

WARWICK GROUP II, INC.

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FORM ADV PART 2

March 2021

This brochure provides information about the qualifications and business practices of Warwick Group II, Inc. If you have any questions about the contents of this brochure, please contact us at (203) 966-7447. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Warwick Group II, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure regarding the investment advisory business of Warwick Group II, Inc. dated March 2021 (this “Brochure”) is an update to the version of the Brochure filed in March 2020.

The material changes since our last-filed brochure are:

The firm’s assets under management have increased from \$118,451,523 as of December 31, 2019 to \$186,625,109 as of December 31, 2020.

This Item 2 discusses only those changes to this brochure that have been made since March 2020 that the firm believes to be material. Other changes have been made, and the firm encourages prospective clients to review this brochure in its entirety.

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Item 4 – Advisory Business

Structure; History and Ownership

Warwick Group II, Inc. (referred to in this Brochure as “Warwick” or “the firm”) is a private equity advisory firm with its principal place of business in New Canaan, Connecticut. Mark Kozak founded the firm in 2007, and is its Managing Director and Chief Compliance Officer.

Warwick Group II, Inc., together with Warwick Capital Group, LLC and other advisory entities under common control and conducting a single advisory business with the firm, specializes in the acquisition and recapitalization of profitable businesses with revenues up to \$100 million. Collectively, the firm and such other advisory entities are referred to in this Brochure as “we” or “us.”

Types of Advisory Services

We act as an advisor in connection with “fundless sponsor” investments. Our general approach to such investments is as follows: once we identify an appropriate investment opportunity (usually a reasonably valued company with a consistent record of profitable operations), we form a special purpose vehicle (referred to herein as an “acquisition vehicle”) for the purpose of acquiring the investment opportunity (referred to herein as a “target company”). We then invite institutions and high net worth individuals, including principals of the target company, to invest in the acquisition vehicle through private placements of the acquisition vehicle’s interests. The capital raised from such investments, along with other debt and borrowings, is used to acquire the target company. Once the acquisition has been completed, we provide ongoing strategic management to the target company and investment management to the acquisition vehicle. We consider the acquisition vehicles to be our “clients” for purposes of this Brochure.

Impersonalized Investment Advice

We generally do not tailor our investment strategy to the needs of individual investors in the acquisition vehicles. However in certain circumstances, we may structure an acquisition in a manner to benefit one or more investors, which investors may be principals of the target company, provided the acquisition vehicle as a whole is not disadvantaged.

Assets Under Management

As of December 31, 2020 we managed approximately \$186,625,109 of client assets on a non-discretionary basis. We do not manage any client assets on a discretionary basis.

Item 5 – Fees and Compensation

Fees

We are generally entitled to two types of compensation from our clients: (i) an investment banking fee; and (ii) a consulting fee. The investment banking fee is a one-time fee we receive upon consummation of the acquisition of the target company. The consulting fee is either a flat fee or a fee based on a percentage of the earnings of the applicable target company. In the latter situations, the consulting fee is payable monthly, and is generally equal to a percentage of the target company’s earnings before income tax, depreciation and amortization (“EBITDA”) in the preceding year. The details of how the consulting fees are calculated for each of our clients can be found in the client’s operating documents, which are provided

to potential investors. The fees payable by our clients are deducted from the assets of our clients and paid to us.

In addition to compensation received directly from our clients, Mr. Kozak also receives consideration for his services to our clients in the form of ownership interests in our clients acquired at a cost lower than that paid by other investors. Mr. Kozak may also take management positions with the target companies in which our clients invest, in which case he will receive a salary from such target companies. This salary is generally offset against the consulting fees we receive.

Expenses

Our clients bear the organizational and offering expenses incurred in their formation. Our clients generally reimburse us for any and all out-of-pocket expenses incurred (i) in connection with the acquisition of the relevant target companies and (ii) relating to the business of our clients.

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

As described in “Fees and Compensation” above, we receive a consulting fee from some of our clients based on the earnings of the target companies in which our clients invest. As a result, we have an incentive to emphasize earnings over the long-term growth of the target companies. This incentive is counterbalanced by the significant equity stake Mr. Kozak takes in our clients. We also have an incentive to favor those clients that pay us consulting fees based on earnings over those that pay us a flat consulting fee because we can potentially receive proportionately greater compensation from a client that pays earnings-based fees than from a client that pays us a flat consulting fee. We owe a fiduciary duty to our clients not to favor the account of one client over that of another, without regard to the types and amounts of fees paid by those accounts.

As noted above, Mr. Kozak is permitted to invest in our clients at a lower cost than that paid by other investors. Although not a performance-based fee as such, this form of compensation is similar to a performance-based fee in that the amounts received by Mr. Kozak upon disposition of a target company are disproportionate to the amount of Mr. Kozak’s investments. As a result, we may have an incentive to manage a target company more aggressively or hold out for a higher sale price for a target company than we would if Mr. Kozak did not have such an investment.

Item 7 – Types of Clients

As discussed in Item 4, our clients are acquisition vehicles formed for the purpose of acquiring reasonably valued companies with consistent records of profitable operations.

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

Investment Objective and Strategy

Our investment objective in the management of our clients is capital appreciation through a hold and sell approach to our investments. Depending on the investment opportunities available to us, we may focus on other objectives and strategies, such as those that emphasize dividend earnings.

Our investment strategy inherently involves certain significant risks. There can be no assurance that our investment objective will be realized or that any account will be profitable in the future. See the section titled “Risks Associated with Our Investment Strategy” below.

Investment Criteria

We seek to acquire reasonably valued companies with consistent records of profitable operations. We will consider investments in manufacturers of proprietary products, service companies and value-added distributors. Target companies must also meet one or more of the following criteria:

- EBITDA of \$2 million to \$10 million (as adjusted for certain one-time and extraneous expenses)
- Favorable growth potential
- Leading market shares (we will consider companies with small, but rapidly growing shares of market)
- Low cost position
- Recurring revenue streams

Investment Philosophy

We maintain several guiding principles with respect to our investments and management of our clients’ assets:

- Investments are typically limited to companies that possess established business models. We have learned that we can add considerably more through our role as financial partner to the value of established businesses than we can to that of new ventures.
- We utilize what we consider to be relatively conservative capital structures that enable target companies to withstand economic adversity. Such capital structures also allow target companies to avoid the burdens of excessive debt service and provide for opportunities to reinvest free cash flow toward improvement of the target companies’ competitive position.
- Our exit strategy, with respect to timing and form, is guided by market conditions. We typically utilize secondary private sales. However, initial public offerings may also be employed when we believe that critical mass, sufficient earnings, and growth potential warrant the costs and risks of such an offering.

Investment Approach

We will consider a variety of transaction structures in an attempt to ensure that sellers’ needs are met. Transaction structures can range from simple purchases of company’s assets or stock in a buyout, to more customized transactions that better meet a business owner’s estate or tax planning requirements. A relatively unique feature of our strategy is our willingness to pursue “all-cash” transactions. We do not

believe in subjecting business owners to onerous stakes in the post-closing company or to “earn-outs” that never materialize. We believe that our flexibility, along with our ability to close transactions expeditiously, gives us a competitive edge in securing investment opportunities.

Risks Associated with Our Investment Strategy

As with other private equity investments, an investment with us involves a high degree of risk. Prospective investors should carefully consider, among other factors, the risks described below, each of which could have an adverse effect on the value of their investment. There can be no assurance, based on these risks, as well as other risks inherent in any investment, that we will meet our investment objectives or otherwise be able to successfully carry out our investment program. An investor should only invest with us if the investor can withstand a total loss of its investment.

Competitive Nature of Our Target Companies’ Businesses

Although we seek to invest principally in target companies with leading market shares, favorable growth potential and experienced management, the target companies operate in competitive marketplaces. No assurance can be given that target companies, no matter how well managed or capitalized, will meet their objectives or continue to stay in business.

Dependence on Key Personnel

Our success depends in substantial part on Mr. Kozak’s skills and expertise and those of the managers of the target companies. There can be no assurance that Mr. Kozak or the target companies’ managers will continue to be employed in such roles. To the extent that we are unable to retain Mr. Kozak or the target companies’ managers, the performance of the target companies may suffer.

Carried Interest

Our receipt of an earnings-based consulting fee gives us an incentive to emphasize earnings over long-term growth. Mr. Kozak’s receipt of discounted interests in the acquisition vehicles gives us an incentive to maximize the increase in value of the target companies without the balancing risk of capital loss. As a result of those considerations, we may have an incentive to manage the target companies more aggressively than they might otherwise be managed.

Risk of Reliance on Management by Third Parties

While it is our intent to invest in target companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although we monitor the performance of each investment, we rely upon management to operate the target companies on a day-to-day basis.

Lack of Liquidity of Investments

The investments we make in target companies are illiquid. Dispositions of target companies may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

Leverage

We may acquire target companies using leverage, in which case a third-party lender could be entitled to the cash flow generated by such target companies prior to distribution to our clients. Although the use of

leverage may enhance returns and permit acquisitions on better terms, it involves a heightened degree of risk, is inherently more sensitive to adverse economic factors (such as a significant rise in interest rates, a downturn in the economy, deterioration in the condition of such target companies, declines in revenues and increases in expenses) and can exaggerate the financial effect of any increase or decrease in the value of such target companies.

Risks Upon Disposition of Target Companies

In connection with the disposition of an investment in a target company, we may be required to make representations about the business and financial affairs of the target company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. We may also be required to indemnify the purchasers of such target companies or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors.

Risk Arising from Provision of Managerial Assistance

We participate in and influence substantially the conduct of the management of the target companies. This may result in our clients designating Mr. Kozak as a director to serve on the board of directors of the target companies. Such involvement could expose our clients' assets to claims by a target company, its security holders and its creditors, including claims that our clients are controlling persons and thus are liable for securities law violations of a target company. These measures could also result in certain liabilities in the event of the bankruptcy or reorganization of a target company; could result in claims against our clients if the designated directors violate their fiduciary or other duties to a target company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose our clients to claims that they have interfered in management to the detriment of a target company. While we seek to manage our clients in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

General Economic Conditions, Political Risks and Catastrophic Events

General economic conditions may affect our clients' activities and those of the target companies. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value of the target companies. Depending on the country in which a portfolio company is located or operates, there may exist the risk of adverse political developments, including nationalization, confiscation without fair compensation or war.

Target companies may also be subject to catastrophic events and other force majeure events, such as fires, earthquakes, adverse weather conditions, changes in law, eminent domain, riots, terrorist attacks and similar risks. These events could result in the partial or total loss of the economic value of a target company or significant down time resulting in lost revenues, among other potentially detrimental effects.

Item 9 – Disciplinary Information

Neither we nor Mr. Kozak has ever been sanctioned or reprimanded by any regulator or self-regulatory organization, nor has any such person been sued (or, to our knowledge, threatened with litigation) by any client or by any local state or federal authority on behalf of a client.

Item 10 – Other Financial Industry Activities and Affiliations

Material Financial Industry Affiliations of the Firm

As noted elsewhere in this Brochure, we act as sponsor and advisor to our clients, and provide management advice and expertise to the target companies in which our clients invest. In addition, Mr. Kozak may act as a director or a manager of our clients and the target companies.

Conflicts of Interest

Each of our clients employs a similar investment strategy, which is described in “Methods of Analysis, Investment Strategies and Risk of Loss,” above. We may in the future participate in or sponsor other investment vehicles and have additional clients. We may also determine to engage in other businesses. The existence of multiple clients and other businesses may create conflicts as to time and resource commitments on the part of our personnel (including Mr. Kozak). Our personnel will devote such time to the business of our clients as we deem necessary. As the number of our clients increases, our commitments to our clients may have the effect of reducing the time devoted to the investment activities of each individual client.

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

Code of Ethics

We have established a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, as part of our overall compliance program. The Code of Ethics includes policies and procedures relating to personal securities trading by firm personnel and protection against the misuse of material nonpublic information. The Code of Ethics is designed to prevent, among other things, any improper conduct whenever any potential conflict of interest may exist with respect to any client. In addition, the Code of Ethics requires the firm and/or all supervised persons of the firm to safeguard and prevent dissemination of non-public information, to refrain from engaging in self-interested transactions without prior approval, to develop adequate internal accounting controls and maintain proper books and records, and to refrain from insider trading. The Code of Ethics also outlines the duties of care and loyalty that the firm and its supervised persons are required to follow with respect to clients, including our obligation to exercise a high degree of care, to seek best execution, to safeguard client assets, to act in the best interest of clients and to render impartial advice to clients. A copy of the Code of Ethics is available upon written request to Mark Kozak, Chief Compliance Officer, c/o Warwick Group II, Inc., 51 Locust Avenue, New Canaan, Connecticut 06840.

Item 12 – Brokerage Practices

We do not engage brokers in the execution of our investment strategy on behalf of our clients.

Item 13 – Review of Accounts

Each of our clients is formed for the purpose of acquiring a target company we have identified. Our clients do not make additional investments. As a result, we do not periodically review our clients' accounts or financial plans.

Our clients receive quarterly reports on their investments. These reports are generally prepared by Warwick, but may also be prepared by the target companies in which we invest.

Item 14 – Client Referrals and Other Compensation

We do not currently have any formal arrangements directly or indirectly with any person for client referrals. We do not receive any economic benefit from any person that is not a client for providing investment advice or other services to our clients.

Item 15 – Custody

We have custody of client funds and securities, but we do not utilize a custodian that sends quarterly account statements directly to our clients.

Item 16 – Investment Discretion

We do not have discretionary authority over our clients' accounts.

Item 17 – Voting Client Securities

We have adopted a proxy voting policy designed to ensure that we comply with the requirements of Rule 206(4)-6 and Rule 204-2 promulgated pursuant to the Investment Advisers Act of 1940, as amended, and fulfill our obligation thereunder with respect to proxy voting, disclosure and recordkeeping. Because of the nature of our investment advisory activities, it is unlikely that we will be in a position to vote proxies on behalf of any of our clients. In the event that we are in a position to do so, our objective is to ensure that our proxy voting activities on behalf of our clients are conducted in a manner consistent, under all circumstances, with the best interest of our clients. If we determine that we have, or may be perceived to have, a conflict of interest when voting a proxy, we will address matters involving such conflicts of interest on a case-by-case basis.

Investors may obtain a copy of our proxy voting policies and procedures, and information regarding how we voted particular proxies on behalf of the accounts, on request.

Item 18 – Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.