it. Basically any company could fail due to unforeseen circumstances.

● **Industry Risk** The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.

● **Inflation Risk** The value of investments may not keep pace with inflation. If the after tax return on an investment is less than the rate of inflation, then the value of the investment will decline.

● **Interest Rate Risk** Changes in interest rates can have a positive or negative impact on the value of investments or returns. For example, many fixed interest investments invest in government bonds. If interest rates rise between the date of purchase and the date you need to sell it, you may have to sell the bond for less than you paid for it and for less than you would have received if you held it to maturity.

● **Credit Risk** The possibility that a bond issuer will fail to repay interest and principal in a timely manner. Also called default risk.

Investing in international investments includes, but is not limited to, the following additional risks:

● **Country Risk** The possibility that political events (war, national elections), financial problems (rising inflation, government default), or natural disasters (earthquake, poor harvest) will weaken a country's economy and cause investments in that country to decline.

● **Currency Risk** The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.

As stated in [Item 4. Advisory Business](#) we may recommend and advise upon mutual funds. Investing in mutual funds also presents the following risk:

● **Manager Risk** The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of the stated objectives.

Item 9 Disciplinary Information

We have no legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

We are not involved or affiliated with any other financial industries or activities. We do not recommend or select other investment advisers for clients.

Item 11 Code of Ethics

AnnaCo Investment Management has adopted a **Code of Ethics** emphasizing:

1. Our firm's fiduciary obligations to its clients
2. Standards governing our business conduct
3. Disclosure and resolution of conflicts between our interests and our clients' interests
4. Our obligation to comply with all applicable securities regulation
5. Employee, associated person, and representative personal security transaction reporting and review for impropriety or breach of fiduciary duty.

Our **Code of Ethics** is available to our clients and prospective clients upon request.

AnnaCo Investment Management or its employees and representatives may invest in the same securities we recommend to our clients. We may buy or sell securities for client accounts at or about the same time we buy or sell securities for our own accounts. This occurs because we believe in our own advice and the investment objectives of the client may be the same as the investment objectives of AnnaCo Investment Management or the employee or representative.

Investing in securities our clients also invest in presents a potential conflict of interest because we obviously want the value of those securities to rise to benefit our own accounts. Theoretically, if we had substantially more assets under management, we might be inclined to recommend our clients purchase securities we already hold in an effort to increase the price of the security.

We believe this potential conflict of interest is reduced or eliminated because the securities we invest in and recommend to our clients are widely held and publicly traded. As such, the orders that AnnaCo Investment Management typically places for its clients are simply too small to move the prices of securities more than a few cents, at most. Even then, the price movement would only be temporary. Therefore the possibility of a security price rising solely as a result of our clients' purchasing the security is basically zero. Also, if we execute trades for our client accounts and our own accounts in the same trading session we will execute trades for our own accounts after client trades are completed.

Item 12 Brokerage Practices

The Custodian and Brokers We Use

AnnaCo Investment Management does not maintain custody of your assets we manage although we may be deemed to have custody of your assets for regulatory purposes if you give us authority to withdraw assets (advisory fees) from your account (see **Item 15 – Custody**, below). Your assets must be maintained in an account at a “qualified custodian”, generally a broker-dealer or bank. When requested to do so by a client or prospective client, AnnaCo Investment Management will recommend Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. AnnaCo Investment Management is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities as we instruct them to.

While we recommend you use Schwab as the custodian/broker, you decide whether to do so and will open your account with Schwab or a custodian/broker-dealer of your choice by entering into an account agreement directly with the custodian/broker-dealer. We do not open the custodian/broker-dealer account for you, although we may assist you in doing so.

If your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “**Your Brokerage and Custody Costs**”), but please note, such transactions are rare.

How We Select Brokers/Custodians

We seek to recommend a custodian/broker-dealer who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody); promptness of execution reports and accuracy of confirmations and statements provided to clients
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds [corporate, municipal, U.S. Government Treasuries and Agency], mutual funds, exchange-traded funds [ETFs], etc.)
- Availability and value of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, and stability
- Prior services to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

Your Brokerage and Custody Costs

For our clients' accounts maintained at Schwab, Schwab generally does not charge separately for custody services but is compensated by charging the client commissions or other fees on trades that it executes or that settle into the Schwab account. The commission rate Schwab charges our clients is contingent upon the total amount of assets the client maintains at Schwab and whether or not the client chooses to receive trade confirmations and account statements electronically. We will discuss and disclose exact commission charges directly with each client prior to entering into an advisory services agreement. Commission rates charged our clients by Schwab are in no way connected to the number or nature of trades effected in our client accounts or total amount of assets our clients collectively maintain at Schwab.

In addition to commissions, Schwab charges our clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions the client pays the executing broker-dealer. Because of this, in order to minimize our clients' trading costs, we execute most trades for your account through Schwab. We have determined having Schwab execute most trades is consistent with our duty to seek "best execution" of our clients' trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "**How we Select Brokers/Custodians**").

Products and Services Available to Us From Schwab

Schwab Advisor ServicesTM (formerly Schwab Institutional[®]) is Schwab's business serving independent investment advisory firms like us. Schwab Advisor ServicesTM provides us and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

Services That Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available and may pay for all or a part of a third party's fees for software and other technology that:

- Provide access to client account data (duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and webinars
- Publications on technology, compliance, legal, business needs
- Publications and conferences on practice management and business succession

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

We find some of Schwab's webinars and publications useful, especially on the topics of regulatory compliance and technology, but generally we access and use Schwab's "business enterprise" services only minimally.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Schwab has indicated we will not have to pay for Schwab's services so long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This \$10 million minimum may give us an incentive to recommend our clients maintain an account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on our clients' interest in receiving the best value in custody services and the most favorable execution of transactions. We believe our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our recommendation is primarily supported by the scope, quality, and price of Schwab's services (see *"How We Select Brokers/Custodians"*) and not Schwab's services that benefit us. Our clients currently maintain a collective amount of assets at Schwab well in excess of \$10 million therefore we also believe we currently have no incentive to recommend

our clients maintain their assets at Schwab other than for the client's benefit only. It is also important to remember our clients may choose any custodian or broker-dealer they wish.

Brokerage for Client Referrals

AnnaCo Investment Management does not receive client referrals from any broker-dealer or custodian.

Directed Brokerage

If a broker-dealer recommendation is *requested by the client*, we will recommend Schwab as the broker-dealer for the reasons described in **"How We Select Brokers/Custodians"** above. We do not request or require our clients to use any particular broker-dealer. It is ultimately the client's decision where to open or maintain their broker-dealer account.

AnnaCo Investment Management is independently owned and operated and is not affiliated with Schwab. We believe our recommendation of Schwab as broker-dealer is in the best interests of our clients. Our recommendation is primarily supported by the scope, quality, and price of Schwab's services (again see **"How We Select Brokers/Custodians"** above) and Schwab's ability to facilitate the best execution of the orders we place for our clients. The conflicts of interest this recommendation may present are described and addressed in detail in **"Products and Services Available to Us From Schwab"** above.

Clients may direct brokerage to any broker-dealer they choose. It is the client's responsibility to negotiate commission rates with the directed broker-dealer. It is important for our clients to understand, if so instructed by the client to execute trades through a particular broker-dealer other than Schwab, the client may not receive the best execution available, may pay higher commissions, and may not be able to participate in aggregated trades (please see **Order Aggregation** below). In selecting an executing broker-dealer clients are encouraged to consider, among other factors, the following:

- Brokerage arrangements other than those directed by the client may exist that would provide the client more favorable execution or additional brokerage related services;
- Other than in connection with monitoring trade execution data for client transactions, we have no responsibility to determine or assess the extent or value of service provided to clients provided by their directed executing brokers, nor do we generally have access to such information;
- Technological capabilities and limitations of a client's executing broker (e.g. a broker's inability to receive orders electronically) may affect our ability to relay trading instructions to such broker as efficiently as we are able to relay instructions to brokers that have more sophisticated order systems.

We encourage our clients to periodically review the terms of their brokerage

agreement to ensure the terms meet their needs and are competitive in the market in relation to the services offered.

Order Aggregation

Client orders executed through the same broker dealer may be aggregated to achieve best execution. Generally clients will receive the average share price of all orders executed to fill the aggregated order. Individual transaction fees and commissions will not be affected. The client will incur the same transaction fee or commission charge regardless if the order was aggregated or executed individually.

If we determine we want to buy or sell a particular security for many accounts, we will most likely aggregate the order. If we are working on only one or two accounts at a particular time, we will not aggregate the order.

Some trading activity *directed by clients* may not be aggregated simply because we may not be trading that same security in other accounts at that time.

INVESTMENT OPPORTUNITY ALLOCATION

AnnaCo Investment Management generally allocates investment opportunities on the basis of cash available for investment, factors unique to each individual portfolio, and the need to rebalance to achieve desired asset allocation.

Exceptions to our allocation prioritization criteria include the following:

- client directed transactions consistent with the individual management of client portfolios
- transactions to raise (or maintain) client directed cash levels in accounts or to comply with investment restrictions;
- the sale of securities contributed by clients to fund accounts; and
- the initial investment of new accounts or the investment of client contributions to existing accounts.

In our investment actions we have no obligation (other than our obligation to deal fairly with all clients) to purchase or sell for a particular client account any security that we, our owners, representatives or employees may purchase for ourselves or other clients.

Item 13 Review of Accounts

Account Review

We review client accounts monthly. The investment committee reviews:

- the performance of the account in general and the specific investments held in the portfolio, and
- the account's asset allocation for adherence to the client's risk and return objectives.

Our investment committee consists of:

Philip O. Howeth President & Treasurer, Portfolio Manager
Kerry R. Neils CFA, V.P. & Secretary, Portfolio Manager

We also review client accounts immediately upon learning of material changes in client circumstances.

Reports

We prepare and send written reports to our clients quarterly at which time meetings to review the account(s) are encouraged. The report includes a:

- Portfolio Appraisal - reports important portfolio information including but not limited to: each security held, quantity, unit cost, total cost, current price, market value, etc.
- Portfolio Summary - shows total equities, fixed income, cash held and total portfolio value
- Purchase and Sale Report – details all security purchases and sales (date, quantity, price, etc.)
- Income & Expense Report - identifies all income and expense transactions (dates and amounts of dividends, interest earned per security)
- Statement of Management Fees - reports the management fee for the quarter
- Performance Summary Gross of Fees – reports the account's internal rate of return for the quarter

Clients also receive statements, no less than quarterly, directly from the custodian where their account is held. Clients can choose whether to receive their statements electronically or hard copy.

Item 14 Client Referrals and Other Compensation

AnnaCo Investment Management receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see [Item 12 – Brokerage Practices](#)). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

AnnaCo Investment Management has a written solicitor's arrangement with David R. Bruck. Although Mr. Bruck is a registered investment adviser representative of the firm for regulatory purposes, he is not an employee. Mr.

Bruck receives, for each client that retains our services as a result of his referral, thirty percent (30%) of the investment management fee paid to us in the first year of service and ten percent (10%) of the fees paid thereafter, as long as the client retains our services. The fee a client pays under this arrangement is **no different** than the fee charged to clients who retain our services directly.

Item 15 Custody

Although under government regulations we are **deemed** to have custody of client assets if clients authorize us to instruct Schwab to deduct our advisory fees directly from their account, AnnaCo Investment Management does not **take** custody of client funds or securities. Our clients open accounts at a separate custodian. As explained above in **Item 12. Brokerage Practices**, we encourage our clients to open accounts at Schwab, but ultimately the client chooses the custodian they wish to use. The custodian will send account statements quarterly, or more frequently, directly to the client.

We strongly encourage our clients to carefully review these account statements received from the custodian and compare the information reported on the account statements to information reported on the quarterly reports we provide.

Item 16 Investment Discretion

As stated in **Item 4. Advisory Business**, AnnaCo Investment Management manages investment portfolios on either a discretionary (meaning we buy and sell securities for your portfolio without contacting you prior to the transaction for authorization) or a non-discretionary basis (meaning we will contact you and obtain authorization prior to the transaction). Clients generally choose to provide us full discretionary authority to manage their accounts. You may limit or restrict securities we can purchase for your account.

We will not exercise any discretionary power without first obtaining written discretionary authority from the client. Discretionary authorization is granted in the first bullet of the Engagement Letter we execute with our clients. Discretionary authority is also granted in the custodian's account opening application or Limited Power of Attorney form.

Item 17 Voting Client Securities

Our clients can make arrangements for us to vote the proxies of the companies contained in their portfolio. AnnaCo Investment Management has adopted and implemented policies and procedures designed to ensure we vote client securities in the best interest of our clients and prescribe how to address material conflicts that may arise between our interests and those of our clients.

In general our proxy voting principles focus on the following points:

- Corporate directors should be accountable to shareholders, and management accountable to directors.
- Information about companies should be readily transparent to permit accurate market comparisons; this includes the notion of some globally accepted minimum accounting standard.
- Investors must be treated equitably and upon the principle of one share/one vote.
- Proxy materials should be clearly written in a manner designed to provide shareowners with the information necessary to make informed voting decisions. All shareowner votes should be formally counted and vote outcomes should be formally announced.
- Corporate directors and managers should have a long-term strategic vision that, at its core, emphasizes sustained shareholder value. In turn, despite having differing investment strategies and tactics, shareowners should encourage corporate management to resist short-term behavior by supporting and rewarding long-term superior returns.

If a potential conflict of interest is perceived, the proxy is brought to the Investment Committee for voting and particular care is used to ensure our proxy voting Principles and Guidelines are followed and the reasons for voting the proxy a particular way will be well-documented.

We believe we have a fiduciary duty to put financial objectives before social objectives and therefore we vote proxies with this principle in mind. We vote all client proxies exactly the same, you cannot direct us how to vote. Therefore, we encourage our clients who are motivated social activists to either reserve their proxy voting duties to themselves or simply instruct us to not purchase shares in certain industries for their individual portfolio(s). If you do not want to own stocks of companies in certain industries such as tobacco, defense, mining, or textiles, for instance, you must notify us in writing. We then construct a portfolio incorporating your restrictions.

Clients may obtain proxy vote information by sending a written request to AnnaCo Investment Management at 1728 9th Avenue, Helena, MT 59601.

Clients may obtain a copy of our Proxy Voting Policies and Procedures by sending a written request to AnnaCo Investment Management at 1728 9th Avenue, Helena, MT 59601.

Item 18 Financial Information

We do not require or solicit prepayment of \$500 or more in fees per client, six months or more in advance and therefore have not included a balance sheet. We have no financial condition that is reasonably likely to impair our ability to

meet contractual commitments, nor have we been the subject of any bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

- A. Our principal executive officer and management persons are identified and described in the **supplements** to this brochure.
- B. AnnaCo Investment Management is not actively engaged in any business other than providing investment advice.
- C. Neither AnnaCo Investment Management nor our representatives are compensated with performance-based fees.
- D. Neither AnnaCo Investment Management nor any of its management has been found liable in arbitration claims or in any civil, self regulatory, or administrative proceeding involving:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (d) dishonest, unfair or unethical practices
- E. Neither AnnaCo Investment Management nor any of its management has any relationship or arrangement with any issuer of securities.

Part 2B of Form ADV: Brochure Supplement

Item 1 Cover Page

Effective February 23, 2011

Philip O. Howeth



**1728 9th Ave.
Helena, MT 59601**

Phone: 406-442-2400

This brochure provides information about Philip O. Howeth that supplements the AnnaCo Investment Management brochure. You should have received a copy of that brochure. Please contact Philip O. Howeth @ 406-442-2400 or via email @ phil@annacoim.com if you did not receive AnnaCo Investment Management's brochure or if you have any questions about the contents of this supplement.

Additional Information about Philip O. Howeth is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Philip O. Howeth ~ Born in 1958.

Formal Education After High School: Attended and graduated from Carroll College in 1990 with a Bachelor of Arts Degree in Accounting

Business Background for Preceding Five Years: Portfolio Manager - AnnaCo Investment Management from April 1990 to present

Item 3 Disciplinary Information

Howeth has not been involved in any disciplinary events.

Item 4 Other Business Activities

Howeth is not actively engaged in any other business or occupation, investment- related or otherwise.

Item 5 Additional Compensation

Howeth does not receive any economic benefit from someone who is not a client for providing advisory services.

Item 6 Supervision

AnnaCo Investment Management has only two representatives, Howeth and Kerry R. Neils (Neils), who manage client portfolios and provide investment advice. Howeth, President & Treasurer, and Neils, Vice President and Secretary, also own shares of and operate AnnaCo Investment Management, Inc. Therefore these individuals do not monitor or supervise themselves. They simply rely upon each other's commitment to their fiduciary duty to their clients and adherence to the firm's Code of Ethics. Howeth and Neils are also the only members of AnnaCo Investment Management's investment committee. During investment committee meetings they review all client accounts and investment recommendations together and therefore both individuals are aware of the target asset allocations and investments held in all accounts of the firm. We also maintain our owners', representatives', and employees' personal holdings and transaction reports as required by securities regulation.

The natural consequence of acting unethically is the failure of AnnaCo Investment Management and destruction of Howeth's and Neils' reputation in this small community, which in and of itself, is the best incentive for Howeth and Neils to act ethically at all times.

Item 7 Requirements for State-Registered Advisers

A. Howeth has not been found liable in an arbitration claim or in any civil, self regulatory, or administrative proceeding involving:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (d) dishonest, unfair or unethical practices

B. Howeth has not been the subject of a bankruptcy petition.

Part 2B of Form ADV: Brochure Supplement

Item 1 Cover Page

Effective February 23, 2011

Kerry R. Neils, CFA



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Helena, MT 59601**

Phone: 406-442-2400

This brochure provides information about Kerry R. Neils that supplements the AnnaCo Investment Management brochure. You should have received a copy of that brochure. Please contact Philip O. Howeth @ 406-442-2400 or via email @ phil@annacoim.com if you did not receive AnnaCo Investment Management's brochure or if you have any questions about the contents of this supplement.

Additional Information about Kerry R. Neils is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Kerry R. Neils, CFA Born in 1952.

Formal Education After High School: Attended and graduated from Carroll College in 1980 with Bachelor of Arts Degrees in Accounting and Finance.

Business Background for Preceding Five Years: Portfolio Manager - AnnaCo Investment Management from April 1990 to present.

Neils is a Chartered Financial Analyst (CFA). The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. To earn a CFA charter, one must study for and pass three levels of annual exams and meet the professional and ethical requirements. Neils earned the Chartered Financial Analyst Certificate in 1989.

Item 3 Disciplinary Information

Neils has not been involved in any disciplinary events.

Item 4 Other Business Activities

Neils is not actively engaged in any other business or occupation, investment-related or otherwise.

Item 5 Additional Compensation

Neils does not receive any economic benefit from someone who is not a client for providing advisory services.

Item 6 Supervision

AnnaCo Investment Management has only two representatives, Philip O. Howeth (Howeth) and Neils, who manage client portfolios and provide investment advice. Howeth, President & Treasurer, and Neils, Vice President and Secretary, also own shares of and operate AnnaCo Investment Management, Inc. Therefore these individuals do not monitor or supervise themselves. They simply rely upon each other's commitment to their fiduciary duty to their clients and adherence to the firm's Code of Ethics. Howeth and Neils are also the only members of AnnaCo Investment Management's investment committee. During investment committee meetings they review all client accounts and investment recommendations together and therefore both individuals are aware of the target asset allocations and investments held in all accounts of the firm. We also maintain our owners', representatives', and employees' personal holdings and transaction reports as required by securities regulation.

The natural consequence of acting unethically is the failure of AnnaCo Investment Management and destruction of Howeth's and Neils' reputation in this small community, which in and of itself, is the best incentive for Howeth and Neils to act ethically at all times.

Item 7 Requirements for State-Registered Advisers

- A. Neils has not been found liable in an arbitration claim or in any civil, self regulatory, or administrative proceeding involving:
- (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (d) dishonest, unfair or unethical practices
- B. Neils has not been the subject of a bankruptcy petition.