

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

WARNKE/NICHOLS LTD.

January 23, 2024

440 Wells Street, Suite 203, Delafield, WI 53018

Contact: Steven R. Nichols, CFA, Chief Compliance Officer

Office Phone: 262-303-4113

E-Mail: value@warnkenichols.com / Website: www.warnkenichols.com

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. is also available on the SEC's website, www.adviserinfo.sec.gov.

Item 2 Material Changes

On January 23, 2024, we submitted our annual updating amendment for fiscal year 2023. There were no material changes to report.

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Item 4 Advisory Business

Warnke/Nichols Ltd. ("Warnke/Nichols" or "the Company") 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.

The following paragraphs describe our services and fees. You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such people are properly licensed or registered as investment adviser representatives.

Portfolio Management Services

Our firm offers discretionary, and in limited cases, non-discretionary portfolio management services to our clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you prior to each transaction. These decisions would be made based upon your stated investment objectives. If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your portfolio. Simply provide us with your restrictions or guidelines in writing. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

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.

Warnke/Nichols provides advice on various types of securities, such as exchange listed equities (stocks), exchange traded funds (ETFs), investment company securities (exchange traded products and mutual funds), fixed income securities (bonds) and cash equivalents. Additionally, we will provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice.

If you engage us for portfolio management services, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions and/or your financial circumstances.

Wrap Fee Programs

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.

Our Company's client invested assets on January 17, 2024, totaled approximately \$195.1 million. Discretionary investment authority among 288 client households totaled \$182.6 million. Nondiscretionary accounts among 18 client households totaled \$12.5 million. Discretionary accounts are those in which we have full investment authority given objectives and guidelines established in consultation with clients.

Item 5 Fees and Compensation

We perform our investment advisory services for a percentage of assets under management. Fees are billed quarterly, in arrears, 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.

If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. The investment advisory agreement between the client and Warnke/Nichols will continue in effect until either party terminates the agreement in accordance with the terms of the agreement. Warnke/Nichols' annual fee will be pro-rated through the date of termination. Should termination occur at any time other than the end of a billing period, any unearned prepaid fee will be refunded to the client.

We reserve the right to maintain courtesy accounts that do not incur management fees and to exclude certain positions from being included in the account balance for purposes of calculating the management fee.

Accounts belonging to members of the same household will be aggregated for purposes of determining the advisory fee. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause the accounts to be assessed with a reduced advisory fee based on the tiers available in our fee schedule as stated above.

IRA Rollovers

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an IRA may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result as the above-described fees will apply to assets rolled over to an IRA, and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We must act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

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.

Additional Fees and Expenses

Our fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses. You are responsible for brokerage costs incurred. However, Warnke/Nichols will not receive any portion of the commissions, fees, and costs. Please see *Item 12 – Brokerage Practices* for further information on brokerage arrangements.

Billing on Cash Positions. The Company treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon the number of attractive investment opportunities based on our rigorous investment process, the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

Periods of Portfolio Inactivity. The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to common stock valuations, bond characteristics and, in some circumstances, mutual fund analysis, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

All fees paid to Warnke/Nichols for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. Accordingly, clients should review the fees charged by the funds and the fees charged by Warnke/Nichols to fully understand the total amount of fees charged and to evaluate the cost of advisory services being provided.

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Our firm and Associated Persons do not accept performance-based fees.

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.

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, revenues, 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, or "intrinsic," 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.

Types of Investment Risk

Recommendation of Particular Types of Securities. As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities, and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely.

Loss of Value. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political, and economic developments, and governmental economic or monetary policies.

Interest Rate Risk. Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates rise. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk. Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Risks Associated with Investing in Equities. Investments in equities (common stocks) generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Risks Associated with Investing in Mutual Funds. Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, certain risks related to liquidity, volatility, and potential unfavorable fluctuations in underlying assets and/or index values could affect returns. The returns on mutual funds can be reduced by the costs of managing the funds.

Risks Associated with Investing in Exchange Traded Funds (ETF). Investing in ETFs carries the risk of capital loss. Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Cybersecurity Risks. Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate. However, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value, or impeding or sabotaging trading.

Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses because of unauthorized use of their personal information.

While our firm has established business continuity plans, incident response plans, and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a client's investment in such securities to lose value.

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.

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 ensuring compliance with the Code. You may request a copy of our Code of Ethics at 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.

Personal Trading Practices

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

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by

Schwab, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness of Schwab Advisor Services to our clients and our firm. In recognition of the value of the services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

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 – often called “Limited Power of Attorney” – to (1) determine the securities to be bought or sold; (2) the number and dollar amount of securities to be bought or sold; and (3) the commission rates at which trades are executed.

Research and Other Soft Dollar Benefits received from Schwab.

There is no direct link between Warnke/Nichols’s use of Schwab Institutional (a division of Charles Schwab & Co., Inc.) and the investment advice it gives to its clients, although Warnke/Nichols receives economic benefits through its affiliation with Schwab Institutional that are typically not available to Schwab 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 Warnke/Nichols 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 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 Warnke/Nichols by third party vendors. Schwab may also have paid for business consulting and professional services received by Warnke/Nichols’s related persons. *We have an incentive to recommend Schwab based on our interest in receiving the research or other products or services, rather than on our clients’ interest in receiving most favorable execution.*

Some of the products and services made available by Schwab through the program may benefit Warnke/Nichols but may not benefit its client accounts. These products or services assist Warnke/Nichols in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Warnke/Nichols manage and further develop its business enterprise. The benefits received by Warnke/Nichols or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. *As part of its fiduciary duties to clients, Warnke/Nichols endeavors always to put the interests of its clients first.* Clients should be aware, however, that the receipt of economic benefits by Warnke/Nichols or its related persons in and of itself creates a potential conflict of interest and influences Warnke/Nichols’s choice of Schwab for custody and brokerage services.

Brokerage for Client Referrals. We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage. We routinely recommend that you direct our firm to execute transactions through broker-dealers with which we have a business relationship. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

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 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

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 has 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 15 Custody

We do not have physical custody of any client funds and/or securities. However, where clients grant us written authorization to deduct advisory fees from their account(s), we are deemed to have custody over client funds or securities limited to the deduction of advisory fees.

With respect to third party standing letters of authorization (SLOA) where a client grants us authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have custody pursuant to Rule 206(4)-2 (the Security & Exchange Commission's "Custody Rule"). We have taken steps to have controls and oversight in place to comply with the no-action letter issued by the SEC on February 21, 2017 (the SEC "no-action letter"). We are not required to comply with the surprise examination requirements of the Custody Rule if we comply with the representations noted in the SEC no-action letter. Where our firm acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of the representations noted in the SEC no-action letter involve the qualified custodian's operations, we will collaborate closely with our custodian(s) to ensure that the representations are met.

Your funds and securities will be held with a third party – a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account. You should carefully review account statements for accuracy. If you have questions regarding your account or if you did not receive a statement from your custodian, please contact us at 262-303-4113. 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)

Warnke/Nichols will determine how to vote proxies based on its reasonable judgment that the vote will produce favorable financial results for its clients. 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 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 obtaining your consent before voting, or letting 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 required in this Item to provide you with certain financial information or disclosures about Warnke/Nichols' financial condition. Warnke/Nichols does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Warnke/Nichols has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and Warnke/Nichols has not been the subject of a bankruptcy proceeding.
