

# NICHOLS WEALTH ADVISORS

NICHOLS WEALTH ADVISORS, LLC.  
195 NORTH HARBOR DRIVE  
UNIT 3501  
CHICAGO, IL 60601  
(630) 917-3859  
[www.nicholswealthadvisors.com](http://www.nicholswealthadvisors.com)

Form ADV Part 2A Brochure  
MAY 10, 2022

This brochure provides information about the qualifications and business practices of Nichols Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 630.917.3859. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration does not imply a certain level of skill or training.

Additional information about Nichols Wealth Advisors, LLC. Also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by our firm's CRD number, which is 284400.



## **Item 2      Material Changes**

**The Securities and Exchange Commission (“SEC”) adopted “Amendments to Form ADV” in July 2010. The Firm Brochure (“Brochure”) is our disclosure document prepared according to the SEC’s requirements and rules. This Brochure dated **May 10, 2022** contains changes to the fees structure denoted in Item 5.**

### Item 3 Table of Contents

Item 1	Cover Page	Page 1
Item 2	Material Changes	Page 2
Item 3	Table of Contents	Page 3
Item 4	Advisory Business	Page 4
Item 5	Fees and Compensation	Page 7
Item 6	Performance-Based Fees and Side-By-Side Management	Page 14
Item 7	Types of Clients	Page 15
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	Page 16
Item 9	Disciplinary Information	Page 18
Item 10	Other Financial Industry Activities and Affiliation	Page 19
Item 11	Code of Ethics, Participation or Interests in Client Transactions and Personal Trading	Page 20
Item 12	Brokerage Practices	Page 22
Item 13	Review of Accounts	Page 24
Item 14	Client Referrals and Other Compensation	Page 26
Item 15	Custody	Page 27
Item 16	Investment Discretion	Page 28
Item 17	Voting Client Securities	Page 29
Item 18	Financial Information	Page 31
Item 19	Requirements for State Registered Advisers	Page 32

## Item 4 Advisory Business

Nichols Wealth Advisors was established March 31, 2016 by Founder and Managing Principal Alfred Nichols. The firm offers professional portfolio management to individuals and institutions desiring investments in equity and fixed income products. The advisory services offered by Nichols Wealth Advisors generally include portfolio management, investment advice, consulting services, performance reporting, and related account services.

The firm primarily manages client portfolios with full investment discretion and considers individual investors' needed when recommending an investment strategy to its clients. Nichols Wealth Advisors offers three investment strategies: Equity Income Strategy, Multi-Cap Equity Strategy, and Intermediate Fixed Income Strategy. A full description of each of these services can be obtained in Item 8 of Part 2A Form ADV.

Subject to the agreement with Nichols Wealth Advisors, a client may impose reasonable restrictions on the securities or types of securities held in the client's account. Please refer to the 'Investment Discretion' Section which is Item 16 as this information is described within.

The investment strategies referenced in this Brochure may not be appropriate for all clients. Nichols Wealth Advisors will only select or recommend those strategies believed to be suitable for a particular client.

Nichols Wealth Advisors will potentially offer wrap accounts through an affiliated sub-advisor(s) that will be registered where clients reside for those clients desiring hedge strategies and alternative investments.

**Financial Planning.** Nichols Wealth Advisors offers financial planning services to individuals that include services such as: personal financial planning, insurance and estate planning, capital needs analysis, tax and cash flow analysis, retirement income planning, investment analysis, and education planning.

Financial information will be obtained through personal interviews with each client concerning your current financial status, future goals and attitudes towards risk. Related documents that you supply are carefully reviewed, along with data gathered from you. In most cases, a written report is issued.

## **Types of Financial Planning Services:**

### **Comprehensive Financial Plan**

1. Identification of financial goals and objectives
2. Collection and assessment of all relevant data
3. Identification of financial problems and formulation of solutions
4. Preparation of a financial plan in the form of specific written recommendations
5. Implementation of recommendations

The comprehensive plan accomplishes these items through a series of meetings between the client and the adviser. At these meetings the following topics are reviewed: Tax planning, retirement planning, educational planning, portfolio analysis, asset allocation strategies, risk management planning, goal setting, inventory of client assets, budgeting and cash flow, record keeping, analysis of financial goals and needs, recommended investments, analysis of employee benefits and estate planning. These series of meetings usually take three to four months to complete. Tax preparation services are not included. Contact by email, phone, and additional meetings at the client request are available free of charge for 90 days after the initial plan is completed.

### **Basic Financial Plan**

A basic financial plan includes items 1 through 4 above. This series of meetings usually takes three to four months to complete. Contact by email, phone, and additional meetings at the client request are available free of charge for 90 days after the initial plan is completed.

### **Financial Review**

A financial review is offered for those clients who do not desire a comprehensive or basic plan. The time is limited to 2-two hour meetings

between the client and the adviser. The topics are those chosen by the client from the topics listed above.

**Pension and Profit Sharing Consulting Services.** Nichols Wealth Advisors will provide general plan consulting advisory services to companies and corporations. The adviser will assign a Plan Consultant, who is responsible for responding to ongoing questions, concerns, and issues raised by the Client that are related to the Client's qualified retirement plan.

**Educational Seminars/Workshops.** Nichols Wealth Advisors will offer seminars periodically to institutional clients for the benefit of their employees. These seminars will be educational or product specific. Topics of such seminars include:

- Retirement Planning
- College Planning
- Estate Planning

**General Advisory Consulting.** Financial Consulting for advisory services beyond the scope of the services outlined will be billed hourly. These services result in specific requests from employers, legal entities, etc. to provide expertise in special projects and/or subject matter.

Nichols Wealth Advisors is compensated for investment advisory services by (1) a percentage of assets under its management, (2) hourly charges, (3) fixed fees, and (4) commissions.

At this time, Nichols Wealth Advisors has 12 clients and \$8,740,000 in assets.

Referrals to other professional advisors, i.e. accountants for tax guidance and services, attorneys for legal and trust services, etc. are provided for no additional fees to the client, and the firm does not accept any referral compensation from the referred professional advisor.

## Item 5 Fees and Compensation

### Description

A client's investment management agreement will set forth the actual compensation the client will pay to Nichols Wealth Advisors. In most instances, a client pays Nichols Wealth Advisors an ongoing fee based on the gross market value of the assets in the account on the last day of the preceding quarter plus commissions for transactions. Nichols Wealth Advisors does not have one standard annual fee schedule that is applicable across all strategies but has a fee schedule per strategy and account type. The annual fee may be negotiable, however there is typically a minimum annual fee of \$10,000.

### Equity Income Strategy

<u>Value of Assets</u>	<u>Annual Fee</u>
\$0 - \$5M	0.90%
>\$5M - \$10M	0.60%
Above \$10M	Negotiable

### Multi-Cap Equity Strategy

<u>Value of Assets</u>	<u>Annual Fee</u>
\$0 - \$5M	1.00%
>\$5M - \$10M	0.75%
Above \$10M	Negotiable

### Intermediate Fixed Income Strategy

<u>Value of Assets</u>	<u>Annual Fee</u>
\$0 - \$5M	0.65%
>\$5M - \$10M	0.45%
Above \$10M	Negotiable



## ADDITIONAL FEE INFORMATION

**How Fees are Charged.** Fees are generally charged quarterly, in advance, based on the gross market value of assets in the account (including cash and cash-equivalents) on the last business day of the prior calendar quarter. Depending on the terms of the investment management agreement, some clients may be charged in arrears and/or monthly. If management begins after the start of a month or quarter, fees will be prorated accordingly. The initial billing period begins when an investment management agreement is signed by the client and accepted by Nichols Wealth Advisors. Clients may choose to have fees deducted directly from their account or be invoiced quarterly.

**Services Covered by the Fees.** The fee includes Nichols Wealth Advisors' investment management and other administrative services.

**Services NOT Covered by the Fees.** The fee does not include commissions for account transactions, custodial fees, or charges arising from retirement account fees, trust fees, margin interest charges, exchange fees, redemption fees that may be assessed on mutual fund shares, transfer fees or other special service fees and charges.

**Additional Fees and Expenses.** Nichols Wealth Advisors may invest client assets in one or more pooled investment vehicles, such as mutual funds and exchange traded funds, if such investments are consistent with the investment objectives and policies of the client accounts involved. If Nichols Wealth Advisors makes such an investment on behalf of its clients, those clients will be responsible, indirectly as investors in the pooled investment vehicles, for a portion of the operating expenses of the pooled investment vehicles in which they are invested. In effect, those clients would be paying multiple advisory fees.

**Termination of the Advisory Relationship.** If either Nichols Wealth Advisors or the client terminates the client's investment management agreement, any prepaid, unearned fees will be refunded. In calculating a

client's reimbursement of the fees, Nichols Wealth Advisors will credit the client's account with a pro-rated refund based on the number of days remaining in the billing period.

**Advisory Fees in General.** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Additional General Fee Information.** In some instances, clients may pay a higher fee than indicated in the fee schedules above. Nichols Wealth Advisors may modify a client's existing fees and/or add additional fees or charges by providing the client thirty (30) days prior written notice. The fee schedules set forth above are current fee schedules for various strategies. Each strategy has had different fee schedule in effect over time, which may have reflected fees that are higher or lower than those currently stated. As new fee schedules are put into effect, only new clients are affected, therefore, some clients may pay different fees than those stated above.

Nichols Wealth Advisors, at its discretion, may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

**ERISA Accounts.** Nichols Wealth Advisors, is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, Nichols Wealth Advisors is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Nichols Wealth Advisors may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees. In those

instances where Nichols Wealth Advisors provides investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, such fees will offset Nichols Wealth Advisors' advisory fees.

**Wrap Fee Programs.** Nichols Wealth Advisors' fee for its sub-advisory arrangements is determined by separate contracts entered into with various program sponsors. These fees, including any and all trading and transaction costs are "wrapped" into one overall fee as determined and calculated by the wrap fee sponsor.

The amount of Nichols Wealth Advisors' portion of the wrap fee varies dependent upon several factors, including the specific terms agreed between Nichols Wealth Advisors and the wrap fee sponsor, the client's account size, the client's related investment management accounts, and individual account investment restrictions.

Important information about the program sponsor's advisory programs, brokerage services, custody relationships and conflicts of interest is available in the Program Sponsor's Form ADV, Part 2. To obtain a copy, please contact the Program Sponsor directly.

**General Advisory Consulting.** Financial Consulting for advisory services beyond the scope of the services outlined that will be billed hourly, will be billed at a rate of \$1200.00 per hour. These services result in specific requests from employers, legal entities, etc. to provide expertise in special projects and/or subject matter.

**Financial Planning Services.** The fee charged for a financial plan takes into account client income, net worth, and the complexity of the client's financial situation.

Comprehensive Financial Plan Fees. The minimum fee for a comprehensive financial plan is \$3,500. Typical fees for a comprehensive financial plan are \$3,500 to \$15,000.

1. Identification of financial goals and objectives
2. Collection and assessment of all relevant data
3. Identification of financial problems and formulation of solutions
4. Preparation of a financial plan in the form of specific written recommendations
5. Implementation of recommendations

Basic Financial Plan Fees. The minimum fee for a basic financial plan is \$2,000. Typical fees for a basic financial plan are \$3,500 to \$8,500.

1. Identification of financial goals and objectives
2. Collection and assessment of all relevant data
3. Identification of financial problems and formulation of solutions
4. Preparation of a financial plan in the form of specific written recommendations

Fees for the Comprehensive Financial Plan and the Basic Financial Plan consist of three components.

1. Base Fee Component - \$3,500.00

2. Income Component

Total income will include: W-2 gross wages, investment income (exclusive of capital gains), alimony, business gross profit, rental receipts, retirement income, and partnership income. The total fee is 1% rounded to the nearest \$50.

3. Net Worth Component

The net worth component is based upon marketable net worth of the client (net worth excluding real estate, personal items, and the

value of an owned business) and are not billed as a percentage of assets under management.

Marketable Net Worth	Fee
\$0 - \$350,000	1.0%
\$350,001 - \$ 500,000	0.8%
\$500,001 - \$ 750,000	0.7%
\$750,001 - \$1,000,000	0.5%
\$1,000,001 - \$1,250,000	0.4%
\$1,250,001 - \$1,750,000	0.3%
\$1,750,001 - \$3,000,000	0.25%
\$3,000,001 - \$4,500,000	0.20%
\$4,500,001 - \$6,000,000	0.15%
Above \$6,000,000	0.10%

Fees for the Comprehensive Financial Plan and the Basic Financial Plan are due 50% at the signing of the agreement and 50% upon completion of the of the plan

Financial Plan Review Fee. The fee is \$1,750.00

Fees for the Financial Review are due 50% at the first meeting and 50% at the second meeting.

If and when a financial plan is created and NO fee is charged the individual who prepares the plan will receive commissions through the sale of an insurance product.

**Pensions and Profit Sharing Consulting Services.** General Plan Consulting Services will be charged a fixed fee of \$25,000 (billable at \$6,250 per quarter). This fee anticipates semi-annual reporting. Additional reporting and education meetings are negotiable.

**Educational Seminars/Workshops.** Seminars/Workshops will be charged at a fixed rate of \$7,500.00

**PAST DUE ACCOUNTS.** Interest at 10% per year will be charged on balances more than 60 days past due.

In Illinois and Texas, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. This is pursuant to Section 130.846 of the Rules for the State of Illinois, and pursuant to the Board Rule 116.12(a) in the State of Texas.

## **Item 6      Performance-Based Fees and Side-By-Side Management**

Nichols Wealth Advisors does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7      Types of Clients

Nichols Wealth Advisors offers its services to all types of current or prospective clients, including, but not limited to: individuals; high net worth individuals; banks or thrift institutions; pension and profit sharing plans; trusts; estates; charitable organizations; corporations or other business entities; and registered investment companies.

**Minimum Account Requirements.** A minimum of \$500,000 of assets under management is required to participate in the Equity Income Strategy and the Multi-Cap Equity Strategy and \$750,000 to participate in the Intermediate Fixed Income Strategy. Please refer to item 8 for a detailed description of the investment strategies.

The account size may be negotiable under certain circumstances. Nichols Wealth Advisors may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.



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

The investment team process leverages one team, with shared responsibility for due diligence and explicit accountability for decisions. There is a focus on discipline in portfolio construction and risk-adjusted investment performance.

### **INVESTMENT STRATEGIES**

Nichols Wealth Advisors offers three investment strategies:

#### **Equity Income Strategy**

The Nichols Wealth Advisors Equity Income Strategy is actively managed and invests in high-quality companies with solid balance sheets, ample cash flow and a strong competitive position generating attractive return on capital. Key to the investment strategy is our focus on Dividend Dynamism – looking beyond current dividend yield to include a company’s future capacity for dividends. Using a multivariate appraisal process, we assess value across three dimensions (Asset Value, Dividend Dynamism, and Growth Value) to uncover quality companies underappreciated by the broader market.

#### **Multi-Cap Equity Strategy**

The Nichols Wealth Advisors Multi-Cap Equity Strategy is actively managed and unconstrained by market capitalization and style classifications. As fundamental investors, we are cognizant of cyclical and secular dynamics, and focus on profitable companies with attractive return on capital, cash flow and growth prospects. Of key importance are superb management teams with sound, achievable strategies. We take active industry positions, with relative position sizes commensurate with risk. Our holdings are diversified by economic sector and adjusted based on where we view the greatest market opportunities.

## Intermediate Fixed Income Strategy

The Nichols Wealth Advisors Intermediate Fixed Income Strategy is actively managed and focuses on the intermediate portion on the yield curve. We invest in investment grade or higher issues with maturities generally ranging from one to ten years. Stability of principal value is a primary focus of the strategy; we perform rigorous fundamental credit analysis and monitor issues and credit trends daily. We believe that fixed income assets are best managed actively with respect to duration and credit exposures, as we monitor, anticipate and respond to changes in the broad economy and the rate environment.

**Risk for all forms of analysis.** Securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Investing in any security involves risk of loss that clients should be prepared to bear.

## **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 Nichols Wealth Advisors or the integrity of Nichols Wealth Advisors' management. We have no information or disclosures applicable to this item.

## Item 10 Other Financial Industry Activities and Affiliations

Nichols Wealth Advisors and potential affiliates may periodically refer a client to another financial services firm and receive a fee. Examples of this include estate and business succession planning, health and welfare consulting, salary studies and incentive compensation plan design. Fees received from the referred entity will not incur any additional costs to you. In all cases, compensation provided to or from these affiliates will be fully disclosed to you. If a conflict of interest exists or may exist, we will obtain from you a signed disclosure form outlining the potential conflict and our process for minimizing the effect of said conflict on you.

Anytime a product or service we offer results in added compensation to our supervised persons they have an incentive to have recommended such products and service. However, Nichols Wealth Advisors strives to disclose all such real and potential conflicts of interest prior to any recommendation and has created and implemented a Compliance Program (which includes the Code of Ethics described in the next Section) designed to monitor all such transactions in order to help Nichols Wealth Advisors meet its fiduciary duty to its clients.

Alfred Nichols is currently licensed to sell insurance products in Illinois and Indiana. In the course of providing risk, income, and investment solutions to our clients, insurance products may be appropriate. Insurance products, due to the compensatory arrangement with insurance companies, are incentive based. As stated above, Nichols Wealth Advisors strives to disclose all such real and potential conflicts of interest prior to any recommendation. Alfred Nichols serves as a member of his associated church finance committee and offers guidance on the church's financial matters.

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

Nichols Wealth Advisors has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Nichols Wealth Advisors' Code of Ethics established rules of conduct for all employees and is designed to govern personal securities trading activities in the accounts of employees, among other things. The Code of Ethics is based upon the principle that Nichols Wealth Advisors and its employees owe a fiduciary duty to its clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: serving their own personal interests ahead of clients; taking inappropriate advantage of their position with the firm; and any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

As a general practice, Nichols Wealth Advisors does not currently engage in principal transactions. Nichols Wealth Advisors, will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

Nichols Wealth Advisors and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Nichols Wealth Advisors' employees are allowed to invest in the same securities recommended to or owned by clients. However, in order to avoid conflicts of interest, all Nichols Wealth Advisors employees are required to receive prior approval to trade in personal security accounts.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our Code of Ethics will be provided to client(s) and prospective client(s) upon request.

## Item 12 Brokerage Practices

Nichols Wealth Advisors does not directly participate in any soft dollar arrangements when trading client accounts and requires service providers to receive your written permission prior to entering into any soft dollar arrangements.

In certain circumstances, Nichols Wealth Advisors may suggest the use of a FINRA member firm broker/dealer to a client in need of assistance; provided Nichols Wealth Advisors, in its discretion, meets its fiduciary obligation of best execution. In the referral of clients, if and when the adviser will refer a client to a broker/dealer, the adviser will only refer clients to brokers/dealers that are registered in the state where the client resides. While commissions charged, if any, are generally competitive, they may not be the lowest in the industry. The overall services provided by the broker/dealer are taken into consideration when executing transactions. You are not under any obligation to affect trades through any recommended broker and are free to select any broker or dealer you choose. Choosing to direct brokerage may cause you to not achieve most favorable execution and you may pay higher brokerage commissions by choosing to direct brokerage.

Nichols Wealth Advisors' advisory practice, due to the individualized nature of its business and client needs, does not include block trades, negotiating commissions with broker/dealers or obtaining volume discounts, nor necessarily obtaining the best price.

Our policy is that the firm will not affect any principal or agency cross securities transactions for client accounts. We will not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker/dealer, buys from or sells any security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by

or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker/dealer or has an affiliated broker/dealer.

Nichols Wealth Advisors does not participate in any relationships with outside parties that include brokerage for client referrals.



## Item 13      Review of Accounts

**Reviews.** The investment team continually monitors the underlying securities within each strategy's portfolios. Depending on the type, accounts are generally reviewed on a quarterly basis or at least on an annual basis. Specific client-imposed restrictions are reviewed periodically. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, political or economic environment.

**Reports.** Nichols Wealth Advisors generally provides written reports to client on the performance of their account(s) on a quarterly basis. Client performance reports typically include a portfolio valuation, the asset allocation, and account performance. Performance returns include the deduction of advisory fees, transaction costs, market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.

Clients will receive account statements directly from their custodian. That statement is the official record of your account and the assets contained in it.

When preparing a client's account statements and performance reports, Nichols Wealth Advisors relies on third parties, such as third party quotation services and other custodians when determining the value of account assets. Our firm does not conduct an in-depth review of valuation information provided by third party quotation services or other custodians, and it does not verify or guarantee the accuracy of such information. The prices obtained by Nichols Wealth Advisors from third party quotation services it uses may differ from prices that could be obtained from other sources. If a client has assets held by a third party custodian, the prices shown on a client's account statement provided by that custodian may be different from the prices shown on statements and reports from Nichols

Wealth Advisors due to use of different valuation sources by the custodian and Nichols Wealth Advisors.

## **Item 14      Client Referrals and Other Compensation**

### **CLIENT REFERRALS**

Nichols Wealth Advisors may from time to time pay referral fees to independent persons or firms (“Solicitors”) for introducing clients to us. Whenever Nichols Wealth Advisors pays a referral fee, we require the Solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that includes the following information: the Solicitor’s name and relationship with our firm; the fact that the Solicitor is being paid a referral fee; the amount of the fee; and whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor. Should the adviser use Solicitors, they will either be registered as investment adviser representatives on behalf of the adviser or formally registered as an investment adviser with the Illinois Securities Department.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

### **OTHER COMPENSATION.**

It is Nichols Wealth Advisors’ policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## Item 15      Custody

All assets owned by clients are physically held by third party financial institutions that include banks, trust companies, broker/dealers, or prime brokers. Nichols Wealth Advisors does not take legal custody of assets. All other assets under advisement are held either in street name or in your name at third party institutions.

You should receive statements no less than quarterly from the broker/dealer, bank or qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Statements may vary from custodial accounts based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We encourage you to immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

## Item 16 Investment Discretion

Nichols Wealth Advisors can accept discretionary investment authority for client accounts. The level of discretionary authority which is outlined within the Investment Advisory Agreements can be unlimited, limited, or none. You are free to choose the level of discretion you grant to us and are under no obligation to choose one method over another.

Unlimited discretionary authority means that we can invest client assets in a manner that we find most beneficial to you so long as it is consistent with the investment objectives. This discretionary authority includes the ability to open investment accounts on your behalf, hire sub-advisors to manage the assets, or buy and sell mutual funds or individual securities within your account without your approval.

You can limit the investment discretion allowed to Nichols Wealth Advisors in several ways. You can limit investment discretion based on dollar amounts or percent of the portfolio. In these cases, Nichols Wealth Advisors may initiate transactions up to the limit before providing a written explanation to you. The delivery of this written communication effectively resets this discretion limit to its maximum level.

While we typically inform you either prior to or immediately following a transaction performed by Nichols Wealth Advisors, unless we have written instruction from you to the contrary, Nichols Wealth Advisors has no obligation to inform you of such transactions. You will receive detail of the transaction from the custodian, whether that is via trade confirmation or statement.

## Item 17                    Voting Client Securities

Nichols Wealth Advisors' stated policy is that Nichols Wealth Advisors does not vote proxies and Client shall maintain all proxy voting authority over all securities managed by the company. On rare occasions we may share our thoughts regarding a proxy vote, if we deem a communication beneficial to assisting our clients.

Nichols Wealth Advisors will accept authority to vote proxies on your behalf if the firm has discretionary authority over the account in compliance with SEC Rule 206(4)-6. The general rule utilized when voting proxies is that the votes are cast in the best interest of the client/beneficiaries of the account.

More specifically, our proxy voting procedures were crafted on the belief that management usually has both the best insights into the best interests of the company in mind when either supporting or dissenting from proxy issues. There are, however, several instances in which management's decision can be questioned, especially when management may be biased by real or potential conflicts of interest. Some examples of when we will vote against management recommendations include: excess anti-takeover measures and excessive compensation for executives.

When considering how to vote on specific items, we take client specific issues into account and may vote the same proxy differently for you than we vote it for other clients. The most frequent example of this exception is in the case of clients who have "socially responsible" guidelines in place versus those that do not. Clients who have instituted socially responsible guidelines have indicated that financial gain must be offset against other factors. This creates a situation where voting on an issue for one client may not coincide with the wishes of another client.

Where appropriate, Nichols Wealth Advisors has outsourced proxy voting to third party money managers that have discretion over individual security selection because their level of familiarity with the company and issues supersedes the information available to Nichols Wealth Advisors.

In those specific situations where the firm has discretionary authority over the account, you may choose to retain proxy voting rights by indicating that desire to us within your Investment Advisors Agreement. To direct us to vote a proxy in a particular manner, clients should contact his or her Nichols Wealth Advisors representative in writing.

**Class Actions.** Nichols Wealth Advisors will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18            Financial Information**

We are also required to disclose any financial condition that is likely to impair our ability to meet our contractual obligations. Nichols Wealth Advisors, LLC has no additional financial circumstances to report. Nichols Wealth Advisors, LLC does not have discretionary authority or custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

Nichols Wealth Advisors, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.



## Item 19 Requirements for State Registered Advisers

The Managing Principal for Nichols Wealth Advisors, LLC is Alfred Nichols and refer to Form ADV Part 2B for formal education and business background.

Alfred Nichols serves on the Board of Trustees and the Finance Committee of his church providing financial guidance on financial matters affecting the church which comprises approximately 5 hours quarterly.