



Item 1 – Cover Page

## Castle Rock Investment Company

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Tel: 303.725.7086

Brochure date: 9/30/2014

This Brochure provides information about the qualifications and business practices of Castle Rock Investment Company (“Adviser”). If you have any questions about the contents of this Brochure, please contact us at (303) 725-7086 or [info@CastleRockInvesting.com](mailto:info@CastleRockInvesting.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.

Castle Rock Investment Company is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Castle Rock Investment Company (CRD #140299) is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 2 – Material Changes

This Item is to notify you of any specific material changes that are made to this Brochure dated September 30th, 2014 since its last update on March 18th, 2014 and provide you with a summary of such changes.

This Brochure, dated September 30th, 2014, is updated with revised assets under management, an inclusion of our new Retirement Transition Service, and removal of items required for state-registered investment advisors as we recently submitted an initial application for registration with the Securities and Exchange Commission.

Castle Rock Investment Company will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested at no charge by contacting Michele L. Suriano, President of Castle Rock Investment Company, at (303) 725-7086 or [msuriano@CastleRockInvesting.com](mailto:msuriano@CastleRockInvesting.com).



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#### **Item 4 – Advisory Business**

Castle Rock Investment Company was originally launched on April 17<sup>th</sup>, 2006 as Castle Rock Investment Consulting by Michele L. Suriano. On April 17<sup>th</sup>, 2008 the firm was incorporated as Castle Rock Investment Company (“Castle Rock”) and Michele L. Suriano is the sole owner.

Castle Rock Investment Company specializes in advising workplace retirement plans and its participants and provides Clients with investment advisory services that are tailored to their individual needs. Castle Rock Investment Company primarily recommends mutual funds, exchange traded funds, stable value contracts, and money market demand accounts. Depending on client circumstances, Castle Rock may also recommend collective investment trusts, group annuities, or synthetic annuity products if it is most appropriate to reach the client’s objectives.

Services include:

#### **FIDUCIARY SERVICES**

- (A) Non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan’s investment policies and objectives. Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options. Client shall also have the ability to communicate in advance what individual investments to exclude from consideration.
- (B) Assistance with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- (C) Assistance in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- (D) Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- (E) Meet with Client on a periodic basis to discuss the reports and the investment recommendations.
- (F) Non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative (“QDIA”) for participants who are automatically



enrolled in the Plan or who otherwise fail to make an investment election. The Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

- (G) Discretionary investment advice to the Client in accordance with the Plan's investment policies and objectives. Client shall delegate decision-making authority regarding the selection, retention, removal and addition of investment options to Castle Rock Investment Company.
- (H) Upon the Client's written request, the Adviser may provide participant investment advice for an additional fee. The scope of participant advice services and associated fees will be agreed upon in writing prior to the provision of advice.
- (I) Discretionary and non-discretionary investment advice to individuals transitioning into and throughout retirement.

#### NON-FIDUCIARY SERVICES

- (A) Assist in the education of the participants in the Plan about general investment principles and the investment alternatives available under the Plan. Client understands that Adviser's assistance in participant investment education shall be consistent with and within the scope of (d) (i.e., the definition of investment education) of Department of Labor Interpretive Bulletin 96-1.
- (B) Assist in the group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- (C) Perform analysis of the fees and expenses associated with the investments and the service providers.
- (D) Perform provider searches and analysis of services provided by bundled providers, record keepers and other service providers.
- (E) Perform benchmarking services, and provide analysis concerning the operations of the Plan and the retirement readiness of the participants in the Plan.
- (F) Guidance on social security strategies, Medicare planning, guidance on long-term care, and coordinate estate planning support.

As of September 30<sup>th</sup>, 2014 Castle Rock Investment Company manages approximately \$142,971,839 for its clients on a non-discretionary basis and \$3,287,349 on a discretionary basis. Castle Rock Investment Company does not participate in any wrap fee programs.

#### **Item 5 – Fees and Compensation**



All fees are subject to negotiation.

The specific manner in which fees are charged by Castle Rock Investment Company is established in a client's written agreement with Castle Rock Investment Company. Castle Rock Investment Company will generally bill its fees on a quarterly basis in advance each calendar quarter. Clients may elect to pay the fees directly or authorize the fees be paid from the retirement plan.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. The quarterly fee will be divided by the number of days in the quarter to determine the pro rata charge. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Castle Rock Investment Company's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment 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 Castle Rock Investment Company's fee, and Castle Rock Investment Company shall not receive any portion of these commissions, fees, and costs. See Item 12.

The basic fee schedule is an annual flat base fee of \$10,000- \$50,000 depending on the services provided to the client. Clients are billed quarterly in advance and any unused portion is rebated in the event the contract is terminated. Either party may terminate the contract with 30 days written notice. The minimum quarterly fee of \$2,500 could be considered excessive for small retirement plans and the client may be able to find these services for a lower fee in the marketplace.

Castle Rock Investment Company may charge an hourly fee for services provided. The hourly fee for general enrollment and education is \$150 per hour. In some cases Castle Rock Investment Company provides one-on-one advisory services to participants in retirement plans and the charge is \$200 per hour for that service. Retirement Transition Services are provided for \$250 per hour. No service will be initiated prior to written confirmation of agreement between all parties involved.

Michele L. Suriano, the owner of Castle Rock Investment Company, maintains an insurance license and may earn commissions from the sale of life and health insurance; however, she has not sold an insurance product or recommended one as an investment option in the past and does not intend to sell any in the future. The reason Ms. Suriano invests the time and money necessary to maintain an insurance license is to



have full access to information on new defined contribution investment options that include an insurance feature (i.e. guaranteed minimum withdrawal benefit). My insurance license creates a conflict of interest when insurance products are recommended to advisory clients even though all fees paid to Castle Rock Investment Company are paid directly by you, the Client, and the firm has never and will never be paid by the investment options offered in a plan.

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

Castle Rock Investment Company 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**

Castle Rock Investment Company provides investment advice to U.S. corporate, governmental, and non-governmental tax-exempt defined contribution retirement plans. We also provide retirement transition services to individuals entering into and throughout retirement. No minimum account balance is required.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Castle Rock Investment Company does not have a specific investment strategy that it employs with every client. As most plans are participant-directed, it is important to understand the client's knowledge of the demographics and culture of their firm and employees. After the client has communicated the needs of their employees Castle Rock Investment Company can begin the work to recommend suitable designated investment alternatives.

Quantitative analysis is the first method used to analyze the universe of investments to select from. Each investment option will be chosen on the basis of its compatibility with plan objectives, participant demographics, and participant interest. Below is a sample due diligence criteria used in screening each investment option.

1. *Regulatory oversight:* Each investment option should be managed by: (a) a bank; (b) an insurance company; (c) a registered investment company (mutual fund); or, (d) a registered investment adviser.



2. *Correlation to style or peer group:* The investment option should be highly correlated to the asset class being implemented. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the investment option to the appropriate peer group. The fund's category and current style box should be the same.
3. *Performance relative to a peer group:* The investment option's performance should be evaluated against the peer group's median manager return, for 1-, 3- and 5-year cumulative periods and rank within the top half of its peer group.
4. *Performance relative to assumed risk:* The investment option's risk-adjusted performance (Alpha and/or Sharpe Ratio) should be evaluated against the peer group's median manager's risk-adjusted performance and should fall in the top half of the category.
5. *Minimum track record:* The investment option should have sufficient history so that performance statistics can be properly calculated. The product's inception date should be greater than three years.
6. *Assets in the product:* The investment option should have sufficient assets so that the portfolio manager can properly trade the account. The investment options should have at least \$75 million under management (can include assets in related share classes).
7. *Holdings consistent with style:* The underlying securities of the investment option should be consistent with the associated broad asset class. At least 80% of the underlying securities should be consistent with the broad asset class. For example, a Large-Cap Growth product should not hold more than 20% in cash, fixed income and/or international securities.
8. *Expense ratios/fees:* The investment option's fees should be fair and reasonable. Fees should not be in the bottom quartile (most expensive) of the peer group.
9. *Stability of the organization:* There should be no perceived organizational problems. The same Plan management team should be in place for at least two years (waived for a new class of shares of an existing portfolio or passively managed index fund).

Castle Rock Investment Company also applies qualitative analysis and industry knowledge gained from more than a decade of investment selection to assist clients in narrowing and selecting the most appropriate investments to fulfill their objectives and risk tolerance.

All investments have risks associated with them. The risks associated with investing on a worldwide basis include differences in regulation of financial data and reporting, currency exchange differences, and economic and political systems that may be different from those in the United States.

If a Money Market is an available investment option, an investment in the Money Market account is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the account seeks to maintain a stable unit value, it is possible to lose money by investing in the Money Market account.





Bond funds tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environment of rising interest rates.

High yield bonds are high risk securities that are rated below investment grade by the primary rating agencies. Other terms used to describe such securities include “lower rated bonds,” “non-investment grade bonds” and “junk bonds.” Such bonds may be sensitive to economic changes, political changes, or adverse developments specific to the company that issued the bond. These securities generally have a greater credit risk than other types of fixed-income securities.

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of stock mutual funds will fluctuate as the value of the securities in the portfolio changes. Common stocks, and funds investing in common stocks, generally provide greater return potential when compared with other types of investments.

Investing in micro, small and mid-cap companies may involve greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity.

Sector funds may experience greater short-term price volatility than more diversified equity funds, and are more suitable for the aggressive portion of an investment portfolio.

The investment return and principal value of investments will fluctuate and may be worth more or less than their original cost when redeemed. Past performance does not guarantee future results.

### **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 Castle Rock Investment Company or the integrity of Castle Rock Investment Company’s management. Castle Rock Investment Company has no information applicable to this Item.

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

Castle Rock Investment Company and its management have no other financial industry activities or affiliations to report.



## Item 11 – Code of Ethics

Castle Rock Investment Company has adopted the Code of Ethics promulgated by the Center for Fiduciary Studies for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. All supervised persons at Castle Rock Investment Company must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Accredited Investment Fiduciary® Code of Ethics**

I recognize that this Code of Ethics, and its principles and obligations, are in addition to those set forth by any other Code that governs my professional and ethical conduct.

To my clients, I will:

1. Employ and provide the client information on the Practices defined by the Foundation for Fiduciary Studies when serving as an investment fiduciary and/or advising other investment fiduciaries.
2. Act with honesty and integrity and avoid conflicts of interest, real or perceived.
3. Ensure the timely and understandable disclosure of relevant information that is accurate, complete, and objective.
4. Be responsible when determining the value of my services and my form of compensation; taking into consideration the time, skill, experience, and special circumstances involved in providing my services.
5. Know the limits of my expertise, and refer my clients to colleagues and/or other professionals in connection with issues beyond my knowledge and skills.
6. Respect the confidentiality of information acquired in the course of my work, and not disclose such information to others, except when authorized or otherwise legally obligated to do so. I will not use confidential information acquired in the course of my work for my personal advantage.
7. Not exploit any relationship or responsibility that has been entrusted to me.

To my community (whether defined by work, family, and/or friends), I will:

1. Proactively promote and be a steward of ethical behavior as a responsible partner among my peers in the work environment and in my community.
2. Ensure that the overall promotion of my practice is implemented in the best interests of my profession.
3. Seek, accept, and offer honest criticism of technical work; acknowledge and correct errors; and properly credit the contributions of others.
4. Use corporate assets and resources employed or entrusted to me in a responsible manner.
5. Continue to improve my knowledge and skills, share ideas and information with colleagues, and assist them in their professional development.



Castle Rock Investment Company's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michele L. Suriano.

#### **Item 12 – Brokerage Practices**

Due to the independent nature of the services provided, Castle Rock Investment Company does not select or recommend broker-dealers for client transactions and receives no compensation directly or indirectly from broker-dealers. No conflict of interest exists since Castle Rock Investment Company receives 100% of its compensation directly from its clients and does not receive soft-dollar benefits.

Clients are allowed to direct brokerage and their direction of brokerage may result in higher commissions versus other broker dealers available. Castle Rock Investment Company does not aggregate trades because it does not have access to the trading platform that would allow it.

#### **Item 13 – Review of Accounts**

Quarterly reviews are delivered in writing in electronic format to each client on an ongoing basis. The quarterly electronic reports that Castle Rock Investment Company generates provide updated information on the investment performance, style drift, management tenure, risk measures and recommendations on suitability and fiduciary standards of care for the investment options available in the plan.

A representative of Castle Rock Investment Company provides ongoing quarterly and/or annual meetings with each client based upon their preference. At least one meeting, if not all, will be conducted in person each year.

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

Castle Rock Investment Company does not compensate any person for client referrals and does not have any solicitation agreements in effect. There are no potential conflicts of interest for clients served by Castle Rock Investment Company and its representatives.

#### **Item 15 – Custody**

Castle Rock Investment Company does not provide custody services. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains



client's investment assets. Castle Rock Investment Company urges you to carefully compare such statements against reports that are provided by Castle Rock Investment Company.

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

Castle Rock Investment Company does not accept discretionary authority from a client unless specifically requested and noted in the written contract for services. In such a case Castle Rock Investment Company will be granted a limited power of attorney in writing and exercise discretionary authority over the client's assets in a manner consistent with the stated investment objectives for the particular client account and under the fiduciary standards outlined in Employee Retirement Income Security Act of 1974, ERISA as amended.

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

As a matter of firm policy and practice, Castle Rock Investment Company does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Castle Rock Investment Company may provide guidance to assist clients regarding the clients' voting of proxies.

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

Registered investment advisers are required in this Item to provide you with certain financial information if you are required to prepay more than \$500 in fees, six months or more in advance. Castle Rock Investment Company does not bill more than 3 months in advance and, therefore, is not required to provide a balance sheet. Since Castle Rock Investment Company has discretionary authority for some accounts it is required to report that it has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

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

Identification of principal executive officers: Michele L. Suriano- President, born 1969.

Castle Rock Investment Company amended this ADV Part 2 for its initial registration with the Securities and Exchange Commission.