

Item 1. Cover Page

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BROCHURE FOR STAN MONK  
Securities and Exchange Commission Form ADV Part 2A  
Dated February 21, 2020

This brochure provides information about the qualifications and business practices of Stan Monk. If you have any questions about the contents of this brochure, please contact Mr. Monk at 212-663-0724 or [knomman@aol.com](mailto:knomman@aol.com). 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.

Additional information about Mr. Monk also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

No disclosure is required under this item.

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## Item 4. Advisory Business

I provide investment management services on a fee-only basis. As an ancillary service, I provide financial planning advice with respect to important client issues. I do not generally charge separately for financial planning services. Rather, I attempt to serve as a sort of financial counselor to clients over time and encourage them to call and discuss individual questions about the markets or any other financial matters that come up.

Typically, I meet with clients to gather information, address significant planning issues and develop an investment approach. I make investment recommendations and, after receiving client approval, implement the recommendations or help the client do so. I advise the client only; I do not assume discretionary management of client assets, although I may obtain permission to place orders on a client's behalf. I do not place any such orders without the prior approval of the client.

Quarterly, I furnish clients with memos detailing their assets under management and the performance of their portfolio. On an ongoing basis, I review accounts to determine whether current investments are still appropriate. (Specific reviews may be prompted by changes either in the individual circumstances

of the client, or in market conditions.) Recommendations for changes in the portfolio are generally made in the quarterly memos, although they may come at any time. Generally, separately, I send out a quarterly memo with thoughts about current market conditions.

Typically, I recommend only no-load mutual funds. However, recommendations involving insurance products or annuities, or of limited partnership interests, may sometimes be appropriate. Recommendations about specific stocks or derivative instruments such as options are made only under unusual circumstances.

I base recommendations primarily on information from the financial media, materials prepared by fund companies, regulatory filings and rating services. With respect to mutual funds in particular, I use the Morningstar Mutual Funds Information service.

As of December 31, 2019, I managed approximately \$86.0 million on a non-discretionary basis. I do not manage assets on a discretionary basis.

See the Brochure Supplement below for biographical and other information about me.

#### Item 5. Fees and Compensation

The quarterly memos I send clients include the calculation of my fee. Investment management services are offered on a fee basis related to the market value of the assets under management at the end of the quarter. Clients are generally billed at the following annual rates: 1% of the first \$250,000 under management (.25% quarterly),  $\frac{3}{4}\%$  of the next \$250,000 under management (total assets from \$250,001 to \$500,000) (.1875% quarterly), and  $\frac{1}{2}\%$  of all assets above \$500,000 (.125% quarterly). Under unusual circumstances fees may be negotiated. Fees are payable in arrears, they are not payable in advance. With the client's consent, I may have fees deducted from assets held in client accounts with Charles Schwab & Co., Inc. (see Item 12. Brokerage Practices, below). I do not charge fees for assets for which I do not make investment recommendations. I am not a stockbroker or an insurance broker and receive no commissions from the sales of the products I recommend. I receive no referral fees, nor do I split fees with other professionals. My fees are separate from, and in addition to, any advisory fees charged by the mutual funds I recommend. Clients may pay commissions on transactions I recommend that are executed by Charles Schwab & Co., Inc. (see Item 12. Brokerage Practices, below.) Clients can generally purchase the investments I recommend through brokers other than Charles Schwab & Co., Inc.

When I act as an investment adviser, I must act in the client's best interest and not put my interest ahead of theirs. At the same time, the way I make money creates some conflicts with their interests. As an example, as an adviser that charges an asset-based fee, the more assets there are in a client's advisory account, the more I receive in fees. I therefore have an incentive to encourage clients to increase the assets in their account. Other examples of conflicts of interest are discussed in Items 12 and 14 below. Clients should understand and ask me about these conflicts because they can affect the investment advice I provide.

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

This Item does not apply to my business.

#### Item 7. Types of Clients

With the exception of one pro bono client, a nursery school, I provide services only to individuals.

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

I generally recommend only the purchase of no-load mutual funds, unless the client's choice of investments is limited (investment choices offered at work, for instance). I explain to all my clients that investment in mutual funds (and other securities) carries the risk of substantial loss of principal, and that investors must be willing to hold on to investments for long periods of time to ride out periods of volatility. I explain to my clients that the mutual funds I recommend have long term time horizons for the realization of gains. I often explain that I do not know what the markets will do in the short run. I inform my clients that, as I noted in Item 5. Fees and Compensation above, my fees are separate from, and in addition to, any advisory fees charged by the mutual funds I recommend.

I am a "value" investor, as distinguished from a "growth" investor. This distinction is overused and often misapplied. Using a variety of valuation techniques, some companies, "growth" companies, are more expensive than others. This is often because they are better companies, or more specifically, have better growth prospects. Technology companies are often examples of growth companies because they have the potential to increase in size dramatically over time as contrasted with, say, cement companies. These more expensive companies are often "sexier" companies with high expectations and a great deal of hype. They are companies which must do extraordinarily well to justify their prices and which correspondingly have the potential to greatly disappoint. During the technology bubble in the late 1990's, many growth companies, and particularly technology companies, were priced as though they would grow at astonishing rates. Many of these plunged or outright disappeared when things went wrong.

Value stocks are less likely to drop dramatically, even if they are less likely to soar. They may grow more slowly and be less sexy than growth stocks. But they are also more susceptible to analysis—they are understandable. This means that well-done fundamental research can provide a high likelihood of doing well over time. The funds I invest in generally are characterized by price discipline. They rarely buy expensive fare and will often hold cash waiting for opportunities to arise. They tend to do better in down markets and choppy markets, but to trail strong Bull markets. I am not dogmatic about this approach but this is certainly how I lean. I do not do any "momentum" investing or employ any high volume trading strategies.

While I am generally a long term investor who does not change positions frequently, I do pay attention to what is going on in the world and may lean more heavily towards safety (as at the end of the tech bubble or during the 2008 meltdown) or opportunity (as right before the Iraq war). I also make changes

when fund characteristics change or because I wish to lean more heavily towards stocks or bonds, or among the asset classes within those broad categories.

I use information from the financial media, materials prepared by fund companies, regulatory filings and rating services. With respect to mutual funds in particular, I use the Morningstar Mutual Funds information service to find well-run funds with an approach compatible with mine. I consider the level of expenses the funds' incur, the quality and experience of their management, the level of assets under management and the funds' performance track record, among other things.

#### Item 9. Disciplinary Information

No disclosure is required under this item.

#### Item 10. Other Financial Industry Activities and Affiliations

No disclosure is required under this item.

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

I have adopted a Code of Ethics that sets forth standards of conduct expected of me; requires compliance with Federal securities laws; and addresses conflicts that might arise from any personal trading activities. The Code of Ethics is available to any client or prospective client upon request.

At times I take positions in the same securities I recommend for clients, and will try to avoid conflicts with clients. I will generally be 'last in' and 'last out' for the trading day when trading occurs in close proximity to client trades. I will not violate my fiduciary responsibility to my clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

#### Item 12. Brokerage Practices

The Custodian and Brokers I Use

I do not maintain custody of your assets, although I may be deemed to have custody of your assets if you give me authority to withdraw assets from your account (see Item 15 Custody). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. I recommend that my clients use Charles Schwab & Co., Inc (Schwab), a registered broker-dealer, member of SIPC, as the qualified custodian.

I am independently operated and am not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when you or I (if you have so authorized) instruct them to. While I recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

I do not open the account for you, although I may assist you in doing so. Even though your account is maintained by Schwab, and we anticipate that most trades will be executed through Schwab, I can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

#### How I Select Brokers/Custodians

I recommend Schwab, a custodian/broker who will hold your assets, and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, I take into account a wide range of factors, including:

- \* Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- \* Capability to execute, clear, and settle trades (buy and sell securities for your account)
- \* Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- \* Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETF's), etc.)
- \* Availability of investment research and tools that assist me in making investment decisions
- \* Quality of services
- \* Competitiveness of the prices of those services (commission rates, margin interest rates, other fees, etc.)
- \* Reputation , financial strength, and stability
- \* Prior service to me and my other clients
- \* Availability of other products and services that benefit me, as discussed below (see "Products and Services Available to Me From Schwab")

#### Your Brokerage and Custody Costs

For my clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services but is compensated by charging you commissions or other fees on trades that it executes. Certain trades (for example, many mutual funds and ETF's) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

I am not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although I am not required

to execute all trades through Schwab, I have determined that having Schwab execute most trades is consistent with my duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How I select broker/custodians”). By using another broker or dealer you may pay lower transaction costs.

#### Products and Services Available to Me from Schwab

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like mine. They provide me and my clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through me. Schwab also makes available various support services. Some of those services help me manage or administer my clients’ accounts, while others help me manage and grow my business. Schwab’s support services are generally available on an unsolicited basis (I do not have to request them) and at no charge to me. Following is a more detailed description of Schwab’s support services:

#### Services That Benefit You

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which I might not otherwise have access or that would require a significantly higher minimum initial investment by my clients. Schwab’s services described in this paragraph generally benefit you and your account.

#### Services That Do Not Directly Benefit You

Schwab also makes available to me other products and services that benefit me but do not directly benefit you or your account. These products and services assist me in managing and administering my clients’ accounts and operating my firm. They include investment research, both Schwab’s own and that of third parties. I may use this research to service all or a substantial number of my clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- \* Provide access to client data (such as duplicate trade confirmations and account statements)
- \* Facilitate trade execution
- \* Provide pricing and other market data
- \* Facilitate payment of my fees from my clients’ accounts
- \* Assist with back-office functions, recordkeeping, and client reporting

#### Services That Generally Benefit Only Me

Schwab also offers other services intended to help me manage and further develop my business enterprise. These services include:

- \* Educational conferences and events
- \* Consulting on technology, compliance, legal and business need
- \* Publications and conferences on practice management and business succession

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to me. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. I have used each of the services listed above from time to time to help manage my business.

#### My Interest in Schwab's Services

The availability of these services from Schwab benefits me because I do not have to produce or purchase them. I do not have to pay for Schwab's services. These services are not contingent upon me committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that I receive these services is an incentive for me to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. I believe, however, that taken in the aggregate, my selection of Schwab as custodian and broker is in the best interests of my clients. My selection is primarily supported by the scope, quality and price of Schwab's services (see "How I select brokers/custodians" above in this Item) and not Schwab's services that benefit only me.

#### Item 13. Review of Accounts

See Item 4. Advisory Business.

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

I receive an economic benefit from Schwab in the form of the support products and services it makes available to me and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, I benefit from the referral arrangement because the cost of these services would otherwise be borne directly by me. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit me, and the related conflicts of interest are described above (see Item 12. Brokerage Practices).

#### Item 15. Custody

Under government regulations, I am deemed to have custody of your assets if, for example, you authorize me to instruct Schwab to deduct my advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You



should carefully review those statements promptly when you receive them. I also urge you to compare Schwab's account statements to the periodic reports you receive from me.

Item 16. Investment Discretion

This Item does not apply to my business.

Item 17. Voting Client Securities

I do not accept authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent, not from me. Clients are encouraged to call or email me to discuss any such proxy or solicitation.

Item 18. Financial Information

No disclosure is required under this item.

Item 19. Requirements for State-Registered Advisers.

This Item does not apply to my business.

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BROCHURE SUPPLEMENT FOR STAN MONK  
Securities and Exchange Commission Form ADV Part 2B  
Dated February 21, 2020

This brochure supplement provides information about Stan Monk that supplements his brochure. You should have received a copy of that brochure. Please contact Mr. Monk if you did not receive his brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Monk is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Educational Background and Business Experience

I was born on October 31, 1949 in Mescalero, New Mexico. I was a National Merit Scholar and attended Columbia College (B.A. 1971), Columbia Business School (M.B.A. 1976) and Columbia Law School (J.D. 1983). I also studied at the Graduate School of Political Science of the University of Chicago during 1971-1972. From 1976 to 1980, after graduating from business school and before entering law school, I was an auditor for Price Waterhouse & Co. I am a Certified Public Accountant (non-practicing). After law school, I worked for four years at a mid-town Manhattan law firm, Spengler Carlson et al, where I practiced corporate and securities law. Moving to Prudential Insurance in 1987, I served primarily as counsel to a group of independent Prudential investment management subsidiaries. In 1989, I left Prudential and established my own company, Monk Trading Incorporated, and became a market maker in equity options on the floor of the American Stock Exchange. In 1991, I started a financial planning and money management business, which I have continued full time through the present date. I have completed the NYU Financial Planning Program (where I subsequently taught Investments) and am a Certified Financial Planner. I am the former Chairman of the Board and President of the Metropolitan New York Chapter of the Institute of Certified Financial Planners. I have participated in various industry programs and panels, and have appeared as a guest on CNBC.

## Item 3. Disciplinary Information

No disclosure is required under this item.

## Item 4. Other Business Activities

No disclosure is required under this item.

## Item 5. Additional Compensation

No disclosure is required under this item.

## Item 6. Supervision

This Item does not apply to my business.

## Item 7. State-Registered Advisers

This Item does not apply to my business