Item 1 Cover Page – Form ADV Part 2A Investment Adviser Brochure

WARNKE/NICHOLS LTD.
January 23, 2023

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This brochure provides information about the qualifications and business practices of Warnke/Nichols Ltd. If you have any questions about the contents of this brochure, please contact us at one of the addresses listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority.

The Company's registration with the SEC isn't meant to imply a certain level of skill or training in investment management. Additional information about Warnke/Nichols Ltd. also is available on the SEC's website, www.adviserinfo.sec.gov.

Item 2 Material Changes

There have been no material changes to our business in 2023.

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FORM ADV, PART 2A – FIRM BROCHURE

FORM ADV, PART 2B – BROCHURE SUPPLEMENT – SUPERVISED PERSONS

Item 4 Advisory Business

Warnke/Nichols Ltd. is an investment management and advisory firm founded in June 1993 by Steven R. Nichols, CFA and William R. Warnke, CFA. The firm provides continuous supervision and management of investment portfolios on a mostly discretionary basis for individuals, families, corporate employee retirement plans, and nonprofit organizations.

Investment advice is tailored to the unique needs of each client or business owner, based on their net worth, income, and personal or business circumstances. We provide investment management services generally consisting of (1) consultations with clients on investment objectives, (2) creation of portfolios, through buying and selling stocks, bonds, stock and/or bond mutual funds tailored to those objectives, and (3) periodic reports and follow-up meetings concerning clients' portfolios.

Our Company's client invested assets on December 31, 2022 totaled approximately $186.6 million. Discretionary investment authority among 103 client households totaled $180.4 million. Nondiscretionary accounts among 6 client households totaled $6.2 million. Discretionary accounts are those in which we have full investment authority given objectives and guidelines established in consultation with clients.

Several discretionary accounts are in a "wrap-fee" program, which is sponsored and administered by a national brokerage firm. In a wrap-fee program, transaction and investment management fees are "wrapped" into one all-inclusive fee. Under the wrap-fee arrangement, Warnke/Nichols charges 0.80% annually for investment management, with a $500 minimum fee. In some cases, the investment management fee is negotiable, and the minimum annual fee might be waived. The sponsor (broker) is responsible for delivering the appropriate wrap-fee program documents and disclosures to the client prior to opening the managed account.

We are aware of possible conflicts of interest which might arise when we receive referrals from wrap-fee account sponsors. We review these arrangements regularly to ensure that clients receive the proper disclosures, that the sponsoring brokers provide the best possible trade executions, and that the arrangement is suitable for the client.

Item 5 Fees and Compensation

We perform our investment advisory services for a percentage of assets under management. Fees are billed quarterly, at the end of the quarter, based on the market value of your account. The fee schedule is as follows:

1.00% per year on portfolio market value up to $1,000,000;
0.75% per year on the portion of portfolio market value from $1,000,001 to $3,000,000
0.50% per year on the portion of portfolio market value from $3,000,001 to $5,000,000

The fee on the portion of portfolio market value above $5 million is negotiable. Accounts holding solely mutual funds are charged 0.50% annually. We recommend only "no-load" mutual funds to clients. These are mutual funds that can be bought without paying a commission. There is no minimum account size and no minimum fee on fund-only accounts.

In most cases, management fees are deducted directly from your account. You may choose whether to have management fees deducted directly from your account or be billed quarterly. Almost all our clients opt for automatic deduction of fees.

From time to time, we might give investment advice to people who don't wish to enter a formal investment advisory relationship. These consultations are done for either a negotiated flat fee or hourly fee, at the rate of $125 per hour, payable when the services are rendered.

There are other types of costs involved in managing accounts, the largest of which is trading costs. Each account is held at a third-party broker-custodian, which charges a commission every time a security is bought or sold. Depending on the broker-custodian, the trading commission will be either a fixed amount or an amount based on the size of the trade. In addition, mutual funds have their own management fees and expenses that are passed on to the fund holder.

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

Warnke/Nichols does not accept performance-based fees of any kind. These would be fees based on a share of capital gains on or capital appreciation of your portfolio, such as a hedge fund or other pooled investment vehicle.

Item 7 Types of Clients

We generally provide investment management and advice to (1) individuals/families that have long-term savings, Individual Retirement Arrangements (IRAs), or trusts; (2) companies that sponsor pension, profit-sharing, or 401(k) retirement plans for employees; and (3) nonprofit organizations like charities or foundations.

Retirement Accounts. With respect to IRAs, if/when we make rollover recommendations to manage a retirement account, we are "fiduciaries" under Title 1 of the Employee Retirement Income Security Act (ERISA), and the Internal Revenue Code, which are laws governing retirement accounts. As such, we operate under a special standard of care to provide prudent advice requiring us to (1) act in clients' best interests. (2) not put our interests ahead of our clients, (3) charge no more than a reasonable fee as defined under ERISA, and (4) not make any false or misleading statements about conflicts, fees, and investments.

We are required to give you basic information about our conflicts of interest, such as the way we make money. When we make rollover recommendations, this allows us to earn an additional fee that is in our interest. To address these conflicts, we follow policies and procedures designed to reasonably ensure that we give advice that is in clients' best interests.

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

The dictionary defines "risk" as "exposure to the chance of injury or loss; a hazard or dangerous chance." The following is our Risk Disclosure:

> *Investing in marketable securities involves risk and could result in the permanent loss of a portion of your capital. Security prices are volatile, and often differ from the true worth of their underlying companies or issuers. The level of unrealized or "paper" gains or losses will vary from one period to the next. The market value of any individual securities or a portfolio could be more or less than the amount originally invested. Permanent capital losses might occur if securities are sold below original cost. Past performance or past recommendations are not necessarily indicative of future results.*

We buy and/or give advice on several different types of investments, including U.S. equity securities (stocks) traded on national listed and over-the-counter exchanges; fixed income securities (bonds) issued by the U.S. government, U.S. corporations, and municipalities; bank certificates of deposit; money market, bond, and stock mutual funds.

Appropriate investments are chosen based on rigorous analysis of economic and market data, company financial information ("fundamental analysis"), and security price history. Sources of information include financial newspapers and magazines, the internet, corporate financial data – annual reports, proxy statements, press releases and conference calls, research materials prepared by others, and mutual fund documents. We usually recommend securities with the intention of holding them for a long period of time. The long-term average holding period for securities we buy is over 5 years.

We buy stocks using a risk-averse approach called "value investing." Value investing is a process of buying stocks for a market price that is considerably less than the appraised value of the underlying company. The difference between market price and appraised value is called the "margin of safety." The margin of safety helps absorb the effect of miscalculations or worse than average luck and reduces – but doesn't eliminate – the chance of permanent capital loss in a given investment. We've employed this value investing approach consistently for decades.

In general, we recommend stocks of U.S. companies that satisfy one or more of the following criteria, which we believe will lessen the odds of capital loss: (1) relatively large market capitalization (above $100 million); (2) low market price in relation to earnings, cash flow, dividends, and/or asset value; (3) profitable companies, with high returns on invested capital; (4) financially sound companies with low levels of debt and high levels of liquidity; (5) significant insider ownership; and (6) market prices well below prior highs.

To create an adequate margin of safety in our investments, we try to buy stocks at market prices that are no more than two-thirds of the appraised value of the underlying business, providing they meet our tests of financial soundness, profitability, growth, and management. We calculate the appraised value of publicly traded stocks much like professional appraisers calculate the value of private businesses. To reduce risk even further, we diversify a portfolio using 12-20 stocks among several different economic sectors. The investment time horizon when buying stocks is typically a minimum of 3 years, so holding periods are long, and trading activity is minimal.

In summary, we try to minimize the risk of permanent capital loss in stocks by buying a diversified portfolio of carefully analyzed, financially sound, profitable, growing, well managed companies, at prices significantly below their intrinsic values. Still, given every effort to minimize risk, business economics can deteriorate considerably, sometimes (in rare cases) to the point of bankruptcy or liquidation, which would adversely affect the price of a stock and, accordingly, reduce the value of your portfolio.

Our approach to buying fixed income securities is risk averse as well. We recommend a passive – "laddered" – bond approach, in which roughly equal amounts of invested capital mature in any given year. Bond selection criteria include (1) high quality of issuer, with a minimum rating of "A" by the leading rating companies; (2) liquidity, or ease of purchase in the open market; (3) high interest coverage; and (4) maturity terms of not more than 10 years.

Bonds are typically held to maturity, so price volatility between date of purchase and date of maturity is of little concern. In rare cases, the business economics of the issuer of a seemingly high-rated bond could deteriorate to the point of default, leading to a permanent capital loss.

Item 9 Disciplinary Information

Neither Steve Nichols, Bill Warnke, nor Andy Ramer has ever been the subject of any complaints or been involved in any disciplinary actions since the inception of Warnke/Nichols Ltd.

Item 10 Other Financial Activities and Affiliations

Andy P. Ramer, CFA, during his 20-year tenure as a Partner at Fiduciary Management Inc. (FMI), acquired and still owns a non-voting minority position in the FMI's closely-held stock. He is reducing his ownership stake in the illiquid security as buyers become available. We do not consider this a conflict of interest.

We have a solicitation agreement with a client family of the family's tax preparer/financial consultant. The agreement calls for us to pay a solicitation fee for the referral. In this case, the client has been notified in advance, in writing, of the arrangement, including the amount of the solicitation fee, and have submitted their written acknowledgement. There are no conflicts of interest in these arrangements, as the best interests of all three parties are aligned.

Occasionally, we will refer clients to other professionals for advice, such as accountants, attorneys, financial planners, and insurance specialists, if the client requests. Or the same types of professionals might refer clients to us. There are no arrangements, formal or informal, between us and these professionals. We don't compensate them, and they don't compensate us, for any client referrals.

Item 11 Code of Ethics, Participation, or Interest in Client Transactions, and Personal Trading

We have adopted a Code of Ethics which is based on the principle that we have a fiduciary duty to place your interests above our own and the firm. In addition, as CFA charterholders, we comply with the CFA Institute Code of Ethics and Standards of Professional Conduct.

Our Code of Ethics includes the following:

1. Standards of business conduct that reflect our fiduciary obligations;
2. Provisions requiring us to comply with applicable securities laws;
3. Provisions requiring us to report our personal securities transactions and holdings;
4. Provisions requiring approval before either of us acquire ownership of any security issued in an initial public offering or private placement;
5. Provisions requiring us to report any violations of the Code as soon as possible;
6. Provisions requiring us to hold a copy and acknowledge receipt of the Code.

Steve Nichols, CFA is the firm's Chief Compliance Officer (CCO), with the responsibility of assuring compliance with the Code. You may request a copy of our Code of Ethics any time.

As discussed below in "Brokerage Practices," purchases or sales of securities are often aggregated in a large "block trade" to ensure the best execution of the trade at the best possible price and ensure that all clients are treated fairly in the transaction. There are cases in which the purchase or sale of these large blocks of stock could affect the market price of the security.

Messrs. Warnke, Nichols, and Ramer, the firm's Principals and employees, believe so strongly in our investment philosophy and approach that we routinely buy the same stocks and/or bonds in personal and family accounts that we buy or recommend to you. This presents a possible conflict of interest because of our fiduciary duty to place your financial interests above our own. To mitigate this conflict, where a transaction for a Principal is contemplated, clients' transactions are given priority and executed first. However, in those cases where we believe a block trade is appropriate, our buy or sell orders are combined with clients' buy or sell orders to achieve the same average price and the best possible trade execution.

Item 12 Brokerage Practices

Investment Authority. In most of our investment management activities, clients give us discretionary authority to make necessary changes in portfolios within general guidelines set up at the inception of the account(s). Portfolio guidelines cover such issues as allocation between stocks, bonds, cash, and other securities; types of securities held; and individual client requirements. We then work to manage each portfolio in accordance with your objectives and guidelines.

Our clients often rely on us to choose a broker-dealer that will provide the best combination of custody and safekeeping of your assets, trade execution, reporting, investment research, administrative support, and other services. Further, you would give us limited authority to (1) determine the securities to be bought or sold; (2) the number and amount of securities to be bought or sold; and (3) the commission rates at which trades are executed.

When we select a broker to place security trades, we consider a variety of factors, including the best possible price execution, research services, if any, and administrative support. We might pay more for trades at one broker than another for the same transactions because we recognize the value of the overall relationship and services provided. We use these services in taking care of all client relationships, not just for the one or few accounts that might have paid a commission for such services.

"Soft Dollar" Practices. Many advisors buy investment research and other services in addition to trade execution services from broker-dealers. These services are paid for with commission dollars from trades rather than cash and are called "soft dollar" benefits. Using client brokerage commissions in this manner invites abuse and produces numerous potential conflicts of interest.

To date, Warnke/Nichols has not, nor does it intend to, engage in any soft dollar commission arrangements for any investment product or service. We pay cash for all outside research and portfolio management services.

Client Referrals. Likewise, Warnke/Nichols does not intend to recommend any broker-dealers based on an interest in receiving client referrals. This could create a conflict of interest between ensuring that you get the most favorable trade executions and our interest in getting client referrals.

Directed Brokerage. A few clients have maintained relationships with brokers, who execute their trades and perhaps provide other services. We accept these arrangements but, where clients have directed that a certain broker be used for all his/her transactions, we require written authorization. These clients understand that directed broker arrangements might affect our firm's ability to obtain best possible price execution, which could result in higher security trading commissions. Other available brokers might be able to do a better job of aggregating orders and executing trades, at a lower cost than the client's chosen broker. Before entering into an investment advisory agreement, you should weigh the costs and benefits of directing trades to certain brokers.

Trade Aggregation. Whenever possible, stock trade orders including several clients are bunched together in "blocks" to ensure that the whole group of clients gets the best possible price execution. When we determine how many shares of a stock should be bought or sold in each client account, we add them up and place one aggregated order with the broker(s). The trade is then executed, and each client's portion of the trade is allocated at an average price for the whole transaction.

We have a procedure which governs the allocation of stocks bought or sold in two or more client accounts. The procedure is designed to treat clients fairly and conform to all applicable securities laws. Block trades are generally placed in the following order: first, discretionary accounts which use Schwab Institutional (a division of Charles Schwab & Co., Inc.) as broker-custodian, because trades for such accounts are handled electronically via Schwab's internet trading platform; second, non-Schwab discretionary accounts, for which trade orders must be phoned in to the particular broker's trading desk; and third, non-discretionary accounts, for which we must obtain the client's verbal consent in advance.

Some trades that are not part of the block order could result in slower executions and executed prices different than the average price obtained for the whole block – sometimes higher, sometimes lower.

Item 13   Review of Accounts

We periodically review all client accounts on a mostly quarterly basis. In these reviews, we examine the market value of each account in the overall relationship; stock/bond/other asset allocations; levels of uninvested cash; security holdings; security position sizes; other relevant portfolio data; and account objectives guiding investment activities.

Other factors which might trigger an account review include changes in a client's or family's financial situation, movements in the securities markets, general industry and/or economic events, or events surrounding specific securities held in portfolios. Clients usually determine how often they would like to meet or discuss their financial situation and investments. We'll also suggest an account review if we deem it timely and appropriate.

At the end of your billing cycle, we issue written reports regarding your account(s). Generally, the reports include (1) a quarter-end portfolio appraisal, listing the securities held, cost and market values; (2) investment returns from the account's inception; and (3) a one-page synopsis of current stock market conditions and timely investment topics. Shortly after each year end, we send capital gain/loss and income/expense reports to clients with taxable accounts.

Item 14   Client Referrals and Other Compensation

As discussed in Item 10 – "Other Activities and Affiliations," we have entered into solicitation agreements with another financial adviser which are fully disclosed to the clients and properly documented.

Item 15   Custody

Custody of assets refers to the physical possession and safekeeping of cash and securities. Even though we have limited discretionary authority over your assets as described in Item 12 – "Brokerage Practices" above, we never obtain custody of your cash or securities. Rather, the broker-dealer fills the role of custodian in addition to trade execution.

Because we send our own statements to you on a regular basis, you are urged to carefully review and compare these statements to the monthly or quarterly statements you receive from your broker-custodian. This comparison ensures that transactions, fee deductions, and asset values match exactly.

Item 16   Investment Discretion

Warnke/Nichols has discretionary investment authority over almost all its client accounts. Discretionary authority means you agree, through a "limited power of attorney (LPOA)" to allow us to make investment decisions on your behalf. Investment decisions are made under guidelines and objectives established in ongoing consultation with clients. In rare cases, you may place restrictions on some types of securities recommended for your portfolios.

You agree to grant us discretionary investment authority within the Investment Advisory Agreement when the relationship is opened. The agreement states, "The Client hereby appoints Warnke/Nichols as discretionary investment adviser with respect to the account…" Additionally, most broker-custodians also incorporate an LPOA in their applications to open a new account.

Item 17 Voting Client Securities (Proxy Voting)

A proxy is simply a written authorization given by a shareholder to someone else to cast a vote on corporate matters. Most clients delegate security voting authority to us. As a fiduciary with discretionary authority to vote, we do so solely in your best economic interest.

We review and evaluate each proxy to determine how to vote and maintain files containing how your proxies were voted. As a rule, we cast proxy votes in accordance with the following policies:

1. Routine proposals are those that do not change the structure, bylaws, or operations of the corporation; these will usually be voted in line with management guidance
2. Non-routine proposals are those more likely to affect the structure and operations of a corporation; we review each proposal on a case-by-case basis, mindful of your best economic interest
3. Corporate governance proposals are evaluated on a case-by-case basis; we will vote against any such proposal that restricts a shareholder's ability to realize the full value of his investment
4. Shareholder rights proposals will be reviewed on a case-by-case basis in order to determine what represents the clients' best interests
5. Conflicts of interest of a material nature will be resolved by disclosing such conflicts to you and either obtain your consent before voting, or let you cast the vote.

A copy of our proxy voting policies and procedures, as well as voting records with respect to securities held in clients' investment accounts, is available upon request.

Item 18 Financial Information

We are not required to furnish a balance sheet, since we (1) don't have custody of client cash or securities, (2) we don't solicit prepayment of management fees, and (3) have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you.

Item 1 Cover Page – Form ADV Part 2B Brochure Supplement – Supervised Persons

WARNKE/NICHOLS LTD.
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This **Form ADV Part 2B** provides information about Steven R. Nichols, CFA, William R. Warnke, CFA, and Andy P. Ramer, CFA that supplements the preceding Warnke/Nichols Ltd. brochure, Form ADV Part 2A. Please contact Steve Nichols, Chief Compliance Officer, if you have any questions about the contents of this supplement.

Item 2 Educational Background and Business Experience

Steven R. Nichols, CFA* – Principal, President, Chief Compliance Officer – born February 26, 1957, co-founded Warnke/Nichols Ltd. with William R. Warnke in June 1993. He received his Bachelor of Business Administration (BBA) degree in Finance from the University of Wisconsin-Whitewater in 1978. Previous employers include M & I Investment Management Corp. (5 years), Northwestern Mutual Life Insurance (3 years), and Firstar Trust Company (7 years). In 1982, Mr. Nichols earned his Chartered Financial Analyst (CFA) designation, conferred by what is now the CFA Institute.

William R. Warnke, CFA* – Principal, Vice President / Treasurer – born October 1, 1949, co-founded Warnke/Nichols Ltd. with Steven R. Nichols in June 1993. He received his BBA degree in Finance from the University of Wisconsin-Whitewater in 1971. He received his Master of Business Administration (MBA) degree in Finance and Banking from the University of Wisconsin-Madison in 1972. Prior to forming Warnke/Nichols Ltd., Mr. Warnke spent 15 years at M & I Investment Management Corp. He earned his CFA charter and designation in 1979.

Andy P. Ramer, CFA* – Principal, Vice President / Secretary – born February 11, 1975, joined Warnke/Nichols Ltd. in August 2022. He received his BS degree in Finance from the University of Illinois at Urbana-Champaign in 1997. Previous employers include Fiduciary Management Inc. (20 years) and Bufka & Rodgers, LLC (5 years). He earned his CFA charter and designation in 2000.

All three Principals share the firm's client contact, research, portfolio management, and administrative responsibilities. Mr. Nichols is Chief Compliance Officer and is responsible for supervising advisory activities on behalf of the firm, guided by its written Policies and Procedures. Neither Steve Nichols, Bill Warnke, nor Andy Ramer has ever been the subject of any complaints or been involved in any disciplinary actions since the inception of Warnke/Nichols Ltd.

**The CFA designation is a mark of distinction globally recognized as the definitive standard by which serious investment professionals are measured. CFA charterholders pass a rigorous three-part exam which tests proficiency of a broad body of investment knowledge and skills; must have at least 4 years of investment management experience; commit to abide by the CFA Institute's (www.cfainstitute.org) Code of Ethics and Professional Standards of Conduct; and pursue accreditation for continuing professional education.*