

## SEC Form CRS – Relationship Summary for Retail Investors

Warnke/Nichols Ltd. – August 18, 2023

### Item 1 Introduction

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Warnke/Nichols Ltd. is an **investment advisory firm** registered with the U.S. Securities and Exchange Commission (SEC). The firm's owner-employees are Bill Warnke, CFA, Steve Nichols, CFA, and Andy Ramer, CFA.

Many types of firms provide investment services for individuals and/or families. *Investment advisory and brokerage services and fees differ, so it is important for you to understand the differences. Free and simple tools are available to research financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.*

### Item 2 Relationships and Services

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#### ❖ **What investment services and advice can you provide me?**

We provide continuous management and supervision of investment portfolios to retail investors on a discretionary basis. Based on your family's unique situation, portfolios consist of publicly traded stocks, bonds, and/or mutual funds chosen by us through a thoughtful philosophy and rigorous disciplined research process. Portfolios are monitored at least monthly. There are no account or fee minimums.

#### **Conversation Starters:**

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

**For additional information, please refer to Items 4, 7, & 13 of our Form ADV Part 2A at the following link: <https://adviserinfo.sec.gov/firm/brochure/CRD #112181>.**

### Item 3 Fees, Costs, Conflicts, and Standard of Conduct

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#### ❖ **What fees will I pay?**

Your investment management fee is a percentage of your account market value, calculated and billed at the end of every three-month period. The highest fee percentage is 1.0% annually (0.25% per quarter), on the first \$1 million in portfolio value. Above \$1 million, the annual fee percentage drops.

Your investments are held at a custodian/brokerage company, none of which are affiliated with Warnke/Nichols. Examples are Charles Schwab or Morgan Stanley. The only other costs in managing your assets are the transaction fees ("commissions") charged by the broker when we buy and sell securities in your account(s). While trading fees are usually charged separately by the broker, we also manage "wrap accounts," in which the investment management, trading, and administrative fees are combined ("wrapped") in one all-inclusive annual percentage fee. The total fee in a wrap arrangement might be higher than our typical asset-based advisory fee.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. (You will find more detailed information on fees and costs in our SEC

**Form ADV, Part 2A, Item 5 – “Fees and Compensation.”) at the following link: <https://adviserinfo.sec.gov/firm/brochure/CRD #112181>.**

**Conversation Starters:**

- Help me understand how these fees and costs might affect my investments. If I give you \$100,000 to invest, how much will go to fees and costs, and how much will be invested for me?
- ❖ **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we must **act in your best interests** and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

Portfolio-based fees could present a conflict because they might incent us to encourage you to add funds to your accounts or roll over retirement assets into a new account that we would manage for a fee. In addition, even though we almost always buy or sell securities in your account(s) before trading in our own families’ accounts, we might get better prices due to market conditions at the time of the trades.

(You will find more detailed information on our role as a **fiduciary**, conflicts, ethics, and trading in our SEC **Form ADV, Part 2A, Items 11 and 12.**) at the following link: <https://adviserinfo.sec.gov/firm/brochure/CRD #112181>

- ❖ **How do the three of you make money?**

As noted above, we earn investment management fees by charging an annual percentage of your portfolio(s). The fee covers all our services – research, portfolio management, assessment of your needs, meetings, and all other aspects of overseeing your relationship. Out of our asset-based fee revenue, we are paid a monthly salary. In addition, as owners of Warnke/Nichols Ltd., we might pay ourselves a monthly dividend after paying all our other business expenses like rent, utilities, supplies, services, and retirement plan contributions.

## **Item 4      Disciplinary History**

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- ❖ **Do any of you have legal or disciplinary history?**

No, none of us has legal or disciplinary history. Go to [www.investor.gov/crs](http://www.investor.gov/crs) for a free and simple tool to research us.

**Conversation Starters:**

- As a financial professional, do you have any disciplinary history? For what type of conduct?

## **Item 5      Additional Information**

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For additional information about our investment advisory services, call and ask for Steve Nichols, Bill Warnke, or Andy Ramer at 262-303-4113 between the hours of 8:30 AM and 3:30 PM. Or send an e-mail to [value@warnkenichols.com](mailto:value@warnkenichols.com). Or search the internet for our website, [www.warnkenichols.com](http://www.warnkenichols.com), and SEC filings at [www.investor.gov/crs](http://www.investor.gov/crs), or [www.sec.gov](http://www.sec.gov).

**Conversation Starters:**

- *Who is my primary contact person? Is he a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*