

Form ADV : Part 2 A & B

As of (date) March 8, 2011

Part 2A: The Brochure: This brochure discloses information about the qualifications and business practices of the investment advisory firm named below for the benefit of its clients and prospective clients. If the adviser uses a wrap fee program, it is found in Appendix 1 attached to the online ADV.

Part 2B: The Brochure “Supplement” discloses information about persons providing advice.

2A: Brochure : Item 1 :Cover Page : for

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CRD # 132175 / SEC registration number 801- 63416

Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and notice filed in one or more states. Registration does not mean approval or verification by those regulators. Find more information about the firm at Investment Adviser Public Disclosure : www.adviserinfo.sec.gov.

2A: Brochure : Item 2: Material Changes : *If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is :*

- ☐ attached as an exhibit to or
- ☐ included here as part of this updated brochure

or : No summary of material changes is required because there have been no material changes to this adviser's brochure since its last annual updating amendment.

The changes made are :

In Item

In Item

Item 2 requires that an adviser amending its brochure identify and discuss the material changes since the last annual update on the cover page or the following page or as a separate document accompanying the brochure. This item is designed to make clients aware of information that has changed since the prior year's brochure and that may be important to them. Whenever there is a material change to the form ADV, the firm must either send this item 2 with an offer to send the whole ADV, or else send the whole ADV Part 2AB.

2A: Brochure : Item 3 : Table of Contents : Information that investment advisers must provide to prospective clients initially and to existing clients annually : 18 disclosure items that describe this firm’s advisory business and Appendix 1 with disclosures required for a “wrap fee” program brochure [*a specialized brochure for Genworth*].

Item 1 : <u>Cover Page</u> :	<i>The firm’s name, its address, contact information,</i>	Page 1, above
Item 2 : <u>Material Changes</u> .—	<i>Amendments made as of _____</i>	Page 1, above
Item 3 : <u>Table of Contents</u>		Page 2, this page
Item 4 : <u>This advisory firm’s business</u> —	<i>Types of services; amount of assets ; owners.</i>	Pages 3 – 5
Item 5 : <u>Fees and Compensation</u> . . —	<i>How our firm is compensated; fee schedules</i>	Pages 5 – 8
Item 6 : <u>Performance-Based Fees and Side-By-Side Management</u> .		Page 8
Item 7 : <u>Types of Clients</u> . —	<i>The types of clients we service; account requirements</i>	Page 9
Item 8 : <u>Methods of Analysis, Investment Strategies and Risk of Loss</u> . —		Pages 9 – 11
Caution: Investing in securities involves risk of loss.		
Item 9 : <u>Disciplinary Information</u> . —	<i>Legal or disciplinary events relating to our firm to evaluate the integrity of our firm or its management persons.</i>	Pages 12 - 13
Item 10 : <u>Other Financial Industry Activities and Affiliations</u> . . —	<i>Possible conflicts of interest and how they are addressed.</i>	Pages 13 – 14
Item 11 : A. <u>Code of Ethics</u> , & B. - D. —	<i>A summary; how to obtain a copy; Interest in client transactions or in investments we recommend; conflicts of interest</i>	Pages 14 – 16
Item 12 : <u>Brokerage Practices</u> . —	<i>How we select a broker; conflicts of interest; “soft dollars”; directed brokerage; trading practices - aggregating trades.</i>	Pages 16 – 17
Item 13 : <u>Reviews of Accounts & Reports to Clients</u>		Pages 17 – 18
Item 14 : <u>Client Referrals and Other Compensation</u> .		Page 18
Item 15 : <u>Custody</u> .		Page 18
Item 16 : <u>Investment Discretion</u> .		Pages 18 - 19
Item 17 : <u>Voting Client Securities</u> .—	<i>Proxy voting practices. Does our firm vote client securities? How to obtain a copy of our proxy voting policies and procedures.</i>	Page 19
Item 18 : <u>Financial Information</u> .—	<i>Disclosure of material financial information.</i>	Page 19
Item 19 : <u>State-registered investment advisers : requirements</u> [not applicable]		Page 20

2A: Brochure : Items 4 – 18:

Item 4. : This advisory firm's business

4. A. Annadel Capital, Inc. (or “Annadel Capital,” “Annadel” or “AC”) is a California corporation, registered August 2004 as an investment adviser. Note: The use of the terms “registered investment adviser” or “registered” do not imply a certain level of skill or training.

Our firm's two owners are :

- M. Jed Cooper, the firm's President, and
- M. Gregory Smith, the firm's Secretary, Treasurer and Chief Compliance Officer.

Annadel Capital requires a four-year college degree and three years investment experience to be members of the investment committee offering advice to clients. In addition, members must be properly licensed with all regulatory agencies.

4.B. Annadel Capital provides two major services to its clients:

- Investment Planning and Management; and
- Financial Planning.

In addition, Annadel provides a variety of specialized services.

Investment Planning and Management

Annadel manages assets on both a discretionary and non-discretionary basis. We will provide periodic written reports (either monthly, quarterly, or annually) showing

- (a) current market value,
- (b) percentage breakdown of the portfolio(s) by major markets and security types,
- (c) time-weighted return (gross and net of fees) or internal rate of return (IRR) for the quarter, year-to-date, since inception, and
- (d) comparative market indices of major market indices.

Annadel does not provide investment-timing services. We construct portfolios to meet each client's needs and objectives; we utilize individual stocks and bonds, mutual funds, tax-advantaged investments, and cash and cash equivalents. In managing portfolios, Annadel also applies the services of outside advisors who are properly licensed with all required state and governmental agencies and separate account managers.

The minimum amount of assets we accept to construct a portfolio for investment management is \$500,000. This minimum may be waived.

Fees for investment management are charged either as a percentage of the assets under management, a fixed fee, or an hourly fee. The hourly billing rate is \$250 an hour. Fees are negotiable, but we normally require an annual \$5,000 minimum fee.

Financial Planning

Annadel provides financial planning services, supplying analyses and recommendations in the areas of

- retirement planning,

- estate planning,
- investment planning,
- educational planning
- and various financial issues of interest as specified by its clients.

We begin the financial planning process with the gathering of financial information through oral interviews and the completion of a financial questionnaire. Annadel will provide its client a written financial plan based on the client's financial needs, goals and tax status. Implementation of any recommendations made in the plan will be at the client's discretion. In most cases, a plan will consist of a "*strategic plan*", which outlines specific financial and retirement goals, and calculates the rate of return and savings rate required to achieve them.

The strategic plan will normally contain an asset summary consisting of a compilation of the client's existing assets. The plan may also contain other analyses, depending upon the client's needs. These may include:

- (a) a budget and cash flow summary detailing sources of income and expenses and analyzing major sources of cash and cash expenditures;
- (b) a tax planning model projecting current tax liabilities and marginal tax rate;
- (c) insurance needs analysis detailing current levels of life and disability insurance coverage and calculating estimated insurance needs;
- (d) an educational funding model setting forth the annual savings or lump-sum amounts necessary to fund future educational costs; and
- (e) a set of written recommendations on investments, budgets, cash flows, savings and other areas covered by the plan.

For non-institutional clients, Annadel's representative will provide general non-securities financial planning advice on topics that include

- | | |
|-----------------------|------------------------|
| • tax planning, | • estate planning, |
| • budgetary planning, | • educational funding, |
| • asset maximization, | • and other topics. |
| • loan refinancing, | |

These services may be included in the annual percentage of assets fee charged to non-institutional clients, but normally our firm will invoice them on a fixed fee basis based upon hourly rates.

Annadel may retain or consult with qualified and properly licensed experts to assist in the preparation of financial plans (in certain situations at no additional cost to the client). Such experts may include benefit-planning specialists, estate-planning attorneys, certified public accountants, life and disability insurance agents and brokers, and other investment advisors.

4.C. Do we tailor our advisory services to a client's individual needs and how do we do so?

Can clients impose restrictions on investing in certain securities or types of securities?

By means of an in-depth interview with each client, AC's representatives establish a client's personal investment goals, risk tolerance and financial needs and then tailor financial plans and investment management accordingly. Clients may impose reasonable restrictions on the adviser's discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect.

4.D. Do we participate in a wrap fee program providing portfolio management services? Yes. Genworth Financial's platform is presented as a wrap-fee program.

(1) How does our management of the wrap fee accounts differ, if it does, from how we manage other accounts? The wrap fee accounts are managed completely at the discretion of Genworth. Non-Genworth accounts, those still using Schwab as the broker, we have informed that it is their choice as to the custodian, and that we will not make trades without their consent.

(2) Notice to clients : Our firm receives a portion of the wrap fee.

4. E. The assets that this firm manages in a continuous and regular manner are valued at \$35.8 million as of March 8, 2011. Of this amount, \$5.4 million are in discretionary accounts and \$30.4 million are in non-discretionary accounts.

[\[The assets stated must be updated at any time an adviser makes an interim update to its brochure if the amount has become materially inaccurate. Figures must be current within 90 days of submission.\]](#)

Item 5 : Fees and Compensation.

5.A. What fees does our firm charge its clients to compensate its services? Annadel charges :

- (1) A percentage of assets under management : from 1.00% to 0.80%; for portfolio management;
- (2) Hourly charges : \$250 per hour;
- (3) Fixed fees : a financial planning fee based on time use estimates.

Fee schedule

Fees for investment management are charged either as a percentage of the assets under management, a fixed fee, or an hourly fee. The hourly billing rate is \$250 an hour. Fees are negotiable, but an annual \$5,000 minimum fee is intended. Our management fee schedule is :

INVESTMENT MANAGEMENT FEE SCHEDULE

<u>Asset Level</u>	<u>Annadel Fee</u>	<u>plus Genworth Fee</u>			
		MF	STADION	ETF	PMA / CMA:
First \$ 250,000 *	1.00%	.45%	0.65%	0.45%	0.80%
\$ 250,001 – \$ 500,000	1.00%	.40%	0.60%	0.45%	0.80%
\$ 500,001 – \$ 1,000,000	1.00%	.35%	0.55%	0.45%	0.80%
\$ 1,000,001 – \$	0.90%	.30%	0.50%	0.40%	0.75%

2,000,000					
\$ 2,000,001 – \$ 2,500,000	0.90%	.20%	0.40%	0.40%	0.75%
\$ 2,500,001 - \$ 3,000,000	0.80%	.20%	0.40%	0.40%	0.75%
\$ 3,000,001 - \$5,000,000	0.80%	.20%	0.40%	0.35%	0.70%
Over \$5,000,000	0.80%	.20%	0.40%	0.25%	0.65%

Note A 0.15% charge is added to the standard Program Fee for Mutual Fund Accounts custodied at Charles Schwab Institutional.

CMA's: Genworth's Program Fee for Consolidated Managed Accounts includes all fees Genworth pays to Parametric for their services as the Overlay Manager, as well as all fees paid to the Sub-Managers for the development and maintenance of their Model Accounts. It also includes all fees paid to the Strategist to maintain the Model Portfolios.

Service Fees received by Genworth : The Account Custodians typically receive a Shareholder Servicing Fee from each mutual fund family included in the Client Accounts. This fee generally ranges from 0.25% to 0.35% per annum of the amount invested through the program in the mutual funds of each fund family.

5.B. . Disclosure : Does our firm bill its clients for the incurred advisory fees by :

- Sending an invoice to the client, OR
- Obtaining each client's signed permission to deduct the advisory fees from the client's account held by the custodian, OR
- May clients select either method of billing?

How often does the adviser assesses fees (or bill clients)?

Billing : Asset Management - We ask our clients to sign an agreement that authorizes the custodian of their investment account to pay Annadel the advisory fee for asset management. This practice is termed "direct billing." Fees are billed quarterly in advance based on the portfolio value at the end of the quarter, fixed fee agreed to, or hourly fees for work completed. Annadel will not bill for more than three (3) months in advance.

Clients may terminate services at any time without penalty upon giving written notice. Any fees a client has paid in advance will, upon termination, be prorated to the date of termination, and the unearned portion of the fees will be refunded to the client immediately. In the case of services provided on an hourly rate, the client may terminate the contract at any time by giving written notice to Annadel, at which point all hourly fees shall cease to accrue. In such cases, the client will be billed only for work completed up to the time of termination of the contract.

Fees for financial planning are generally charged as a one-time fixed fee, negotiated in advance with the client. The terms of the financial planning engagement are presented in letter

format and include:

- (1) the specific areas of analysis;
- (2) the estimated cost of the plan and;
- (3) the billing arrangement.

The normal billing rate is \$250 an hour.

Annadel Capital will bill each client these fees based on the fixed fee or hourly fee agreed to, for work completed. Annadel will not bill or accept payment for fees in advance if the total of all fees paid in advance by the client exceed a maximum of \$1,200 for any six-month period.

Clients may terminate our services at any time without penalty upon giving written notice. Fees paid in advance by the client will, upon termination, be prorated to the date of termination and the unearned portion of such fees will be immediately refunded to the client. In the case of services provided on an hourly rate, the client may terminate the contract at any time by giving written notice to Annadel at which point all hourly fees shall cease to accrue. In such cases, the client will be billed only for work completed up to the time of termination of the contract.

Other Services Not Included Above

Services may be offered on a one time or limited basis, for a fee based on hours worked or project completed. For such services, fees are charged at the rate of \$250 per hour, and are billed at the completion of work performed. Fees are negotiable.

5.C. . Other compensation-related disclosures: A description of the types of other costs that clients may pay in connection with advisory services, such as

- brokerage : Securities purchased through broker/dealers may incur transaction charges.
- custody fees : Normally, assets to which Annadel provides investment management services are held at nationally recognized broker/dealers who are members of the Securities Investor Protection Corporation (SIPC).
- fund expenses : While Annadel purchases for its clients only no-load and/or load funds at net asset value (no sales charges), certain mutual funds incur transaction fees at the broker/dealer level. Clients should also be aware that mutual funds incur investment management fees and other expenses that are in addition to (and unrelated to) the fees Annadel charges, as described above.

Possible additional charges a client may incur include administrative fees for investments in mutual fund fees. Clients should not be charged the following :

- account maintenance fees charged by a broker dealer for an account, especially if inactive
- and 12b-1 fees in addition to administrative fees, and other marketing fees for mutual funds, paid to a broker dealer;
- postage charges
- processing charges
- Ticket charges
- Early surrender
- Transfer fees

Section 12 of this brochure further discusses aspects of the brokerage we use.

5.D. . Disclosure : Do clients pay fees in advance? Yes.

How may a client obtain a refund of a pre-paid fee if the contract is terminated prior to a billed period's end? How will the amount of the refund be determined? Annadel will calculate the pro-rated amount of the refund and have it sent to the client.

5.E. Disclosure : Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds? No, Annadel does not share in any of the commissions or fees charged by the broker/dealers. Our investment adviser representatives are not agents of a broker dealer and therefore do not receive any commissions for transaction orders they place on clients' behalf. They do not sell other products, such as insurance, for which they might receive commissions.

Disclosure 5.E.1. Our representatives do not receive 12b-1 fees. Whenever an investment advisory firm's representatives may earn a commission, or mutual fund management 12b-1 fees, or other forms of sales charges in their capacity as the registered representatives of a broker-dealer, that arrangement creates an incentive to recommend those sales and, as a consequence, an inherent possibility for a conflict of interest. An advisor is a fiduciary who is required to make only those recommendations for a client that solely are in the client's own best interest, uninfluenced by any calculation of personal gain.

Disclosure 5.E.2. [Explain] Clients always have the option to purchase through unaffiliated broker-dealers and their agents those investment products our firm recommends

Disclosure 5.E.3 Does our advisory firm receive more than half its revenue from commissions and other sales-based compensation? No. It receives no commissions.

Disclosure 5.E. 4. Do we charge advisory fees in addition to commissions or markups? We do, of course, charge advisory fees. That is how investment advisers perform business. Our firm is not also a broker dealer and therefore receives no commissions or markups.

Other disclosures for this section : If the adviser primarily recommends mutual funds, it must disclose whether it will recommend "no-load" funds. Those Annadel clients who have assets at Schwab (about 9 Million AUM) own portfolios that have included bonds, stocks and funds since the assets moved to Annadel. We have watched the funds and have traded them for other investments as circumstances indicated. One of the Genworth platform strategists, Litman Gregory, selects only mutual funds. Annadel has used that platform's selections to adjust underperforming assets in the existing portfolios, but again only with the acknowledgment of the investor. The Genworth information describes the types of securities in which their selected portfolio strategists invest.

Item 6.:Performance-Based Fees and Side-By-Side Management.

Does our firm charge performance-based fees [a fee based on the increase in the portfolio's assets' value] ? **NO**, we do not charge performance fees.

Does our firm have a supervised person who manages an account that pays performance fees? No, we do not. Regulators have stated that performance fees can cause incentives for an adviser to manage a portfolio with an eye to short term gains only, including investments that are more speculative or have a higher risk of loss. They may also tempt an advisor to allocate more time to them than to other clients' portfolios due to the possibility of a higher fee. As a

fiduciary, an investment adviser is to provide equitable treatment to each client's managed portfolio as if it were the adviser's own portfolio - within the investment parameters agreed to with the client. *Performance-based fees and side-by-side management* — An investment adviser that accepts performance-based fees, or that supervises an individual who accepts such fees, is required to disclose this fact. If the investment adviser also manages accounts that are not charged a performance fee, the adviser must explain the conflicts of interest that arise from the simultaneous management of these accounts and must describe how it addresses those conflicts.

Item 7. : The types of Clients we service.

Typically our clients include individuals, high net worth individuals, and pension and profit-sharing plans. We are prepared to provide services to other types of clients as well, including : corporations and other businesses, charitable organizations, estates, and trusts.

Conditions for Managing Accounts

As a minimum requirement for providing investment management /advisory services, Annadel generally requires that clients have assets of at least \$500,000 (or if less, assets subject to annual fees of \$5,000) to invest, (i.e., assets that may be invested or reinvested over the following six months). We may waive this requirement in cases of long-term clients; persons referred to Annadel having existing or pre-existing relationships; or in situations where Annadel believes the prospects for future financial growth are significant. All related accounts are aggregated for terms of meeting minimums. Annadel reserves the right to raise or lower the minimum. There is no minimum account size for financial planning and 401(k) retirement accounts.

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

—An adviser must describe its methods of analysis and investment strategies.

Caution : Investing in securities involves risk of loss.

Annadel's advisors employ one or more forms of analysis to manage clients' accounts. These analytical methods are :

1. **Charting** – Charting includes a variety of means of analysis that correlate charts, graphs, and similar **market information** to detect patterns that are judged to be predictable, to reoccur in essentially the same way, given the same chartable factors or relationships among factors. It seeks to predict trends and notice variations in those trends, using various calculated averages.

Problems encountered using a charting analysis : Charting assumes

- 1) an accurate correspondence between real events and the factors charted as selected;
- 2) and that patterns can be detected in such charts such that
- 3) they are recognizable in advance, predictable as drawn from recurring and therefore essentially mechanistic financial events.

It is a complicated theory. It depends upon a basic assumption that the fundamental financial influences are not radically different in the time periods considered. That assumption is a concept that recently has been questioned on a number of levels.

Particular stocks may diverge from the market/ sector averages radically. Charting may therefore need to be paired with another form of analysis such as fundamental or technical analyses in order to look more closely at particular securities.

The time period most suitable for use in charting analyses is dependent upon the investor's holding period, portfolio structure, and other factors. The choice of relevant segments of

performance over time and the understanding of their place in mapping the forces within the larger time period framework is another consideration.

Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

2. **Fundamental** – Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm**/ company to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm’s management, its debt, equity and cash flow, history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm’s balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm’s stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

Problems encountered using a fundamental analysis : The factors involved can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets’ and other reports’ numerical information from such possible manipulation may not be readily verifiable.

Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

3. **Technical** – Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations** for a **given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets.

This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/ indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous "highs") are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Problems encountered using a technical analysis : Technical analysis purports to see patterns deemed repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understandings offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways. A market termed "dynamic" indicates a sense that the underlying causal relationships may be shifting.

In addition to these methods, Annadel considers tax consequences in its capital management recommendations, and the goals, needs, objectives, and risk tolerances of the client.

Annadel does not attempt to predict short-term trends and/or market movements, except in rare instances dictated by sudden changes in a client's circumstances.

Annadel supports both "active" and "passive" index investment strategies, combining both strategies to create portfolios containing longer-term core holdings and those the Advisor believes adds value or "alpha" to client accounts.

Trading frequency : Annadel's trading strategies include holding for the long term (a year or more), short term investments (traded within a year) and sales within 30 days of purchase. All these strategies are intended to enhance the portfolio's value and ability to meet a client's stated goals. What may be regarded as "frequent trading" varies according to both client and to the type of security involved.

Annadel itself rarely uses sales; most of its trades are long-term and most investments are made in third party-managed platforms that decide the frequency of trades within those platforms.

Item 9 : Disciplinary Information.

What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons?

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity.

Has our firm or any of our management persons been involved in : [answers in red]

9. A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which our firm or a *management person*

1. was convicted of, or pled guilty or *nolo contendere* (“no contest”) to

(a) any *felony*; **No, our firm has not and no one in our firm has been.**

(b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; **No, our firm has not and no one in our firm has been.** Or

(c) a conspiracy to commit any of these offenses; **No, our firm has not and no one in our firm has been.**

2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; **No, our firm has not and no one in our firm has been.**

3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; **No, our firm has not and no one in our firm has been.**or

4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*. **No, our firm has not and no one in our firm has been.**

9. B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; **No, our firm has not and no one in our firm has been.** or

2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a *management person* to act in an *investment-related* business **No, our firm has not and no one in our firm has been.;**

(b) barring or suspending your firm’s or a *management person’s* association with an *investment-related* business **No, our firm has not and no one in our firm has been.;**

(c) otherwise significantly limiting your firm’s or a *management person’s* *investment-related*

activities; **No, our firm has not and no one in our firm has been.** or

(d) imposing a civil money penalty of more than \$2,500 on your firm or a *management person*.
No, our firm has not and no one in our firm has been.

9. C. A *self-regulatory organization (SRO)* proceeding in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; **No, our firm has not and no one in our firm has been.** or

2. was *found* to have been *involved* in a violation of the *SRO's* rules and was:

(i) barred or suspended from membership or from association with other members, or was expelled from membership - **No, our firm has not and no one in our firm has been.;**

(ii) otherwise significantly limited from *investment-related* activities - **No, our firm has not and no one in our firm has been.;** or

(iii) fined more than \$2,500 - **No, our firm has not and no one in our firm has been..**

Disciplinary information — An investment adviser is required to disclose in its brochure material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or to the integrity of its management personnel. An investment adviser must deliver promptly to clients updated information whenever there is new disclosure of a disciplinary event or a material change to an existing disciplinary event. [NOT, as in Part 1A, to disclose events relating to related persons =] "requirement that the brochure affirmatively disclose disciplinary information about the adviser and its management personnel."

The SEC has "determined not to require disclosure of arbitration awards in the client brochure. Advisers should, however, carefully consider whether particular arbitration awards or settlements do, in fact, involve or implicate wrongdoing and/or reflect on the integrity of the adviser, and should be disclosed to clients in the brochure or through other means."

Item 9 requires that an adviser must disclose if it (or any of its management persons) has been *involved* in one of the events listed in that item. "Involved" is defined as "[e]ngaging in any act or omission, aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act."

If the advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of the firm's advisory business or the integrity of its management, the IA must disclose the event. Similarly, even if more than ten years have passed since the date of the event, the IA must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

Note: A firm may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a *management person* to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the *person involved* in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).

Item 10 : Other Financial Industry Activities and Affiliations.

What material relationships does our firm or any of our management persons have with related financial industry participants?

Mr. Cooper and Mr. Smith each own 25% of an estate and succession planning firm, Life Planning Concepts, LLC. The firms do not actively share clients although they may have clients in common. Advisory clients who need the services of an estate and succession planning firm may choose to use Mr. Cooper's or Mr. Smith's services in that capacity.

Does this relationship cause a material conflict of interest? How do we address this issue?

Additional possible incomes will always create a potential conflict of interest. The essential

question is whether a client needs the service offered. Our advisory clients may use our services, but no client is obligated in any way to use Mr. Cooper or Mr. Smith to obtain estate and succession planning.

Other Financial Industry Activities or Affiliations

Annadel does not have arrangements with broker/dealers to custody assets, process trades, and pay commissions. Annadel does have arrangements with independent institutions, (i.e. Charles Schwab Institutional and TD Ameritrade). These arrangements with independent and unaffiliated custodians are material to Annadel's investment advisory business. While Annadel is not affiliated with the institutions and receives no compensation from them, the institutions do provide certain financial, technical, and other industry related services that are important to our firm and for the services it provides to its clients.

If an adviser selects or recommends other advisers for clients, the adviser must disclose any compensation arrangements or other business relationships between the advisory firms that create material conflicts of interest between the adviser and its clients along with a discussion of the conflicts and how they are addressed.

Item 11. Code of Ethics / Our own trading and possible personal interest in our clients' trades.

A. A summary of our firm's code of ethics and how to obtain a copy :

Our firm has a Code of Ethics that describes our policies and procedures to abide by the law's prohibition against any insider trading for any person's benefit, including our reviews of our own persons' trades, as well as other ethical considerations. We will provide you a copy of our Code of Ethics if you write to us requesting one.

Annadel and its associated persons may purchase or sell specific securities for their own accounts based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients. The firm has a code of ethics regarding the monitoring of its associates' proprietary trading activities.

Please note that using any insider information, information that is not readily available to all participants in the securities markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relatives or clients or any other person, is strictly illegal and punishable by fines and imprisonment.

Privacy Policy Statement

Our firm has written a Privacy Policy Statement to guide our handling of sensitive information, such as your personal, non-public information. It limits our discretion as to with whom we may share such information, requiring your permission in most instances. We may be required by law to share some information with law enforcement entities, if subpoenaed, for example. We provide you with a copy of this policy statement initially and every year after that.

B. Trading activities and possible conflicts of interest:

How may our own trading activities be related to the trades we place for your account?

Our firm and its associates **do not**

- buy securities for the firm or for themselves from advisory clients (principal

transactions);

- sell securities the firm or its associates own to advisory clients (principal transactions);
- in the capacity of a broker/ dealer agent, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities market place) : [They are not registered broker/ dealer agents.]
- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest.

C. ***Personal Trading.*** Does our firm permit itself, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities (such as options or other derivatives)?

Our firm and its associates **do**

- buy or sell for the firm or for themselves securities (other than shares of mutual funds) that they also may recommend to our advisory clients;
- buy or sell for the firm or for themselves shares of mutual funds that they also may recommend to our advisory clients;

D. Participation or Interest in Client Transactions

Annadel, its employees, and family-related accounts may, from time to time, purchase and sell investment securities recommended to clients.

In all cases, client transactions will always be given first priority.

Our firm has adopted a policy statement establishing trading guidelines and control procedures. A written procedure statement exists outlining the steps taken to implement firm policy. Those procedures include:

1. A related person may not knowingly purchase (sell) for his/her personal account and those of his/her immediate family or in an account in which he/she has a beneficial interest, ahead of firm's clients.
2. A related person cannot execute transactions in their own account(s) that are the opposite of what advice the firm is providing to its clients.
3. All security transactions by a related person for his/her personal account and those of his/her immediate family and for any account(s) in which he/she has a beneficial interest, are reviewed by the Advisor's compliance officer on a quarterly basis. In addition, the firm may create a "restricted list" of securities for which pre-clearance from the Chief Compliance Officer is required prior to any personal security transactions in those listed securities.

An advisory client should be aware of the possible conflicts of interest that arise whenever we recommend, or, in our discretion, buy or sell for a client a security that we may also buy or sell for ourselves. These potential conflicts of interest are :

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);

- gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

NOTE : An adviser's **related persons** are: (1) the adviser's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling, controlled by, or under common control with the adviser; (3) all of the adviser's current employees; and (4) any person providing investment advice on the adviser's behalf.

The SEC generally dislikes "contemporaneous" trading, that is, that anyone in our firm might enter an order for her or his own account at the same time as an order in the same security for a client. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and in some way act as the fund's managers.

In response to this item, an adviser should explain how its internal controls, including its code of ethics, prevent the firm and its staff from buying or selling securities contemporaneously with client transactions. [The SEC has brought enforcement actions charging advisers with failures to make such disclosures. *See, e.g., In the Matter of Thomson McKinnon Asset Management, L.P.*, Investment Advisers Act Release No. 1243 (July 26, 1990) (settled order).] [*See, e.g., In the Matter of Chancellor Capital Management, Inc., et al.*, Investment Advisers Act Release No. 1447 (Oct. 18, 1994) (settled order).] ...given that an adviser's ability to place its own trades before or after client trades in the same security may affect the objectivity of the adviser's recommendations, the SEC believes *disclosure of this practice* is warranted. Items 11.B, 11.C, and 11.D would not require disclosure with respect to securities that are not "reportable securities" under Advisers Act rule 204A-1(e)(10), such as shares in unaffiliated mutual funds. The SEC has indicated that such securities are not reportable under Advisers Act Rule 204A-1 because they appear to present little opportunity for front-running.

Item 12 :Brokerage Practices.

Does our firm select a broker/ dealer for you? On what basis do we do so?

Annadel allows its clients to select from two institutions to custody assets. These two firms are Charles Schwab Institutional and TD Ameritrade. We have selected these two for their proven track record in the securities industry as well as general public recognition. Whichever institution is selected, Annadel has an obligation to its clients to provide competitive commission rates when executing transactions. This process is referred to as "Best Execution."

How do we determine the reasonableness of the broker's compensation (commission charges)? Our firm is willing to consider opening accounts with other brokers that clients may prefer. We generally avoid using discretionary authority over accounts, including the choice of custodian and brokerage.

We do compare, on an informal basis, the services and costs we receive from Schwab and TD Ameritrade with those available at some other firms. It is our clients who make the final choice as to which brokerage firm will execute their trades and custody their accounts; the third party platforms to which we refer our clients may use one or many custodians. Genworth uses several.

Best execution includes service factors besides the commission rate. However, Schwab and TD Ameritrade are generally competitive, besides being able to offer a wide range of products. Nonetheless, clients should be aware that it is possible they could obtain brokerage services that

are essentially the same for a lower commission rate.

“Soft Dollars” : Do we have any conflicts of interest such as receiving “soft dollars” from the broker/ dealer? Charles Schwab Institutional and TD Ameritrade do provide certain financial, technical, and other industry related services that are important to our firm and for the services it provides to its clients. The benefits we receive could cause a conflict of interest, giving us an incentive to use these firms instead of other firms. We believe their services and costs are competitive with other firms in the industry and that the services we receive from them in addition to trading execution benefit all our clients as applicable. It is all educational material.

When we place orders with a broker/ dealer for our clients, do we aggregate or “bunch” your trade order with orders for other clients? No, we do not.

Item 13 : Review of Accounts.

REVIEWS : Does someone in our firm review your investment account and how often?

The Investment Committee monitors and reviews the investment performance and composition of all accounts on a quarterly or more frequent basis if conditions are warranted. Outside the quarterly reviews, reviews may be triggered by a:

- (1) change in financial markets;
- (2) change in clients’ circumstances; and
- (3) change in the Advisor’s opinion related to a company and/or industry.

Formal written updates of financial plans are typically undertaken upon a request from the client, although as a matter of policy, our firm recommends to clients that they update their financial plan at least once every two to five years, depending upon personal circumstances.

The investment committee is comprised of two principals (M. Jed Cooper, and M. Gregory Smith). From time to time, the investment committee may elect to add additional members whom it feels would provide valuable information and insight to the management and monitoring processes.

Investment advisory services provided to retirement plans include quarterly review of fund performance. A more frequent review is undertaken following changes in the circumstances and/or conditions related to the Plan Sponsor, Plan Provider, trustee or investment options.

REPORTS : What regular reports do we or others provide you? Are they written reports?

As part of its investment management and monitoring services, our firm issues formal written quarterly reports which include the following:

- (a) current market value of all accounts;
- (b) percentage breakdown of the portfolio by major asset classes and security types;
- (c) time-weighted return (net of fees) or internal rate of return (IRR);
- (d) comparative market indices.

Special reports may be prepared based on the needs of a client or an account and provided more frequently than on a quarterly basis. The reports may also include the risk characteristics of the portfolio(s), and recommendation(s) for new investments or changes in existing investments. Custodians, independently, also provide monthly reports to all clients.

Because we send you an account statement, we urge you, our client, to compare carefully that account statement with any other statements you may receive from the account's qualified custodian. It is not the custodian's duty to verify the percentages and deductions for fees.

Item 14 :Client Referrals and Other Compensation.

Does our firm or a firm related to us through some form of ownership pay someone for client referrals? No, we do not use solicitors, directly or indirectly through any related firm.

Additional Compensation

We do ourselves receive valuable benefits from Genworth, the sponsor of investment programs in which our firm invests its clients. Genworth provides us with quarterly training and an educational budget of \$5,000 annually.

Genworth's benefits to us create a potential for a conflict of interest. The benefit could be an incentive to use their platforms instead of another firm's investment program. As a fiduciary, we address this potential conflict by disclosing it here to our clients.

Item 15: Custody.

Does our firm have custody of your assets?

Annadel does practice direct billing, which has been defined as a form of custody, but one that does not require an audit. Direct billing means that our clients give us written permission to invoice their account held by the custodian to pay our advisory fees. Otherwise, **no**, Annadel does not have custody any client assets.

Who is the qualified custodian of your assets' account?

Schwab or TD Ameritrade will be your account's qualified custodian. The custodian will send to you at least quarterly financial statements. NOTE : These statements should be reviewed carefully. It is not the custodian's responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16 :Investment Discretion.

A. Does our firm have discretionary authority over your assets?

Annadel has the authority to determine the amount of securities bought or sold in some of its agreements. In practice we no longer exercise discretion; instead, we make a point of discussing all transaction choices and recommendations with our clients to obtain their assent before we effect any trades. These clients all custody their assets at Charles Schwab Institutional. In those cases, the client specifies the objectives and investment guidelines for our firm's allowed use of discretion.

B. What limitations are there, or can you place, on our discretionary authority?

In some cases, clients authorize us to act upon recommendations made on their behalf, and in others, clients enter their own security transaction orders. Recommended securities generally include stocks, bonds, and mutual funds. Client restrictions and/or limitations on discretionary authority are established when a client opens an account.

Item 17. : Voting Client Securities..— proxy voting practices

Does our firm have or will it accept authority to vote client securities?

Annadel and its officers do not have and will not accept any authority to vote any client proxies associated with clients' investments. We encourage our clients to read the information sent to them by the companies in which they may be invested in order to gain insight into those investments made.

This is the sum of our proxy voting policies and procedures, made available in this disclosure brochure. As we do not vote proxies, we have no conflict of interest in this matter. Our clients will receive their proxies from the custodian.

Item 18 :Financial Information.

Does our firm have discretionary authority over your assets? In some instances, yes, we exercise discretionary authority regarding which securities to buy or to sell and in what amounts, as noted in Item 16, above.

Does our firm have custody of your funds or your securities investments?

1. Direct Billing : We do, as noted earlier, practice direct billing, sending our invoice for our advisory fees to the custodian of our clients' accounts. This form of custody does not require any annual audits.
2. Prepayment of a fee of \$1,200 or more, 6 or more months in advance of services : We are paid in advance, but quarterly, not six or more months in advance.

Does our firm have any financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client? No, it does not.

Has our firm been the subject of a bankruptcy petition during the last 10 years? No, it has not.

This item requires an adviser to disclose any financial condition reasonably likely to impair the adviser's ability to meet contractual commitments to clients if the adviser has discretionary authority over client assets, . For instance, disclosure may be required where a judgment or arbitration award against the firm was sufficiently large that payment of it would create the aforementioned financial condition. Under these circumstances, clients are exposed to the risk that their assets may not be properly managed — and prepaid fees may not be returned — if, for example the adviser becomes insolvent and ceases to do business. The SEC cautions advisers that their fiduciary duty of full and fair disclosure may require them to continue to disclose any precarious financial condition promptly to all clients, even clients to whom they may not be required to deliver a brochure or amended brochure.

Item 19 :State Registrant Information.

This firm was registered with the SEC on 08/05/2004. It is not a state registered investment advisory firm as of the date of this ADV Part 2AB.

It is notice filed in the following states or jurisdictions :

California [08/05/2004]

If you are registering or are registered with one or more *state securities authorities*, respond to the following additional Item.

A. Identify each of your principal executive officers and *management persons*, and describe their formal education and business background. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item. See Item

B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item.

C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a *supervised person* are compensated for advisory services with *performance-based fees*, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the *client*.

D. If you or a *management person* has been *involved* in one of the events listed below, disclose all material facts regarding the event.

1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- (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
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding* involving any of the following:

- (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
- (e) dishonest, unfair, or unethical practices.

E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your *management persons* have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

Item 1. Cover page : **This brochure supplement provides information about M. Jed Cooper that supplements the Annadel Capital, Inc. brochure. You should have received a copy of that brochure at or before the time when *that* specific supervised person begins providing you with services. Please contact Greg Smith if you did not receive Annadel's brochure or if you have any questions about the contents of this supplement. Additional information about Jed Cooper is available on the SEC's website at www.adviserinfo.sec.gov.**

21

<p>Item 4. : <u>Other Business Activities</u></p>	<p><u>Other Business Activities:</u> As we have disclosed in section 10 of the ADV Part 2A brochure, Mr. Cooper owns 25% of an estate and succession planning firm, Life Planning Concepts, LLC. Annadel and Life Planning Concepts do not actively share clients although they may have clients in common. Advisory clients who need the services of an estate and succession planning firm may choose to use Mr. Cooper's services in that capacity.</p>
<p>Item 5. : <u>Additional Compensation</u></p>	<p><u>Additional Compensation :</u> Annadel receives valuable benefits from Genworth, the sponsor of investment programs in which our firm invests its clients. Genworth provides us with quarterly training and an educational budget of \$5,000 annually. These benefits create a potential for a conflict of interest as an incentive to use their platforms instead of another firm's investment program. As a fiduciary, we address this potential conflict by disclosing it here to our clients.</p>
<p>Item 6. <u>Supervision</u></p>	<p><u>Item 6. Supervision.:</u> Mr. Cooper and Mr. Smith determine together what investment advice to provide to the firm's clients. They are the firm's only representatives. They also review each other's proprietary trading activities for the policies in the Code of Ethics. Their telephone numbers are found on the first page of this brochure, Part 2A.</p>
<p>Item 7. <u>State registration</u></p>	<p>Item 7. <u>State Registration requirements :</u> Mr. Cooper is registered in California as an investment advisory representative of Annadel Capital, Inc.</p>

Part 2B: The Brochure Supplement :

Item 1. Cover page : **This brochure supplement provides information about M. Gregory Smith that supplements the Annadel Capital, Inc. brochure. You should have received a copy of that brochure at or before the time when *that* specific supervised person begins providing you with services. Please contact Gregg Smith if you did not receive Annadel's brochure or if you have any questions about the contents of this supplement. Additional information about Gregg Smith is available on the SEC's website at www.adviserinfo.sec.gov.**

<p>Item 2. <u>Educational Background</u></p> <p>and</p> <p><u>Business Experience</u></p> <p>Item 3. <u>Disciplinary Information</u></p>	<p>M. Gregory Smith,</p> <p>Treasurer and Chief Financial Officer of Annadel Capital, CCO from 10.5.2004; Principal, member of investment committee</p> <p>Date of Birth: 3/24/53</p> <p>CRD # 2558680</p> <p>Education: University California at Berkeley, Berkeley, CA, B.S. in Accounting, 1975,</p> <p>Graduate School of Taxation, Golden State University, San Francisco, CA, M.S. Taxation in Progress; AICPA Personal Financial Specialist*; Holds active Certified Public Accounting license in the State of California</p> <p>Business Background: Gregg began his career in public accounting in 1975 with the international accounting and consulting firm of Ernst & Ernst (now Ernst & Young). Gregg thereafter co-founded and managed a regional accounting firm. In 1986, Gregg was accredited as a financial planner.</p> <p>*Personal Financial Specialist: "The Personal Financial Specialist (PFS) program allows CPAs to demonstrate their knowledge and expertise in personal financial planning. Whether a CPA specializes in personal financial planning with their clients or interacts with other financial planning professionals, the PFS credential adds credibility. PFS credential holders have a specific experience, education and examination requirement that sets them apart from other CPAs and financial planners." [www.aicpa.org] Ongoing certification includes review courses.</p> <p><u>Disciplinary Information.</u> [<i>Disclosure of any legal or disciplinary event that is material to a client's evaluation of the supervised person's integrity.</i>] Clients may find the following disclosures online at the Investment Adviser Public Disclosure site, which begins its presentation with a caution : "When evaluating this report, please keep in mind that it may include items that involve pending actions or allegations that may be</p>
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	<p><i>contested and have not been resolved. Such items may, in the end, result in an order against the individual, may be withdrawn or dismissed, or resolved in favor of the firm or [investment advisor representative], or concluded through a negotiated settlement.”</i></p> <p>Are there events disclosed about this Investment Adviser Representative? No :</p>
Item 4. : <u>Other Business Activities</u>	<p><u>Other Business Activities:</u> As we have disclosed in section 10 of the ADV Part 2A brochure, Mr. Smith owns 25% of an estate and succession planning firm, Life Planning Concepts, LLC. Annadel and Life Planning Concepts do not actively share clients although they may have clients in common. Advisory clients who need the services of an estate and succession planning firm may choose to use Mr. Smith’s services in that capacity.</p>
Item 5. : <u>Additional Compensation</u>	<p><u>Additional Compensation</u> Annadel receives valuable benefits from Genworth, the sponsor of investment programs in which our firm invests its clients. Genworth provides us with quarterly training and an educational budget of \$5,000 annually. These benefits create a potential for a conflict of interest as an incentive to use their platforms instead of another firm’s investment program. As a fiduciary, we address this potential conflict by disclosing it here to our clients.</p>
Item 6. <u>Supervision</u>	<p><u>Item 6. Supervision.:</u> Mr. Cooper and Mr. Smith determine together what investment advice to provide to the firm’s clients. They are the firm’s only representatives. They also review each other’s proprietary trading activities for the policies in the Code of Ethics. Their telephone numbers are found on the first page of this brochure, Part 2A.</p>
Item 7. <u>State registration</u>	<p>Item 7. <u>State Registration requirements</u> : Mr. Smith is registered in California as an investment advisory representative of Annadel Capital, Inc.</p>

NOTES on the Delivery of a brochure to clients

An advisory firm must give a firm *brochure* to each *client* before or at the time it enters into an advisory agreement with that *client*. See SEC rule 204-3(b) and similar state rules.

Each year the IA firm must (i) deliver, within 120 days of the end of its fiscal year, to each *client* a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) deliver to each *client* a summary of material changes that includes an offer to provide a copy of the updated *brochure* and information on how a *client* may obtain the *brochure*. See SEC rule 204-3(b) and similar state rules.

The IA firm does not have to deliver an interim amendment to *clients* unless the amendment includes information in response to Item 9 of Part 2A (disciplinary information). An interim amendment can be in the form of a document describing the material facts relating to the amended disciplinary event. See SEC rule 204-3(b) and similar state rules.

Note: As a fiduciary, an advisory firm has an ongoing obligation to inform its *clients* of any material information that could affect the advisory relationship. As a result, between *annual updating amendments* the firm must disclose material changes to such information to *clients* even if those changes do not trigger delivery of an interim amendment. See General Instructions for Part 2 of Form ADV, Instruction 3.

Question: May an advisor deliver its *brochure* electronically? Yes. The SEC has published interpretive guidance on delivering documents electronically, which advisors can find at <www.sec.gov/rules/concept/33-7288.txt>.