

## KLCM Advisors, Inc.

### Form CRS Client Relationship Summary

June 30, 2020

KLCM Advisors, Inc. (KLCM) is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Please note that brokerage and investment advisory services and fees differ, and it is important that you understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

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

We offer investment advisory services to retail investors, including:

- Equity, fixed income, and balanced portfolio management. We also work as part of our client's financial team to consult on issues related to the portfolios that we manage.
- All accounts are reviewed at least monthly for asset allocation and portfolio composition. Each quarter clients receive a written investment report consisting of a summary and appraisal showing all holdings by asset class, purchase and sales listing all security transactions, and KLCM's commentary on the investment environment.
- KLCM provides investment management services on a discretionary basis with respect to security selection. KLCM will seek client approval before changing a client's asset allocation.
- The minimum account size for management is \$500,000. An exception can be made based on investment client type, account size, relationship size, service requirements, and other factors.

For additional information, please see our Form ADV, Part 2A brochure ("Brochure"), Items 4 and 7 available at <https://adviserinfo.sec.gov>

Conversation Starters - Ask your financial professional:

- 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?

#### What fees will I pay?

Management fees are generally based on a percentage of assets. The standard fee for equities is 1.0% per year on equity assets and 0.6% per year on fixed income assets.

- We charge management fees as a percentage of assets that are billed quarterly in arrears. It is a quarterly rate applied to the average month-end market value for the previous quarter. The more assets in an account, the more the investor will pay in fees. Therefore, KLCM has an incentive to encourage investors to increase the size of their accounts.
- Management fees that are fixed are billed quarterly in arrears and based upon the negotiated fixed rate.

Additional costs incurred by investors could consist of trading commissions.

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.

For additional information, please see Items 5, 6, and 12. in our Brochure available at <https://adviserinfo.sec.gov>

Conversation Starter - Ask your financial professional:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 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 interest and not put our interest 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.*

- *Third Party Brokerage.* - KLCM may, at times, aggregate trades for multiple clients. Often, these trades are facilitated by third-party brokers, and as a result, investors may pay higher commissions than if the security was purchased only for them in their account. Also, investors typically will have to pay a separate fee for their custodian to book the trade into their account. In addition to receiving research services from these brokers in exchange for trading commissions, KLCM receives soft dollar benefits from Robert W. Baird & Co., Inc. These benefits enable KLCM to receive approved research and other products and services. This is a benefit to KLCM because we do not pay for some research, products, and services. Due to these benefits, KLCM does have an incentive to direct trades to third party brokers.
- *Schwab Advisor Network* - KLCM pays Charles Schwab & Co., Inc. (Schwab) a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are managed at, or transferred to, another custodian. The participation fee paid by KLCM is a percentage of the fees the client owes to KLCM or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. The Participation and Non-Schwab Custody Fees will be based on assets in accounts of KLCM's clients who were referred by Schwab. As a result, KLCM has an incentive to encourage clients to maintain their accounts at Schwab.
- *For additional information, please see Items 12 and 14 in our Brochure, available at <https://adviserinfo.sec.gov>*

**Conversation Starter** - Ask your financial professional:

- How might your conflicts of interest affect me, and how will you address them?

**How do your financial professionals make money?**

Our financial professionals are compensated with salary and bonus. Compensation levels are driven by the success of the firm, which is driven by an increase in assets under management. Our fees are charged predominantly on a percentage of assets formula, and as a result, our financial professionals are incentivized to increase our assets under management. This is potentially a conflict of interest as our professionals are incentivized to recommend that clients increase the size of their accounts managed by KLCM.

**Do you or your financial professionals have legal or disciplinary history?**

No  
Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter.** Ask your financial professional:

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

**Additional Information**

*For additional information about our services, please see our Brochure. If you would like additional, up-to-date information or a copy of this disclosure, please call 414-765-1234 or visit at <https://adviserinfo.sec.gov> or our website at [www.klcminc.com](http://www.klcminc.com)*

**Conversation Starters.** Ask your financial professional:

- Who is my primary contact person?
- Is he or she 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?