

**Item 1 –Cover Page**

**Brochure (Form ADV Part 2A)**

**STW Associates**

**PO Box 597**

**Ross, CA 94957**

**415 460-6416**

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This Brochure provides information about the qualifications and business practices of STW Associates. If you have any questions about the contents of this Brochure, please contact us at 415 460-6416 or stwassoc@gmail.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

## **Item 2 – Material Changes**

None

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#### **Item 4 – Advisory Business**

STW Associates provides individuals with personal financial planning and investment management services. It was organized as a Corporation in 1997. The firm had operated as a sole proprietorship since it first began business in 1989. Stefan Williams, who owns 100% of the firm, is its sole advisor and investment advisor representative.

STW Associates operates on a strict fee-only basis. As such, it does not sell any products such as annuities, insurance, stocks, bonds, limited partnership interests, mutual funds or any other financial product. No commissions or referral fees are accepted.

STW Associates provides clients with individualized personal financial planning and investment management. It assists clients with organizing financial data and in articulating current, longer-term and testamentary goals. The firm may provide recommendations as to various courses of action to undertake and may provide specific investment advice including asset allocation and specific security selection. Services generally include an annual tax and financial update as well as ongoing monitoring of the investment portfolio. Under a limited power of attorney, the firm may execute security transactions on behalf of a client. Such transactions will only be undertaken subsequent to receiving client approval of the specific recommendation (i.e. on a non-discretionary basis). All personal financial planning and investment management services are tailored to meet individual client needs based upon the client's unique circumstances. Referrals to other professionals (e.g. estate planning attorneys, CPA's and insurance professionals) are generally made, depending on client specific circumstances. STW Associates does not accept any form of remuneration when referrals are made to others.

Investment recommendations generally include construction of portfolios consisting of mutual funds and exchange-traded funds ("ETF"). Other investment vehicles, including but not limited to closed end funds, money market accounts, individual stocks, separately managed accounts, limited partnership interests, annuities, options, warrants, exchange-traded notes and private investments have been included in client portfolios in the past although with far less frequency than mutual funds and ETF's. Clients may impose reasonable restrictions on the firm to limit recommendations for investing in certain securities or types of securities. STW Associates does not participate in wrap fee programs.

As of February 28, 2023, STW Associates had \$116.4 million of regulatory assets under management, all on a non-discretionary basis. Although the majority of client investment

assets are custodied at Charles Schwab & Co., Inc., STW Associates does not recommend or require any specific custodian for client assets.

## **Item 5 – Fees and Compensation**

STW Associates charges a retainer for its financial planning and investment management services. The retainer, agreed to in writing by the client and the firm, is dependent on many factors including the complexity of the client's situation, the client's income, net worth and investment asset base. The retainer is generally in effect for a 12 month period after which time a new retainer amount may be agreed upon. The retainer covers the financial planning and investment management services performed by STW Associates for the client. All fees are subject to negotiation.

STW Associates bills its retainer on a quarterly basis at the end of the quarter, i.e. in arrears. Clients generally authorize STW Associates to directly debit fees from their accounts. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

STW Associates' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to STW Associates' fee, and STW Associates does not receive any portion of these commissions, fees, and costs. See Item 12 for Brokerage Practices.

## **Item 6 – Performance-Based Fees**

STW Associates does not charge any 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**

STW Associates generally provides financial planning and investment management services to individuals. Virtually all clients are high net worth individuals. By design, STW Associates has a limited clientele, numbering less than twenty. The firm is not actively seeking new clients.

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

Security analysis may include fundamental analysis, technical analysis, cyclical analysis and charting. Common sense also comes into play (nothing goes up forever). Major sources of information include newspapers, financial publications, Morningstar offerings including Advisor Workstation and research reports and commentary on the internet. Investing involves risk of loss that clients should be prepared to bear.

The primary investment strategy used on client accounts is strategic asset allocation. Portfolios are globally diversified to help control the risk associated with traditional markets. Individual investment positions may be held in the portfolio for extended periods. Market timing is not an approach that the firm typically relies upon.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change those objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Investing involves loss that clients should be prepared to bear. Investors face the following investment risks:

**Interest rate risk:** Fluctuations in interest rates may cause securities prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing the market value of those bonds to decline.

**Market risk:** The price of a security, bond, mutual fund or other security may decline in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year. The purchasing power of that dollar is eroding at the rate of inflation.

**Currency risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily related to fixed income securities.

**Business risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity regardless of what the economic environment is.

**Liquidity risk:** Liquidity is the ability to readily convert an investment into cash. Generally assets are more liquid if many traders are interested in a standardized product. As an example, Treasury Bills are highly liquid while real estate properties are not.

**Financial risk:** Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of the obligation in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in a declining market value or even bankruptcy.

## **Item 9 – Disciplinary Information**

Neither the firm nor any employee has been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

STW Associates is currently registered with the Securities and Exchange Commission with notice filings to the state of California, in which it has its principal place of business. Registration does not imply a certain level of skill or training. It is simply a registration. The firm has no arrangements or affiliates that are material to its business or its clients.

## **Item 11 – Code of Ethics**

STW Associates has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees of STW Associates must acknowledge the terms of the Code of Ethics annually, or as it is amended.

STW Associates' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at 415 460-6416 or at stwassoc@gmail.com.

STW Associates and its employees may buy or sell securities that are also held by clients. In accordance with the Code of Ethics, employees may not trade their own securities ahead of (before) client trades because the employee trade may move the price of the security up or down, negatively affecting the client. As a practical matter, employee trades are generally not large enough to impact the securities markets.

## **Item 12 – Brokerage Practices**

STW Associates does not have any affiliation with product sales firms. STW Associates seeks to use a custodian who will hold client assets and execute transactions on terms that are, overall, advantageous when compared to other available providers and their services. Such factors may include a combination of transaction execution services and asset custody



(generally without a separate fee for custody), the capability to execute, clear and settle trades, the capability to facilitate transfers and payments to and from accounts, the breadth of available investment products, the quality of services, the competitiveness of the price of those services, reputation, financial strength and stability, prior service to us and our clients and availability of other products and services that benefit us. Although the majority of client assets are custodied at Charles Schwab & Co. Inc., ("Schwab"), STW Associates does not recommend, request or require that clients maintain custody of assets at any particular broker-dealer. STW Associates is independently owned and operated and not affiliated with Schwab.

Schwab provides STW Associates, without cost, with access to its institutional trading and custody services and to various software products that, among other items, allows the firm to execute trades in client accounts, download and track client data, assists in portfolio management reporting and allows billing client accounts. These services and products are generally available to independent investment advisors and are not contingent upon STW Associates committing to Schwab any specific amount of business (assets in custody or level of trading) although a fee may be charged to STW Associates if client assets custodied at Schwab fall below a certain threshold. STW Associates has no other soft dollar arrangements with Schwab or with any other custodian.

STW Associates has not aggregated trades. Its client base is small, trades are infrequent and each portfolio is different. Trades are individualized and not made on a firm wide basis.

### **Item 13 – Review of Accounts**

Accounts are reviewed periodically for performance and continued suitability. Investment reports are usually generated for internal use on a monthly basis. Reviews are also performed when conditions change (e.g., a new tax act has been signed into law, the client's situation changes, a significant addition to or withdrawal from the portfolio is anticipated) or to prepare for a client meeting (such meeting to be held either in person or on the phone). All reviews are performed by Stefan Williams.

Generally clients are provided with written annual updated financial information and projections including income tax forecasts, net worth calculations and cash flow statements. More frequent reports are common. In certain circumstances, clients may receive written investment position and performance reports instead of or in addition to the information mentioned above.

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

In the past referrals have come from current and former clients, friends and professional sources (attorneys, accountants, etc.). STW Associates does not compensate referring parties for these referrals.

#### **Item 15 – Custody**

STW Associates is registered with the SEC. The firm is deemed to have custody of assets solely as a result of the firm's clients having granted STW Associates the ability to debit its fees from the client's account. No other instance of custody is present. Clients should receive at least quarterly statements from the custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements that STW Associates may provide. Our statements and reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of various securities.

#### **Item 16 – Investment Discretion**

As a matter of practice, STW Associates has decided not to seek discretionary authority from clients. In essence this means that the firm must receive client approval for every trade before the trade is entered even though they have executed a limited power of attorney. The firm will provide the client with specific recommendations as to what will be bought/sold and how much. The client gives final approval before each trade is consummated.

#### **Item 17 – Voting Client Securities**

STW Associates does not vote proxies on securities. Clients retain the responsibility for receiving and voting proxies for securities in their portfolio. Upon request, the firm may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

STW Associates is not aware of any financial condition that is reasonably likely to impair the firm's ability from meeting contractual commitments to clients. The firm has never been the subject of a bankruptcy proceeding.

STW Associates does not require or solicit prepayment of \$1,200 or more per client six months or more in advance. Hence, a balance sheet is not required

#### **Item 19 – Requirements for State-Registered Advisers**