



## ***ANNEX WEALTH MANAGEMENT®, LLC***

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

Securities & Exchange Commission Number 801-63505

Central Records Depository Number 127987

### **Firm Brochure**

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

### **Headquarters**

12700 West Bluemound Road

Suite 200

Elm Grove, WI 53122

262-786-6363

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

**Brochure Dated: August 15,2023**

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

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

## Material Changes to Annex's Brochure

Annex's Disclosure Brochure dated August 15, 2023, was prepared according to the SEC's requirements and replaces the previous disclosure document posted to the SEC's website and dated March 30, 2023. Annex Wealth Management®, LLC ("Annex") provides a copy of its current Disclosure Brochure ("Brochure") to all new and prospective Clients as a substitute to Part 2A of Form ADV.

This page will discuss **only specific material changes** that were made to the Brochure since the last revision (03/30/2023) and provides Clients with a summary of those changes. When there are material changes, Annex sends a copy of this updated page to all existing Annex Clients along with their quarterly performance reports or billing invoices.

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

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

- Annex Wealth Management has updated the Managed Assets section of the SEC-filed ADV Part 2 and this Brochure to reflect the growth of the Firm. As of July 31, 2023, Annex provided asset management services to more than 8500 clients with assets exceeding \$4.8 billion. Detailed information about managed assets can be found in the Managed Assets portion of this Brochure or on the Investment Advisor Public Disclosure page at <http://adviserinfo.sec.gov/firm/summary/127987>
- Annex Wealth Management has added Kristin Reilly as Chief Financial Officer. Ms. Reilly oversees all areas of the Firm's financial operations and accounting. Ms. Reilly joined Annex with over 20 years of experience in finance and accounting. Prior to joining Annex, Ms. Reilly held the positions of CFO at JR Automation, a Hitachi Group Company managing all accounting and finance operations and President of Prairie Financial Group leading all aspects of the organization.

A Certified Public Accountant, Reilly holds a Master of Business Administration degree from Keller Graduate School and a bachelor's degree in accounting from University of Wisconsin – Milwaukee.

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## **Item 4 – Advisory Business**

### **Firm Description**

Founded in 2001, Annex Wealth Management® is a domestic limited-liability company whose Articles of Organization are filed with the State of Wisconsin. Annex Wealth Management, LLC is the sole Member to four other domestic limited-liability companies, namely; Annex Insurance Services LLC, a licensed corporate insurance agent (formed 2003), Annex Advisory Services LLC, an Investment Advisor federally registered with the US Securities & Exchange Commission (formed 2003), Annex Investment Services LLC, which is currently dormant (formed 2003), and Annex Tax Services, LLC. (formed 2017). Collectively, each of these separate limited-liability companies are held out to the public and marketed as Annex Wealth Management®. Unless specifically noted otherwise, wherever we use the name Annex Wealth Management or “Annex” throughout this Brochure, we are referring to the registered investment advisor and its business operations.

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

Annex's headquarters in Elm Grove, Wisconsin are the central supervisory and management location. Assets under the management of Annex are held by independent Qualified Custodians including TD Ameritrade Institutional, Schwab Institutional, and Fidelity Investments in a separate account for each Client under that Client's name.

### **Principal Owner**

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

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

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

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

Beyond investment management, asset selection, asset allocation, and rebalancing are the comprehensive wealth management and financial planning services offered to each Annex Client. The bundled fee Annex collects from each Client for its services contemplates a broad range of wealth management services based on the standards of impartial conduct – that is, providing advice in each Client's best interest, charging reasonable fees based on the scope and complexity of the services provided, and making straightforward statements to each Client about its recommendations.

In this regard, Annex should be viewed as a “level-fee” fiduciary whose bundled fees are based on individualized and ongoing comprehensive wealth management and financial planning services without the bias and conflicts of commissions or variable compensation based upon its recommendations.

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

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

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor (“DOL”) Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL’s Prohibited Transaction Exemption 2020-02 (“PTE 2020-02”) where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Please Note: Retirement Rollovers Potential for Conflict of Interest: A Client or prospective Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the Client’s age, result in adverse tax consequences). If Annex recommends that a Client roll over their retirement plan assets into an account to be managed by Annex, such a recommendation creates a conflict of interest if Annex will earn an advisory fee on the rolled over assets. No Client is under any obligation to rollover retirement plan assets to an account managed by Annex. Annex’s Chief Compliance Officer, Naomi K Ackley, remains available to address any questions that a Client or prospective Client may have regarding the potential for conflict of interest presented by such rollover recommendation.

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

Annex provides investment management services, under the terms of a contract, to Clients who are interested in allowing Annex to manage their investments on their behalf. Annex will assist the Client with opening a brokerage Account (or multiple Accounts, as appropriate) and each “Account” at a Qualified Custodian is based on the information provided by the Client, manage the investments in each Account on the Client’s behalf. Annex will supervise, provide for ongoing active management, and direct the investments of the Account with respect to the purchase, sale or continued

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

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

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

Annex may recommend that Clients accessing the Firm's Limited Discretionary Asset Management Services establish brokerage accounts with one of its contracted Qualified Custodians. Accounts will generally be in the custody of Fidelity Investments Institutional Services Company, Inc. ("Fidelity Investments"), Schwab Institutional, a Division of Charles Schwab & Co. ("Schwab"), TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), or a similar custodian, and each a *Qualified Custodian* as that term is used in The Investment Advisers Act of 1940 (the Act) and in Investment Adviser Act Release No. 2176. Accounts will only be opened at Qualified Custodians with the request and signed application of the Client thereby providing notice to each Client as to their custodial relationship. Each Custodian will send each Client a statement detailing the balances and activities in their Account over the previous quarter, including the advisory fees collected by Annex from the Account during the previous period. Custodians may be registered broker-dealers and SIPC members.

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

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

### **Consulting Services**

For Clients having a need for ongoing financial advice or analyses involving an investment, portfolio, financial situation or condition, Annex offers Consulting Services designed to meet the Client's needs and expectations. Consulting Services will generally include investment recommendations, an analysis of a Client's existing portfolio or financial condition, data gathering about the Client's financial goals, tolerance to risk, time horizon, tax status, family, and similar information. Based upon the analyses, a plan is developed to assist the Client in achieving their desired outcome. The plan may then be implemented at the Client's discretion in any manner or degree that the Client chooses. In other words, the Client is free to follow the plan, in whole or in part, or may choose not to follow the plan at all and may do so with any advisor or investment firm he or she chooses to use. Consulting Services are generally oriented towards reviewing existing investment portfolios, investment choices in qualified plans, insurance and asset protection

strategies, risk management, retirement projections, estate or business plans, education savings, trust services, retirement planning, estate planning, and corporate and small business planning. All of these efforts would collectively fall under the area of general "financial planning". Where a written analyses or financial plan is requested, Annex will generally utilize third-party provided software to produce financial plans, asset allocation models, portfolio analyses and similar written reports and plans. The projects encompassed in Annex's Consulting Services are intentionally broad and tailored to address the material issues of each Client's financial goals. The fees paid for Consulting Services, if any, are exhausted by those services and an additional fee would be required for the ongoing monitoring or management of Client assets.

Consulting Services may be contracted on a flat fee or as a percentage of the assets for which the Services are being performed. Flat fees for basic projects can start as low as \$1,000 but can be significantly higher depending upon the scope and duration of the Services provided. A written estimate of the negotiated fees for Services will be provided to the Client in their Consulting Agreement prior to the initiation of any Services. Annex may require an advance deposit equal to as much as 100% of the estimated fee. Any remainder of the fee is due to Annex at the time the Services are completed, and the financial plan or other report is delivered to the Client. Once the fees are paid in full, the Consulting Agreement will be terminated, and any additional Services will require a new Consulting or other advisory Agreement. Annex will not collect any fee in excess of \$1,200 for Services to be performed six (6) months or more in the future. Should the contract terminate at the instruction of the Client or Annex, any prepaid and unearned fee will be returned to the Client.

### **Pension Consulting Services**

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

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

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

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

the plan while providing consulting services.

### **Annex Ignite® ("Ignite")**

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

### **Annex Comprehensive Wealth**

Annex Comprehensive Wealth is a comprehensive, full-service model in which each client relationship is handled by a primary wealth manager. In Annex Comprehensive Wealth, the wealth manager works in collaboration with the wider team for financial planning, tax planning, and estate planning. More information about Annex Comprehensive Wealth can be found by accessing [Annexwealth.com](http://Annexwealth.com).

### **Annex Private Client**

Annex Private Client is a full-service model primarily tailored toward the unique and complex needs of a high-net-worth relationship with typically more than \$5 million dollars in investible assets. Annex Private Client includes all aspects of Annex Comprehensive Wealth plus access to our dedicated team of specialists for additional assistance related to advanced topics including philanthropic, legacy planning, and complex investment management needs. More information about Annex Private Client can be found by accessing [Annexwealth.com](http://Annexwealth.com).

### **Tailored Relationships**

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

Annex performs advisory services for other Clients and it will give advice or take actions in other Client's accounts that will likely differ from the timing or nature of actions it takes in another Client's account(s). Clients are free to impose restrictions on the management of their account(s). Contracts for advisory services cannot be assigned by Annex without the Client's affirmative consent.



## **Sub-Advisory Relationships**

Annex may also provide services to other investment advisory firms, whereby Annex acts as sub-adviser to Clients of the other investment advisor. As a sub-adviser, Annex is hired by the other investment adviser, but applies the same strategies to the other investment advisor's Client accounts as it would to individual Clients of Annex. Annex is typically paid directly by the other investment advisor from the advisory fee collected by the other investment advisor. Annex has no contact with the other investment advisor's Client but does regularly consult with the other investment advisor regarding sub-account objectives and account performance.

## **Alternative Investments**

Annex may provide investment advice with respect to Alternative Investments. Annex's role relative to the alternative investments shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an investor in alternative investments, the amount of assets invested in the investment(s) shall be included as part of "assets under management" for purposes of Annex calculating its investment advisory fee. Annex clients are under absolutely no obligation to consider or make an investment in an alternative investment. Alternative Investments include illiquid investments such as private real estate, private debt, private equity, and others. Alternative Investments selected for recommendation need to meet several quantitative and qualitative criteria established by Annex as described in item 8. Annex will recommend Alternative Investments based on the investment objective and risk tolerance of the client and only to those clients that meet the definition of Accredited Investor. Annex will assist the client in completing the necessary subscription agreements and will work with the client to facilitate the funding of alternative investments recommended by Annex.

Please Note: Alternative investments generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each investment's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, alternative investments do not often provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the investment and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that Annex references alternative investments owned by the client on any supplemental account reports prepared by Annex, the value(s) for all investments owned by the client shall reflect the most recent valuation provided by the investment sponsor. If no subsequent valuation post-purchase is provided by the investment sponsor, then the valuation shall reflect the initial purchase price (or a value as of a previous date). If the valuation reflects the initial purchase price (or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client's advisory fee shall be based upon reflected investment value(s).

## **Cash Positions**

Annex continues to treat cash as an asset class. As such, unless determined to the contrary by Annex, all cash and cash equivalent positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Annex's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Annex may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Annex's advisory fee could exceed the interest paid by the client's cash position.

Cash Sweep Accounts. Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts.

## Managed Assets

As of July 31, 2023, Annex Wealth Management® managed approximately **\$4,833,150,360.81** in assets for more than 8,500 Clients. \$4,641,902,413.02 is managed on a discretionary basis and \$191,247,947.79 on a non-discretionary basis. Our Clients are individuals (65% of our Clients), high net worth individuals<sup>1</sup> (34% of our Clients), pensions (1%), charitable organizations, government agencies, and corporations.

## Periodicals and Publications

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

## Item 5 – Fees and Compensation

### Description

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

A typical fee calculation for Limited Discretionary Asset Management services or the Annex Ignite platform, would be (ending account value) x (annual fee %/4 quarters) = (quarterly fee). As an example, a Client with a \$200,000 account balance on the close of the last day of a quarter and paying a 1.3% annual fee would be charged a fee of \$650.00 for that quarter.

*Example: (\$200,000.00) x (.013/4) = (\$650.00)*

Fees for the initial quarter for which services are provided are prorated based upon the number of days remaining in the quarter. Any fee rate changes, higher or lower, become effective at the commencement of the next fee billing cycle.

The fees for Consulting Services are contracted on an asset-based, project, or flat-fee basis. Flat fees for basic projects can start as low as \$1,000 but can be significantly higher depending upon the scope and duration of the services provided. A written estimate of the negotiated fees for services will be provided to the Client in their Consulting Agreement prior to the initiation of any services. Annex may require an advance deposit equal up to 100% of the estimated fee. Annex will not collect any fee in excess of \$1,200 for Services to be performed six (6) months or more in the future. Any unearned portion of any previously paid fees for Consulting Services will be refunded to the Client if services are terminated by the Client prior to the completion of the contracted project.

While Annex generally utilizes investment companies (mutual funds), exchange-traded funds, cash equivalents, and individual securities (which may include stocks and bonds) in its Client accounts, it does not limit the types of investments it might consider managing for a Client and may include options. Annex believes that all asset classes –

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<sup>1</sup> The Form ADV Glossary of Terms explains that a "high-net-worth individual" is an **individual** with at least \$750,000 managed by the reporting investment adviser (Annex), or whose **net worth** Annex reasonably believes exceeds \$1,500,000.

equities, fixed income, options, alternatives, and cash – are valuable tools in implementing its investment strategies. As such, Fees for services are based on each account's total value including cash and cash equivalents.

For Alternative Investments, the fees are calculated using values provided by the adviser of the alternative investment. Annex conducts diligence to understand the alternative investment sponsor's valuation approach. Provided the alternative investment sponsor utilizes a reasonable valuation approach and methodology, Annex will not independently verify the valuation.

Pension consulting fees are charged as a percentage of plan assets or a flat fee and are negotiated regardless of plan size. Pension consulting fees are paid by plan participants, administrator, or sponsor.

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

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

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

### **Fee Debiting**

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

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

### **Other Fees**

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

including fees associated with buying and selling other investments, like options and/or bonds. The same is generally true if client assets are invested in Alternative Investments. This means the client will incur both a management fee payable to Annex and a management fee payable to the third-party Alternative Investment. Alternative Investments may carry redemption fees which may be reduced after pre-specified holding periods as defined in the investment's purchase agreement.

**Mutual Fund, Variable Annuity, and Exchange Traded Fund ("ETF") Investors:** Mutual funds, variable annuities, and certain ETFs pay management fees to their own investment advisers, which reduces the overall return to the investor. Therefore, most Clients who invest in mutual funds, variable annuities and ETFs through their advisory account pay two levels of advisory fees for the management of their assets; one to the mutual fund, variable annuity, or ETF, and one to Annex. As an example, assume that Annex elects to place a mutual fund in an account as a part of a Client's asset allocation. That mutual fund has a fund manager who is paid for his or her services by the Client. That manager's fees are deducted directly from the performance of the investment. *In addition*, because Annex has placed that mutual fund in its advisory model, the value of that mutual fund will be included in Annex's fee when the Clients invested in that model are billed each quarter.

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

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

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

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

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

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

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

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

## **Item 7 – Types of Clients**

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

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

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

### **Methods of Analysis**

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

### **Investment Strategies**

Annex uses a range of investment strategies that may include long-term purchases, short-term purchases where securities are bought and sold within a year, and more active trading where securities are bought and sold within thirty days, and option writing and buying. Annex primarily uses a Core & Tactical Investment Philosophy which is designed to engineer broadly diversified global portfolios that seek to combine the benefits of a long-term core portfolio with the potential for reduced risk and/or enhanced returns through tactical investment selections. We provide a proactive investment management style, aiming for low costs, reduced volatility, and the potential for long-term excess returns relative to a purely passive investment approach. Annex generally uses Exchange Trades Funds (“ETFs”), individual equities, fixed income securities, mutual funds, variable annuity separate accounts, and cash to implement its investment strategies. If a Client has completed option paperwork, we may also use derivative securities such as options in an effort to generate portfolio income or attempt to reduce risk for an underlying investment. Option valuation or prices can be quite volatile so an investor should carefully read the booklet published by the Options Clearing Corporation (OCC), “Characteristics and Risks of Standard Options”, that is provided when option trading is enabled on your portfolio by the account custodian. Annex may use option buying or writing as a tool with the intent of offsetting or “hedging” a potential market risk in a Client portfolio. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if it is our belief that the stock will increase substantially before the option

expires. A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if it is our belief that the price of the stock will fall before the option expires. We use “covered calls”, in which we sell a call option on a security owned by a Client. In this strategy, the Client account receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the Client account at an agreed upon price. We may also purchase “protective puts” in which the Client pays a premium for the ability to sell the underlying security at a specific price if the security loses market value. Although the intent of the options related transaction that may be implemented by Annex is a hedge against principal risk, certain of the options related strategies (i.e. straddles) may, in and of themselves, produce principal volatility and/or risk. Thus, a Client must be willing to accept these enhanced volatility and principal risks associated with such strategies. All of these asset classes, including cash and cash equivalents, are included in the calculation of Client fees.

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

**Market Risk:** The value of a portfolio may decrease if the value of the companies in the portfolio decreases or if the portfolio manager’s belief about a company’s future prospects or expected return is incorrect. Further, regardless of how well individual companies perform, the value of the portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand the value of your investment may fall, sometimes sharply in response to changes in the market, and you could lose money.

**Growth Securities Risk:** Securities of companies perceived to be “growth” companies may be more volatile than other stocks and may involve special risks. The price of a “growth” security may be impacted if the company does not realize its anticipated potential or if there is a shift in the market to favor other types of securities.

**Fixed Income Securities Risk:** Client portfolios may hold debt and other fixed income securities to generate income. Typically, the values of fixed income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise. This may cause Client portfolio values to decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed income securities are also subject to credit risk, prepayment risk, extension risk, call risk, conversion risk, valuation risk, reinvestment risk, and liquidity risk.

**Foreign Exposure Risk:** Client portfolios may have exposure to foreign markets, including emerging markets, which can be more volatile than the U.S. markets. As a result, the return on these investments may be affected to a large degree by fluctuations in currency exchange rates, political, or economic conditions in a particular country or global macroeconomic conditions. A market swing in one or more countries or regions could have a substantial impact on performance of Client portfolios.

**Small Cap Risk:** Securities of smaller companies tend to be more volatile and less liquid than those of large companies and tend to have a shorter history of operations than large companies.

**Options Risk:** The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation to either purchase or sell the underlying security for a specific price at a specified time. Purchasing options involves the risk of losing the premium paid if the underlying instrument does not change price in the manner expected. Selling options involves greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received.

**Alternative Investment Risk:** Investments in Alternative Investments, such as private debt, private real estate, private equity, and other alternative investments often are: (i) highly speculative and invest in complex instruments and structures including derivatives and structured products; (ii) illiquid with limited withdrawal or redemption rights; (iii) leveraged, (iv) subject to significant volatility; (v) subject to long holding periods; (vi) less transparent than public

investments; (vii) subject to significant restrictions on transfers; (viii) affected by complex tax considerations; (ix) carry no guarantee that investors will receive a distribution; (x) subject to economic factors affecting the general economy, including interest rates, availability of financing, growth of GDP, cost of insurance, natural disasters, and inflation; And (xi) in some cases, affected by capital call default risk. In addition to the above, investors in these strategies will be subject to complex and variable fees and expenses which will reduce profits or increase losses. These investments may not be registered as investment companies and as a result, the regulatory requirements which govern Alternative Investments may be different. There are numerous other risks in investing in these securities. Clients should consult each Alternative Investment's Private Placement Memorandum ("PPM") and/or other documents explaining such risks prior to investing.

**Alternatives Investments Leverage Risk:** Certain Alternative Investments may borrow funds. Annex will have no control over the amount of leverage used. In addition, Alternative Investments may indirectly leverage their portfolios by investing in instruments with embedded "leverage" features such as options, swaps, forwards, contracts for differences and other derivative instruments. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. The cumulative effect of the use of leverage by Alternative Investments in a market that moved adversely to the investments of the entity employing the leverage will result in a loss that would be greater than if leverage were not employed.

**Margin Risk:** There may be instances in which margin leverage is applied. The use of margin leverage enhances the overall risk of investment gain and loss to the clients' investment portfolio. The use of margin leverage entails borrowing which results in additional interest costs to the investor. Clients may elect to borrow funds against their investment portfolio. When investments are purchased, they may be paid for in full or the client may borrow part of the purchase price from the account custodian. If a client borrows part of the purchase price, the client is engaging in margin transactions and there is risk involved with this. The assets held in a margin account are collateral for the custodian that loaned the client money. If those assets decline in value, then the value of the collateral supporting the client's loan also declines. As a result, the brokerage firm may be required to take action in order to maintain the necessary level of equity in the client's account. The brokerage firm may issue a margin call and/or sell other assets in the client's account to accomplish this. It is important that clients fully understand the risks involved in trading on margin, including but not limited to: It is possible to lose more funds than is deposited into a margin account; The account custodian can force the sale of assets in the account; The account custodian can sell assets in the account without contacting the client first; The account holder is not entitled to choose which assets in a margin account may be sold to meet a margin call; The account custodian can increase its "house" maintenance margin requirements at any time without advance written notice; and The account holder is not entitled to an extension of time on a margin call.

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

## **Item 9 – Disciplinary Information**

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

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

Annex is a fee-only registered investment advisor which means that it earns its revenues by charging advisory fees to the Client accounts it manages and through consulting and financial planning fees. **Annex does not receive any commissions for transactions executed in its Client's advisory account(s) nor does it receive any Rule 12b-1**

**commissions (commonly referred to as “trail-commissions”).** Annex does, however, receive non-monetary compensation from its custodial relationships (see Item 12 – Soft Dollars), to partially offset Client-centric expenses related to Client Account reconciliation and reporting (Some of Annex’s employees are insurance agents of Annex Insurance Services, LLC. When a Client purchases insurance through our insurance partners, all profits paid to Annex Insurance from those sales will go directly to the Annex Charitable Foundation supporting other non-profit organizations. Further, Clients have the right and discretion to purchase investment or insurance products that Annex recommends through other brokers or agents not affiliated with Annex.

The Firm formed Annex Tax Services, a separate limited-liability company, to provide tax preparation services to Clients who elect those services. Each Client pays a separate fee for tax preparation services that is separate and in addition to the fees it pays Annex for its core advisory services.

Through joint ownership between Annex Wealth Management and its CFO, Kristin Reilly, CPA, Annex has a controlling interest in Maller Peterson LLC, Certified Public Accountants and Consultants firm. The former employees of Maller Peterson LLC are employees of Annex Wealth Management and are considered Access Persons of the Firm.

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

Please be advised that Annex and/or one of its principals may make investments in certain private investments in which appropriately qualified clients may be solicited to invest. Please note that any investment recommendation of such private investments to potential investors may be viewed as being in the best interest of the firm or its principals as opposed to those of the investors. For example, such recommendations may be viewed as supporting or otherwise buttressing or protecting the firm or one of its principals’ investments. Although Annex strives to make investment recommendations that are in its client’s best interest, such private investments in which the firm or its principals have an economic interest create a conflict that potential investor should understand prior to investing. The firm shall provide point of sale disclosure to potential investors informing them of such conflict of interest.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

Annex has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Annex must acknowledge the terms of the Code of Ethics at the time they are registered or employed with Annex and then annually thereafter, or as amended.

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

- The interests of Clients will be placed ahead of Annex’s or any advisor’s or employee’s own investment interests.



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

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

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

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

### **Personal Trading Policy**

Annex and its employees and advisors may buy, sell, or hold securities in their personal Accounts that they also recommend, buy, or sell for their Clients. Personal securities transactions by these individuals are reported to Annex quarterly so that Annex may supervise the Account activities to reasonably determine if any personal transactions were affected to the detriment of Annex's Clients.

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

Before placing a trade in a personal Account, Annex employees and advisors are asked to consider whether the security is currently listed on the Annex Restricted List; to consider whether the amount or nature of the transaction will have a meaningful effect on the price or market for the security; whether they personally will benefit from purchases or sales

being made for Clients; whether the transaction is likely to harm any Client; and whether there is any appearance or suggestion of impropriety. Personal Accounts will include all Accounts for family members living within an Annex employee or advisor household and any other Accounts over which they have authority or a direct beneficial interest.

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

## Item 12 – Brokerage Practices

### Selecting Brokerage Firms

Annex makes recommendations to Clients regarding the custodian(s) where Client accounts will be held. Schwab completed its acquisition of TD Ameritrade in October 2020 and expects to complete the integration of TD Ameritrade into Schwab's platform in the second half of 2023.

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

Annex participates in the institutional customer program offered by TD Ameritrade Institutional, Schwab Institutional and Fidelity Investments. Each are members FINRA/SIPC an unaffiliated SEC-registered broker/dealer and FINRA member. The custodians offer investment advisors, like Annex, services which include custody of securities, trade execution, clearance, and settlement of transactions. Additionally, Annex participates in programs with the custodians where Annex receives valuable benefits from TD Ameritrade, Schwab Institutional and Fidelity Investments. The majority of Annex's Client accounts and assets are in the custody of TD Ameritrade. (Please see the disclosure under Item 14 "Client Referrals and Other Compensation" below for additional important information that you should consider).

### Soft Dollars

When Annex enters a trade into any of its custodian's trading platforms, it is the custodian who decides where to execute that trade. The custodian may share in the commission for the transaction, as well as "trail commissions" (generally, Rule 12b-1 commissions paid by mutual funds and some exchange-traded funds), and other compensation it may receive for including certain mutual funds on its trading platform or directing trades to brokers or dealers. **It should be clear that Annex and its advisors do not participate in any of these commission sharing arrangements.** However, the custodians do provide Annex with non-proprietary research (that is available to all advisory firms using the custodian's platform), custody of securities, trade execution, clearance, and settlement of transactions. The custodians who share in the commissions generated by trades in a Client's account use those commissions to be able to provide these services to Annex without cost. Annex receives a benefit because it does not have to produce or pay for research or the services provided by the custodians. Annex does not feel that these arrangements adversely impact any Client in that (i) no additional fee is charged to any Client, (ii) the services are provided to all Clients and all accounts, and (iii) best execution is preserved.

### Directed Brokerage

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

### Order Aggregation

Transactions for each Client account generally will be effected independently, unless Annex decides to purchase or sell the same securities for several Clients at approximately the same time. Annex may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Annex’s Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Clients in proportion to the purchase and sale orders placed for each Client account, with that custodian, on any given aggregate order. Annex shall not receive any additional compensation or remuneration as a result of such aggregation.

## Item 13 – Review of Accounts

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

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

Not less than quarterly, each Client will receive Account statements directly from their custodian. The reports will include a description of all of the activity in the Account during the preceding quarter, including all transactions made on behalf of the Account, all contributions and withdrawals made by the Client, all fees and expenses charged to the Account, and the value of the Account at the beginning and end of the period. Additionally, Clients who receive Limited Discretionary Asset Management services from Annex will receive a quarterly performance report from Annex. Annex’s performance reports will be sent via US Mail, or if the Client elects, they may receive the report electronically by downloading it from the secured portal provided by Annex’s third-party portfolio accounting vendor. Clients are *strongly* urged to review the quarterly reports provided by Annex against their account statements and transaction confirmations they receive directly from their custodian for any inaccuracies. **Clients should immediately notify Annex and the custodian of any inaccuracies.**

## Item 14 – Client Referrals and Other Compensation

### Client Referrals

**Schwab Advisor Network** -Annex receives Client referrals from Charles Schwab & Co., Inc. (“Schwab”) through Annex participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Annex. Schwab does not supervise Advisor and has no responsibility for Annex management of Clients’ portfolios or Advisor’s other advice or services. Annex pays Schwab fees to receive client referrals through the Service. Annex participation in the Service raises potential conflicts of interest described below.

Annex pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages Annex to recommend that Client accounts be held in custody at Schwab. The Participation Fee paid by Annex is a percentage of the value of the assets in the Client's account. Annex pays Schwab the Participation Fee for so long as the referred Client's account remains in custody at Schwab. The Participation Fee and any Transfer fee is paid by Annex and not by the Client. Annex has agreed not to charge Clients referred through the Service fees or costs greater than the fees or costs Annex charges Clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of Annex Clients who were referred by Schwab and those referred Clients' family members living in the same household. Thus, Annex will have incentives to recommend that Client accounts and household members of Clients referred through the Service maintain custody of their accounts at Schwab.

**Solicitors** - Annex has entered into written agreements raising potential conflicts of interest with SmartAsset Advisors LLC, and KMA Financial Services, LLC. for each to act as a "solicitor" for Annex, as that term is defined in the new Marketing Rule 206(4)-1 of the Investment Advisers Act of 1940, as amended. Annex also has engaged Jeffrey P. Schouten, as individual solicitor under separate written agreements. All Solicitors are vetted for any disqualifying commission actions or events during the last ten years. When a referred person engages in investment advisory services or accounts with Annex, Annex has agreed to compensate the solicitor for the referral by paying the solicitor a percentage of the ongoing quarter-end advisory fees collected by Annex. A conflict of interest exists in that the solicitor is predisposed to make referrals to Annex because the solicitor is compensated for the referral. Each solicitor obtains the referred person's signature on a Solicitor's Written Disclosure document which details any material conflicts of interest, the terms of the Solicitor's compensation, and to confirm Annex's ADV 1, ADV 2A & 2B and Form CRS were provided; a copy is retained by Annex as oversight of the Solicitor's activities. Annex does not charge Clients referred by solicitors any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass solicitation fees paid to a solicitor to the referred Clients.

### **Other Compensation**

Annex frequently promotes itself as "independent" in its advertisements, radio shows, website and other electronic communication, seminars, brochures and similar presentation to the public. The Firm makes this representation to differentiate itself from other registrants whose ownership structure makes it beholden to a parent company such as a bank, trust, insurance, or similar financial service company. Annex also holds itself out as "independent" because it does not offer any proprietary products, participate in fixed income underwriting or issuance, participate in syndication or offering groups, offer Initial Public Offerings (IPO's), or create other similar in-house investment products where a conflict of interest might be created.

Some of Annex's employees are licensed insurance agents with Annex Insurance Services, LLC. Two important aspects of Comprehensive Wealth Management are risk management and asset protection. Often times the most effective tool for managing risk is through the use of insurance. When needed, Annex connects its Clients with professional resources to address insurance needs. When a Client purchases insurance from a professional we recommend, all profits paid to Annex from those sales will go to the Annex Charitable Foundation supporting other non-profit organizations. It should be clear, however, that Annex does not collect a commission and an advisory fee for the management of the same insurance product. Annex does not receive any commissions for transactions executed in Client advisory account(s). Further, Clients have the right and discretion to purchase investment or insurance products that Annex recommends through other brokers or agents not affiliated with Annex. The vast majority of the efforts of the Annex staff is spent on its investment advisory business.

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

#### **Item 15 – Custody**

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

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

Aside from the periodic advisory fee it collects from Client accounts, Annex does not have the authority to withdraw funds or securities from a Client's account maintained at a Qualified Custodian solely on Annex's instruction to the custodian. Likewise, Annex does not have the discretionary ability to transfer Client funds or securities to an account not in the Client's name or control at their Qualified Custodian. All withdrawals from a Client's account require Client-

signed written standing or specific instructions and Annex does not have the discretion to alter the timing or amount of any withdrawal.

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

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

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

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

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

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

## **Item 16 – Investment Discretion**

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

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

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

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

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

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

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

Annex does not have any authority to and does not vote proxies on behalf of Clients. Custodians have been instructed by Annex to mail proxy materials directly to the Client, or a designated representative of the Client, who is responsible for voting the proxy. In the event that Annex receives proxy materials intended for the Client, Annex will promptly forward the materials to the Client so that the Client may take whatever action s/he deems advisable. Annex and its advisors may answer Client questions regarding proxy-voting matters in an effort to assist the Client; however, the final decision of how to vote the proxy rests solely with the Client.

#### **CLASS ACTION LAWSUITS**

From time to time, securities held in the accounts of Clients may be subject to class action lawsuits. Annex has no obligation or responsibility to (1) determine if securities held by the Client are subject to a pending or resolved class action lawsuit; (2) evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict; and (3) to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by Clients.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Annex does not require or solicit prepayment of more than \$1,200 in fees per Client for services to be performed six or more months in the future and, thus, has not included a balance sheet of Annex's most current fiscal year. Annex is unaware of any financial condition or commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of any bankruptcy petition or proceedings.



## Item 19 – Selection of Custodians

### Potential Conflicts of Interest

As disclosed under Item 12 and 14 above, Annex recommends custodians to Clients for custody and brokerage services. The vast majority of the time, Annex will recommend Schwab Institutional, TD Ameritrade Institutional, or Fidelity Investments Institutional as the Client's custodian. There is no direct link between Annex's recommendations and the investment advice it gives to its Clients, although Annex receives economic benefits from the custodians that are typically not available to retail investors who may have accounts with the custodians. These benefits include the following products and services (provided without cost or at a discount to Annex): duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Annex's Clients; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an Internet-based electronic communications network for Client order entry and account information; access to selected mutual funds and ETFs with no transaction fees and to certain institutional money managers; referral of advisors to Annex who might join Annex as advisors; and discounts on compliance, marketing, research, technology, billing, reporting, and/or practice management products or services received by Annex by third-party vendors. The custodians also have paid for business consulting and professional services received by Annex's advisors and staff and also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for Annex's advisors or staff to attend educational conferences or meetings relating to advisor custody and brokerage services generally. Some of the products and services made available by the custodians benefit Annex but not directly benefit its Client accounts. However, these products or services assist Annex in managing and administering Client accounts. Other services made available by the custodians are intended to help Annex manage and further develop its business enterprise. The benefits received by Annex or its advisors from the custodians *do not* depend on the number of accounts opened at the custodian, the value of the accounts opened at the custodian, or the amount of brokerage transactions directed to the custodian by Annex. Clients should be aware, however, that the receipt of economic benefits by Annex or its advisors in and of itself creates a potential conflict of interest and indirectly influence Annex's recommendation of a custodian for custody and brokerage services.

## Item 20 – Business Continuity Plan

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

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

**Alternate Offices** - Key personnel from Annex would relocate to secure remote locations to support ongoing operations in the event our main office is unavailable. Annex has taken measured and reasonable steps to ensure that it can effectively operate for the benefit of its Clients from any residence or office location with telephone or internet access. Generally, we would not relocate Annex's employees or advisors until a disaster has made the office unavailable or unusable for a period of at least 24-hours. Annex's operating, trading, and communication systems are intentionally designed to be Internet-based so that they could be performed by personnel from virtually any location. In practice, the telephones and other communication lines would be rerouted and advisors and staff would work from home or the alternate office until such time as the main office was once again available. In the event of a disaster, Annex would post a notice along with contact information on its website at [www.AnnexWealth.com](http://www.AnnexWealth.com)



## Item 21 – Information Security Program

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

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

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

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

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

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

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## Privacy Policy - WHAT DOES ANNEX WEALTH MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?

<b>Why?</b>	Annex Wealth Management, LLC. (Annex) chooses how we share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect, and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>■ Personal information including client's identity, name, address, email address, telephone number, social security number, date of birth, driver's license number and passport information and other information that permits us to contact or communicate with you;</li> <li>■ Salary, employment, occupation, and tax information</li> <li>■ Information regarding insurance, securities, and other financial transactions and accounts;</li> <li>■ Financial information such as net worth, assets, income, financial statements, holdings reports, investment records, investment experience, liquidity needs, bank account information, account balances, and other similar information you may elect to supply to us</li> </ul>
<b>How?</b>	Annex needs to share customers' personal information to run their everyday business. In the section below, we list the reasons Annex can share their customers' personal information; the reasons Annex chooses to share; and whether you can limit this sharing.

Reasons we share your personal information	Does Annex share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> to perform services for you or functions on your behalf, including; <ul style="list-style-type: none"> <li>• Sub-advisors, insurance companies, and other investment companies that provide investment management services;</li> <li>• Qualified Custodians, Clearing firms and Broker/Dealers we direct transactions through;</li> <li>• Companies that provide portfolio accounting, modeling, rebalancing, billing, and performance reporting services,</li> <li>• Companies that assist us in maintaining books and records, meet regulatory requirements, and independent audit functions;</li> <li>• Federal, State or other agencies with regulatory authority over us, where required by laws or regulation;</li> <li>• Other third-party service providers including those companies, associations, agencies, institutions, and third parties who provide client relationship management systems, paperless account opening, application integration, IT support, cybersecurity, redundancy support, secured voice and data platforms and email retention</li> <li>• Companies with whom we have entered a confidential memorandum to explore potential opportunities, mergers, and/or acquisitions</li> </ul>	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you including <ul style="list-style-type: none"> <li>• Companies that facilitate mailings or publications on our behalf</li> </ul>	Yes	No
<b>For joint marketing with other financial companies</b>	No	No
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	No
<b>For nonaffiliates to market to you</b>	No	We don't share

Who we are	
Who is providing this notice?	Annex Wealth Management, LLC.
What we do	
How does Annex Wealth Management, LLC protect my personal information?	<p>In order to protect your personal information, we maintain physical, electronic and procedural safeguards reasonably designed to prevent unauthorized use or access and protect your personal information. Internally, your information is available to employees and management of the firm in order that we may provide services to you, and those employees fulfilling compliance, legal, internal review, risk management, control, and audit functions. Our computer system utilizes high-level encryption and password protection to prevent access by unauthorized persons, and we employ the physical, electronic, and procedural safeguards to protect your personal information in accordance with state and federal privacy regulations. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence. Where we share your nonpublic personal information with a nonaffiliated third party, Annex has entered into a contractual agreement with the third party that prohibits the third party from disclosing or using the information other than to carry out the purposes for which Annex disclosed the information. Each contractual agreement requires the nonaffiliated third party to acknowledge and consent that (i) it is in receipt of the other Party's Confidential Information; (ii) it pledges that it has adequate controls in place to protect Confidential Information; (iii) it will use such Confidential Information only as directed by the disclosing Party and this Agreement; and, (iv) that it will only use the Confidential Information for the purpose for which it has been engaged.</p>
How does Annex Wealth Management, LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>■ Complete account forms, investor profiles, statements of investment selection, applications, questionnaires, contracts, and other forms</li> <li>■ Information we receive from you when you communicate with us through personal contact, in writing, electronically, by telephone, through our website, or whenever you communicate with us or request information from us;</li> <li>■ Your business dealings and transactions with us, our affiliates, investment managers with which we have sub-advisor contracts, current and former account custodians, billing and reporting service providers, client relationship management providers, our unaffiliated broker/dealer, product sponsors whose products you own, and other arrangements we have entered into to provide services to you</li> </ul>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing of information about your creditworthiness to or for affiliates' everyday business purposes</li> <li>■ sharing to affiliates for marketing to you</li> <li>■ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ <i>Annex Insurance Services, LLC, Annex Charitable Foundation, Annex Tax Services, LLC. Maller Peterson LLC</i></li> </ul>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ <i>Annex Wealth Management LLC does not share with nonaffiliates for marketing purposes.</i></li> </ul>

<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p>■ <i>Annex Wealth Management LLC does not engage in joint marketing.</i></p>
<b>Other important information</b>	<p>Annex Ignite® is a brand name of Annex Wealth Management, LLC. Annex is otherwise permitted by 17 CFR §§ 248.13, 248.14, and 248.15; exceptions to opt out requirements.</p>
<b>Questions?</b>	<p>Call <b>262-786-6363</b> or go to <b><a href="http://www.annexwealth.com">www.annexwealth.com</a></b></p>

## Item 22 –Senior Management

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

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

Mr. Spano entered the financial planning industry in 1986. In 2000, Mr. Spano founded Annex Wealth Management, with the company taking its current form as a limited liability company in 2001. Mr. Spano is a key voice on several of Annex's weekly radio shows – “Annex Wealth Management Money Talk,” which airs Saturdays at 10 AM on WTMJ Radio, “Annex Wealth Management Money Talk - Naples,” which airs Sundays at noon on WFSX, “The Annex Wealth Management Show,” which airs Thursdays at 4 PM on WHBY, and “The Annex Wealth Management Show – Sunday,” which airs Sundays at 10 AM on WHBY. In addition, Mr. Spano serves as the host of “The Difference,” a weekly podcast.

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

Mr. Spano has attained FINRA qualifications of General Securities Representative (Series-7), FINRA General Securities Principal (Series-24), Registered Options Principal (Series-4), Uniform Securities Agent State Law (Series-63) and Uniform Investment Advisor Law (Series-65). Additional information about Mr. Spano is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Naomi K. Ackley, Chief Compliance Officer**

Born 1969, Ms. Ackley is the Chief Compliance Officer of Annex Wealth Management responsible for the regulatory oversight of the Wealth Management Firm and its affiliates. Her responsibilities include the regulatory oversight supervision of all Annex Advisors, supervision of accounts and transactions, and compliance with SEC and State securities rules and regulations.

Ms. Ackley attended Northwood University completing a Bachelor of Business Administration. Prior to assuming her current duties, Ms. Ackley served as the Chief Compliance Officer and Operations Manager for Midland Financial Advisors, Inc., developing and implementing the supervisory structures for this Firm.

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

Ms. Ackley has more than 9 years of securities industry experience and has attained FINRA qualifications of Uniform Investment Advisor Law (Series-65). Additional information about Naomi is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Kristin Z. Reilly, CPA, Chief Financial Officer**

Born 1964, Ms. Reilly is the Chief Financial Officer of Annex Wealth Management, LLC overseeing all areas of the Firm's financial operations and accounting. Ms. Reilly joined Annex with over 20 years of experience in finance and accounting. Prior to joining Annex, Ms. Reilly held the positions of CFO at JR Automation, a Hitachi Group Company managing all accounting and finance operations and President of Prairie Financial Group leading all aspects of the organization.

A Certified Public Accountant, Reilly holds a Master of Business Administration degree from Keller Graduate School and a bachelor's degree in accounting from University of Wisconsin – Milwaukee.

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

**Todd K Voit, Ph.D. Chief Investment Strategist**

Born in 1961, Dr. Voit is the Chief Investment Strategist for Annex Wealth Management. Dr. Voit has developed and managed client portfolios for more than 30 years, and is responsible for equity research, trading, and stock selection methodology at Annex. He has spent this time studying business cycles, market history and has years of experience managing portfolios in diverse market environments.

Dr. Voit has a Ph.D. in Economics with concentrations in financial and international economics from the University of Wisconsin–Milwaukee. He also received a master's degree in economics with a concentration in Quantitative Economics and a B.A. in Economics with an emphasis in International Economics from the University of Wisconsin–Milwaukee.

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

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

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

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

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

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

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

First registered in 1981, Mr. Felske has attained FINRA qualifications of General Securities Representative (Series-7) and Uniform Securities Agent State Law (Series-63).

**Brian J. Jacobsen, Ph.D., JD, CFA, CFP®, CAIA, CBE. Chief Economist**

Born in 1976, Dr. Jacobsen is the Chief Economist for Annex Wealth Management. Dr. Jacobsen has performed research on economics and multi-asset portfolio construction and management for more than 20 years. Dr. Jacobsen provides insight and leadership to Annex's clients and its Investment Committee, which guides client portfolio construction and investment philosophy. Dr. Jacobsen has a Ph.D. in Economics with concentrations in international economics, financial economics, and econometrics from the University of Wisconsin-Milwaukee. He also received a Juris Doctor from Marquette University and a B.B.A. in finance from the University of Wisconsin-Madison.

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

**Mark Beck, Chief Growth Officer**

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

Prior to joining Annex in 2009, Mr. Beck held the positions of Principal/Director and Chief Investment Officer for Financial Strategies, Inc. from 1999-2008. Mr. Beck is a frequent contributor to Annex's weekly radio programs.

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

**Steven J. Dryer, Managing Director of Operations**

Born in 1966, Mr. Dryer is the Managing Director of Operations of Annex Wealth Management responsible for achieving maximum operational efficiency throughout the Firm contributing to an exceptional client experience. Mr. Dryer attended the University of Wisconsin-Whitewater studying Finance with a Master of Business Administration (MBA) from Marquette University.

Prior to assuming his current duties, Mr. Dryer served as President of Mutual Financial Group. Additionally, Mr. Dryer spent 25 years at Northwestern Mutual working in a variety of progressive roles including product marketing, business development, and strategic consulting.

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

Mr. Dryer has more than 28 years of security industry experience and has attained FINRA qualifications of General Securities Representative Examination (Series-7), Investment Company Products/Variable Contracts Representative (Series-6), General Securities Principal (Series-24), General Securities Sales Supervisor (Series-8), Uniform Investment Adviser (Series-65), Uniform Securities Agent (Series-63). Additional information about Mr. Dryer is available on the SEC's website at [www.adviserinfosec.gov](http://www.adviserinfosec.gov).

**All access persons of the Firm, including Senior Management, have their activities supervised by Annex's Chief Compliance Officer, Naomi K. Ackley. Ms. Ackley supervises advisory activities through a variety of internal controls. Ms. Ackley can be contacted at 262.786.6363 or at [nackley@AnnexWealth.com](mailto:nackley@AnnexWealth.com)**

## Item 23 – Education and Business Standards

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

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

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

CFP® professionals have met CFP Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:

- **Education** – Earn a bachelor's degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.
- **Experience** – Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.
- **Ethics** – Satisfy the *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement* and agree to be bound by CFP Board's *Code of Ethics and Standards of Conduct* ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP Board Certification Marks:

- **Ethics** – Commit to complying with CFP Board's *Code and Standards*. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.
- **Continuing Education** – Complete 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the *Code and Standards*.

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

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

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

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

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

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

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

### **Certified Public Accountant (CPA)**

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience, and testing requirements for licensure as a CPA generally, include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own.

In addition to the Code of Professional Conduct, AICPA members who provide personal financial planning services are required to follow the Statement on Standards in Personal Financial Planning Services (SSPFPS).

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