

CASTLEARK MANAGEMENT, L.L.C.

CASTLEARK ALTERNATIVES, L.L.C

**1 NORTH WACKER DRIVE, SUITE 3950
CHICAGO, IL 60606**

www.castleark.com

March 29, 2018

BROCHURE

This brochure provides information about the qualifications and business practices of CastleArk Management, L.L.C. and CastleArk Alternatives, LLC. If you have any questions about the contents of this brochure, please contact us at (312) 456-9682. 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.

CASTLEARK MANAGEMENT, L.L.C. and CASTLEARK ALTERNATIVES, LLC are registered with the SEC. Investment adviser registration does not imply a certain level of skill or training.

Additional information about CastleArk Management and CastleArk Alternatives also is available on the SEC's website at www.adviserinfo.sec.gov.

Material changes

There are no material changes to CastleArk's brochure from the previous version, dated May 2017.

TABLE OF CONTENTS

Item 1 – COVER PAGE	i
Item 2 – MATERIAL CHANGES.....	1
Item 3 – TABLE OF CONTENTS	1
Item 4 – ADVISORY BUSINESS	2
Item 5 – FEES AND COMPENSATION.....	4
Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
Item 7 – TYPES OF CLIENTS	7
Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	8
Item 9 – DISCIPLINARY INFORMATION.....	9
Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	9
Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	9
Item 12 – BROKERAGE PRACTICES	11
Item 13 – REVIEW OF ACCOUNTS.....	13
Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	14
Item 15 – CUSTODY.....	14
Item 16 – INVESTMENT DISCRETION	14
Item 17 – VOTING CLIENT SECURITIES	14
Item 18 – FINANCIAL INFORMATION.....	15

Item 4 - ADVISORY BUSINESS

CastleArk Management, L.L.C. is an independent, employee-owned investment manager to institutional clients, with an emphasis on equity growth strategies. CastleArk was founded in 1999. Beginning in 2013, CastleArk has broadened its employee-ownership base. The company is governed by its executive committee, which includes one of its co-founders, Jerome Castellini, and its CEO, Kevin Dolsen. Castellini also owns the majority interest in CastleArk Alternatives, LLC (prior to 2017, "C2 Asset Management, LLC"), which has been in existence since 2005 and is adviser or general partner to unregistered private (alternative investment) funds it sponsors.

CastleArk Management and CastleArk Alternatives are separate and distinct companies that may have differing investment goals, capabilities and functions. The companies generally have the same policies and procedures and share senior management teams. Unless otherwise noted or the context otherwise requires, this brochure describes common policies and procedures of the companies. Throughout this brochure, unless the context otherwise implies, the use of the term "CastleArk" alone is generally in reference to practices of both companies.

Investment strategies overview

CastleArk provides investment advisory services to institutional separately managed accounts, registered funds and collective trusts by implementing strategies that are designed to generate superior returns over time. The goal of all of our investment strategies is to out-perform market benchmark returns over time.

We manage portfolios and offer investment advisory services to institutional investors, for U.S. and non-U.S. equity strategies. CastleArk manages diversified growth investment styles and also energy sector and energy sub-sector strategies. Diversified growth equity strategies include U.S. large cap, mid cap, smid cap and small cap growth and international small cap growth, plus a U.S. all cap growth strategy that employs all of our U.S. growth strategies. CastleArk also manages separate energy sector strategies. Finally, we manage fixed income portfolios with a core bond strategy, plus a balanced strategy, which combines U.S. growth equity and core bond strategies. All of CastleArk's investment strategies are based upon time-tested processes for constructing portfolios. Our portfolio management teams use criteria which have been developed in-house, along with fundamental research, including research provided by third parties, to build and maintain the investment strategies we provide.

CastleArk generally manages all client accounts in one strategy the same, such that within in any investment strategy that we offer, all client accounts typically hold the same securities. We do, however, adhere to restrictions a client may impose on the holding of certain securities, which can result minor differences from time to time among client accounts in the same strategy. See below.

Asset allocation

CastleArk may provide asset allocation services. For selected clients, CastleArk may advise as to the appropriate allocation of their assets among equity securities strategies or other asset classes.

From time to time CastleArk may recommend to a separately-managed account client that it invest in a private fund sponsored by CastleArk Alternatives. Any such recommendation could carry the risk of a conflict of interests. See below at Item 11 for our approach to monitor and mitigate such conflicts.

Alternative investment strategies

CastleArk Alternatives provides investment advisory services to alternative investment funds that are exempted from registration as investment companies under section 3(c)(7) of the Investment Company Act of 1940, as amended. Fund strategies include a global energy strategy and a volatility strategy.

Separately managed account services

CastleArk Management generally provides its services on a fully discretionary basis to separately managed accounts. Services are provided under the terms of an advisory agreement between CastleArk and the client. The advisory agreement generally permits either the client or CastleArk to terminate the arrangement at any time after advance written notice to the other party. Typically, separately managed account clients establish their own investment guidelines and restrictions for their accounts, and those guidelines are usually compatible with our own guidelines, which we apply to all accounts in a strategy, by default. CastleArk permits customization of an account's guidelines to meet the particular needs of a client, as long as we believe such customization will not significantly impair our ability to implement the strategy.

Funds

In addition to the separately managed account services, CastleArk Management provides advisory or subadvisory services to mutual funds. Information about these funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus.

CastleArk also provides advisory or subadvisory services to other investment funds such as collective investment trusts and other types of pooled vehicles. Additional information concerning these funds is generally included in the relevant offering documents.

Model portfolio

A model portfolio may be provided by CastleArk to a select number of clients without exercising investment discretion or trading the accounts. For those clients, no amount of assets under management is included below in discretionary assets under management.

Investment restrictions

CastleArk generally provides investment management services in accordance with applicable investment guidelines and restrictions, including restrictions on investing in certain securities, or types of securities or other financial instruments. CastleArk uses both automated and manual processes to manage portfolios in accordance with their stated portfolio investment guidelines and restrictions.

CastleArk can normally accommodate reasonable requests by clients to restrict their accounts from owning investments that the client account is not permitted to own or that they wish not to own. In those cases, a particular client account usually holds the same investments as other client accounts in the same strategy, except for any holding that is restricted for that particular client. For any account that is affected by a client restriction, CastleArk cannot necessarily achieve the same performance as that of unrestricted accounts for the same strategy.

Nevertheless, we seek to maximize returns for all client accounts, including accounts with restrictions.

Services between affiliated advisers

CastleArk Alternatives may use the services of appropriate personnel of CastleArk Management for investment advice, portfolio execution and trading, and client servicing. Arrangements between CastleArk Management and its affiliate may take a variety of forms, including delegation agreements or informal servicing arrangements. This practice is designed to make CastleArk's capabilities available to clients of its affiliate as efficiently as possible. In these circumstances, CastleArk Alternatives remains fully responsible for the account from a legal and contractual perspective. No additional fees are charged for the affiliate's services.

Assets under management

CastleArk Management and CastleArk Alternatives only manage client portfolios on a discretionary basis.

Assets under management, as of December 31, 2017, for CastleArk Management were approximately \$3.72 billion, and for CastleArk Alternatives, were approximately \$180 million. .

Item 5 - FEES AND COMPENSATION

Fees for advisory services

CastleArk's advisory fees are set forth in each client's advisory agreement or as an attachment to the agreement. In general, our fees are based on the standard fee schedule in effect at the time of, or just prior to, the commencement of advisory agreement. Management fees are negotiated with many clients, however, and may therefore vary from the standard fee schedule. For comparable services, other investment advisers may charge higher or lower fees than we charge.

CastleArk Management generally charges investment advisory fees for its advisory services based upon the value of the assets under management. Separately managed account fees are usually calculated and assessed as of the end of the calendar quarter. Some clients have negotiated monthly fee assessments. Fees are subject to negotiation.

CastleArk Management's standard fee schedule

Discretionary investment management services:

Investment strategy:

Annual fee rate for assets under management:

Equities

Large Cap Growth

0.70% on the first \$25,000,000
0.60% on the next \$25,000,000
0.50% on the balance

Mid Cap and SMID Cap Growth

0.85% on the first \$25,000,000
0.75% on the next \$25,000,000
0.65% on the balance

<u>Investment strategy:</u>	<u>Annual fee rate for assets under management:</u>
Small Cap Growth	1.00%
International equities	1.25%
All Cap Growth	negotiable
Energy, including Global Energy and MLPs (energy infrastructure Master Limited Partnerships)	1.25% to 1.00%
<i>Fixed-income</i>	0.45% on the first \$25,000,000 0.30% on the next \$25,000,000 0.20% on the balance
<i>Balanced portfolios</i>	0.70% on the first \$25,000,000 0.60% on the next \$25,000,000 0.50% on the balance
Other services	
<i>Asset allocation</i>	if applicable, fees are generally incorporated in those for the included investment strategies
<i>Model portfolios (investment recommendations only)</i>	fees generally correspond to those that appear above for discretionary management
CastleArk Alternatives <i>Private funds</i>	fees and other applicable expenses are set forth in one or more of the fund's governing documents, investment management agreement or offering memorandum

Performance fees for separately managed accounts

CastleArk Management may enter into an advisory services agreement that includes a performance-based bonus fee. Under such an arrangement, CastleArk can earn compensation in addition to a percentage of assets under management, dependent upon the performance of the account. CastleArk earns additional compensation only if appreciation of the client account for a period exceeds the return for a specified benchmark index for the same period. CastleArk only agrees to performance-based fee arrangements that are permitted under relevant laws and regulations.

Management fees and performance fees for private investment funds

CastleArk Alternatives, LLC acts as investment adviser to private investment funds. Fees for those services are based on each investment fund's particular structure, investment process and

other factors. CastleArk Alternatives generally receives management fees and may receive an incentive fee or allocation (which may be received by an affiliate of CastleArk Alternatives) from each private fund. The amount and computational structure of management fees, as well as the incentive fee or allocation, may vary from fund to fund and is set forth in the prospectus or other relevant offering document for each fund. Certain investors that are invested in a private fund may pay higher or lower fees or may be subject to a higher or lower incentive allocation than similarly situated investors that are invested in the same private fund. Amounts may vary as a result of negotiations or other factors that may include the particular circumstances of the investor, the size and scope of the overall relationship, or as may be otherwise agreed with specific investors. Fees and allocations charged to investors may differ depending on the class of shares or other interests purchased. Management fees are generally charged and payable as of the end of each calendar quarter by the private fund on behalf of its investors based upon the net asset value of the investor account in the fund. Performance fees are generally charged and payable annually, and are generally based upon exceeding a high water mark or hurdle, as described in relevant fund documents.

Calculation and deduction of advisory fees

Advisory fees for separately managed accounts are normally billed quarterly in arrears, based upon the market value of the account at the end of quarter. There are some variations on this method. For most accounts, after the end of the calendar quarter, CastleArk Management submits an invoice for fees. We do not have the ability to deduct fees from separately-managed client accounts. For a number of our client accounts, including ones that are registered funds and collective trusts to which we serve as adviser or sub-adviser, the fund management company or fund sponsor typically calculates fees owed CastleArk and submits payment to us.

Prepaid fees

In one case, CastleArk Management receives separately-managed account fee in advance. Should any fee received in advance become refundable, CastleArk will make payment of the refund without delay.

Other fees and expenses in connection with CastleArk's advisory services

Clients of CastleArk will incur fees and expenses other than investment advisory fees. These may include:

- Brokerage commissions;
- Markups, mark-downs and other amounts included in the price of a security;
- Custodian fees;
- Administrative fees;
- Interest charges;
- Odd-lot differentials;
- Transfer taxes;
- Wire transfer fees;
- Electronic fund fees;
- Exchange and SEC fees;
- Expenses assessed to holders of securities or other investments relating to litigation involving that security or investment; and
- US or foreign tax withholdings.

Additional information about transaction charges such as brokerage commissions is available in Item 12 – Brokerage Practices. Custodian fees and all other fees charged by service providers engaged by clients relating to their accounts are assessed by the custodian or other service provider and are not included in the advisory fees payable to CastleArk. See also Item 15 – Custody.

Underlying fund fees and expenses on private (alternative investment) funds. CastleArk Alternatives earns management and incentive fees from investors in the private funds it sponsors. All of the investors in its funds must meet the definition of ‘qualified client’ under the Investment Advisers Act. Fees that the funds charge to investors are disclosed in offering memoranda for the funds. Investors in those funds pay a pro rata share of other expenses of the funds, including auditing and administrative fees, all of which are disclosed in fund offering memoranda.

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CastleArk Alternatives normally can earn performance fees or allocations from the private funds it manages, while CastleArk Management may accept performance-based bonus fee arrangements for some of its clients. These kinds of arrangements could lead to conflict of interests. In performance-based fee arrangements, CastleArk’s interest in treating all clients fairly, and not favoring any client account over another, could be compromised because we might wish to favor the performance-based fee accounts over other accounts. By doing so, we might be able to earn the bonus fee for the favored accounts.

A combined trading policy for CastleArk Management and CastleArk Alternatives applies policies and procedures to address the risks posed by the potential conflicts of interests that arise from accounts that can earn performance fees potentially trading alongside those that do not. Accounts that are managed according to the same strategy are traded at the same time in one aggregated transaction (except for directed brokerage transactions, described below in 12). On rare occasions, opportunities to trade may be shared by separate strategies, including those of accounts that may be charged incentive fees and those that do not. In any such case all client accounts are allocated the opportunity in accordance with common trading policies and procedures that are carefully designed to treat all clients fairly.

We prohibit our portfolio managers from basing decisions to trade on favoritism, “window dressing,” or other practices that violate either applicable law or our fiduciary duties to our clients. To detect any such trading abuses, we use a compliance techniques to perform after-the-fact review of trading in client accounts. We pay special attention to the trading patterns of hedge fund traders.

Item 7 - TYPES OF CLIENTS

Types of clients

CastleArk provides investment advisory services to a variety institutional clients, but our clients are predominantly pension plans, including corporate plans and state and local government plans. We also serve as adviser or sub-adviser to investment companies and collective trusts. Our clients may also include foundations and corporate accounts, plus a few high net worth individuals. As mentioned above, CastleArk’s affiliated adviser CastleArk Alternatives, L.L.C. sponsors hedge funds for qualified investors.

Account requirements

The minimum account size for opening and maintaining a separately managed account by CastleArk Management is generally \$10 million. For investments in private funds managed by CastleArk Alternatives, the minimum is \$1 million. CastleArk may elect to waive, or to raise or lower the minimum account size for new accounts from time to time.

Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of analysis and material risks

Client accounts are generally actively managed under the responsibility of one or more portfolio manager. CastleArk portfolio management teams include one or more in-house analysts. Portfolio management teams interact to review market developments, opportunities and strategies.

The methods of analysis that CastleArk uses vary somewhat among the investment strategies that we use in managing client accounts. Common elements are our use of a bottom-up approach to constructing portfolios. All of our portfolio management teams conduct extensive research on individual companies, looking for opportunities to invest in companies that are expected achieve superior earnings growth and to out-perform their competitors. We supplement our internal research with external research from sources such as broker-dealers and third-party research firms. These sources typically provide data, research and analysis and may serve as a gauge of market consensus.

Generally speaking, investment opportunities drive portfolio construction. One consequence of this approach is that if a CastleArk portfolio manager perceives greater investment opportunities in a particular sector or industry, our portfolio could be more heavily invested in that sector or industry than the benchmark or peer group average for the strategy. Likewise, a CastleArk investment strategy may be less heavily invested in a particular sector if the portfolio management team perceives fewer attractive investment opportunities. For one or more of our strategies, another consequence of our approach is that our portfolio may hold fewer investments than the peer group average. In addition, for large cap and mid cap strategies, the average market capitalization of the holdings in CastleArk portfolios could be less than the benchmark or peer group average for the strategy.

No investment method is without risk. Clients should be prepared to bear the risk of investment losses that can result from investing in securities. CastleArk actively manages all of its investment strategies. As with any actively-managed strategy, one or more of CastleArk's strategies could fail to achieve the objective of superior returns over time.

A CastleArk investment strategy could be riskier than the average in our investment style peer group. One or more of our strategies could have greater than average risk because it may be over-weighted or under-weighted in one or more sectors compared to the benchmark or peer group average. One or more of CastleArk's investment strategies could also have greater than average risk because the CastleArk portfolios could be more concentrated, that is, hold fewer stocks than the peer group average. Or one or more of CastleArk's strategies may be riskier because the average market capitalization of the stocks in the CastleArk portfolios may be less than the benchmark or peer group average. CastleArk does not expect that over time the risk

profiles for its strategies will be materially different from the risk profiles for their strategy peer groups.

Some of CastleArk's strategies invest in non-U.S. markets. If the strategy invests a significant portion of its portfolio in stocks of a single country or region, the portfolio may be exposed to higher risks of loss. The returns for the strategies that invest in non-U.S. markets may be affected by fluctuations in currency exchange rates or adverse social, political or economic conditions in a particular country or region. If the portfolio is more geographically diversified, the risks are reduced.

Each of the investment strategies employed by CastleArk has a somewhat different risk profile. The investment strategies we offer are measured against a benchmark, generally a stock index. A prospective investor in a CastleArk strategy is provided historical performance information from which our strategy can be compared against its benchmark. Upon request, we can provide additional information that can shed light on the historical comparative risks of our strategy against the benchmarks and peer groups.

Specific investment strategies

Our energy strategies are limited to a single investment sector. Inherent in any such strategy is the risk that, as a whole, the sector in which the strategy invests will underperform the overall market. If that happens, it is more difficult for our strategy to achieve returns that match or exceed those of the overall market. Clients in any single-sector strategy should be aware that those strategies may be riskier than more diversified strategies.

Item 9 - DISCIPLINARY INFORMATION

CastleArk has no disciplinary information to report.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described above, CastleArk Management and CastleArk Alternatives are affiliated. Other than that relationship, including the relationship of the affiliated advisers to the private funds sponsored by CastleArk Alternatives, we have no other financial industry activities or affiliations.

Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of ethics

CastleArk's code of ethics is designed to meet or exceed the requirements imposed by rules under the Investment Adviser Act. Under CastleArk's code of ethics, we are required to place the interests of our clients ahead of our own. Our code of ethics describes the standards of conduct that all of our personnel must adhere to in undertaking services to our clients. The standards cover broad categories of business ethics, responsibilities and behavior. Detailed policies and procedures cover activities such as personal trading of CastleArk personnel and restrictions or prohibitions on the receipt of gifts and entertainment. Our code of ethics also prohibits conduct that violates the law, most notably that of trading on insider information. CastleArk's compliance officer is responsible for monitoring adherence to our code of ethics.

If you are a client or prospective client, and wish to obtain a copy of our code of ethics, you can receive one by requesting it from one of our client services team members or from your contact person at CastleArk.

Political Contributions

CastleArk has a “pay-to-play” policy which applies to all associates who make political contributions in the U.S. and includes the following requirements and restrictions:

- Bans most U.S. political contributions by CastleArk associates (including spouses and other family members or partners living in their home) above the minimum amounts of: US\$350 per candidate per election if the associate is eligible to vote for the election of that candidate and US\$150 per candidate per election if the associate is not eligible to vote for the election of that candidate.
- Requires pre-approval of all political contributions in the U.S., regardless of the amount of the contribution or to whom it's given, including those to candidates for federal, state and local office, state and local political parties and PACs. Associates will be required to obtain prior approval for all U.S. political contributions to the Compliance Department. Any violations of this policy can result in disciplinary action up to and including termination of employment.

Participation or interest in client transactions and personal trading

CastleArk officers and employees are permitted to buy and sell securities for their own personal accounts, provided they comply with pre-clearance and reporting requirements. They may also recommend those same securities, or exercise their discretion to purchase the securities for client portfolios that they are responsible for managing. CastleArk recognizes that personal trading always carries the potential for conflict of interest. An officer or employee of CastleArk could be motivated to trade on information about planned client trading, or could take an opportunity to trade ahead of our obligation to seek the best results for client accounts.

CastleArk personnel may only buy or sell securities for their personal accounts in accordance with restrictions under our code of ethics. The code generally prohibits all trades that could in any way affect the trades in any client account that we are responsible for managing. The code of ethics also prohibits our officers and employees from making profits on short term trading, and it prohibits any trading that violates any law, including the securities laws that prohibit insider trading.

CastleArk employees must pre-clear proposed personal securities transactions with CastleArk's compliance team. With limited exceptions, employee requests to trade will not be pre-cleared during black-out periods before and after client trades or where client trades are planned. Our compliance personnel monitor personal trading of all officers and employees of CastleArk. All employee personal brokerage account statements are required to be sent directly to the compliance department and activity must be reported after the end of every calendar quarter to the compliance department, and the compliance department reviews that activity for violations of CastleArk's code of ethics.

All CastleArk officers and employees are prohibited from accepting any gift of more than de minimis value. Violation of the prohibition on gifts and of any other prohibition in our code of ethics can subject any officer or employee of CastleArk to monetary sanctions or worse. Serious violations can result in dismissal.

Conflicts of interest

CastleArk strives to maintain a strong and ethical culture and continues to enhance controls it has in place to address potential conflicts of interest. These controls include our Code of Ethics which is acknowledged by all employees annually. The Code includes specific restrictions and procedures for managing potential conflicts of interests. CastleArk also maintains compliance and risk management committees. Finally, CastleArk recognizes that potential conflicts of interest exist in all businesses, and believes it is important to evaluate a firm's business model and the incentives it produces, along with the culture and controls, to ensure that potential conflicts are identified, prudently managed and, as appropriate, disclosed to clients and other interested parties. In addition to other potential conflicts discussed in this brochure, there are potential conflicts of interest between CastleArk Management, which generally serves separately-managed accounts clients and its affiliated adviser, CastleArk Alternatives, which manages alternative investment funds. They include, allocation of trading opportunities, selling of investments that the other may seek to purchase at or around the same time, and the offering of interests in affiliated Funds to clients of CastleArk Management,

Item 12 - BROKERAGE PRACTICES

Broker-dealer selection

CastleArk is not affiliated with any broker-dealer in securities.

CastleArk normally selects the broker-dealer for each client trade as part of its investment management responsibilities. In some circumstances, CastleArk may permit clients to direct brokerage, subject to limitations described below.

CastleArk has an obligation to all clients to seek to obtain best execution on securities transactions. We consider best execution to be the process of making client trades with the goal of the best overall results for client accounts. This means CastleArk takes into account more than commission rates.

Our approach to best execution. CastleArk generally does not believe that negotiating the lowest commission rate for every trade would be most effective in achieving overall best results. When we place trades, we take into account a number of factors: the broker's speed; reliability; trading expertise; responsiveness; ability to maintain confidentiality; financial stability and capability, including the availability of capital to commit to facilitate particular trades; access to secondary markets; fairness in resolving problems; and access to research and other portfolio management tools. Depending upon the security to be traded, the factors CastleArk takes into account may be given different weights. Over time, we develop experience and collect other information for the various broker-dealers we send trades to. We can immediately use that information when deciding where to send individual trades. Finally, we make formal assessments of all brokers periodically, and we will discontinue using brokers that do not provide quality execution.

Use of client commissions to obtain research and qualified brokerage services and the potential conflicts of interest. CastleArk receives research and other services from brokerage firms and from third parties that are paid for with client commissions. We receive only research and services that are included within Section 28(e) of the Securities Exchange Act and the interpretation of that the Act by the SEC. CastleArk uses the research and services for the benefit of client accounts. We use so-called "soft dollar" arrangements and commission sharing arrangements to apply a portion of client commissions on trades to the procurement of the

research and other services. In doing so, CastleArk receives a benefit because we do not have to produce or procure with our own funds the research, product or service. We are aware that some services that we receive through client trading could be acquired by paying for the service ourselves.

Processes and procedures aimed to assure our client's interests come first. CastleArk reviews in advance all proposed soft dollar or commission sharing arrangements for paying for research and other products and services with client commissions. We determine that what we pay for with client commissions includes only the kinds of products or services that are included within Section 28(e) and that the product or service will provide valuable and useful research or related services. The majority of the products and services that CastleArk receives are research and related tools that assist us in managing client accounts.

Research tools or services we receive include proprietary research provided by broker-dealers and third-party research, including written material and analyses, conversations with analysts at the research firms, and meetings with corporate management. Written materials include research and analysis of broad economic conditions and outlook, to industry-specific topical research, to reports on specific companies. Other products and services are research tools that provide continuously-updated financial news and information plus historical information. We also receive access to portfolio management tools that assist CastleArk in managing portfolio risk, for example, and qualified brokerage-related services that we use to facilitate client trading.

We obtain a limited number of products from client commissions that can be used for purposes other than investment management. In those cases, we assess the product to determine the portion that is for accounting or other non-investment management purposes, and pay for that portion from our own funds. In making the assessment, we recognize our responsibility to use client commissions solely for the benefit of clients. After assessing our use of the product, we may look at what our peers in the investment community have done, as a check on our assessment.

CastleArk may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in paying the lowest commission costs. Nevertheless, we believe we obtain better overall results for clients by not always seeking the lowest commission price.

We may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). CastleArk does not believe that client accounts would achieve the best returns if we merely focused our trading efforts on obtaining the lowest possible commission rates on all client trades. Instead, our approach toward best execution is to seek best overall results for our clients. That approach means we will pay higher commissions on some client trades. In return, our ability to manage client accounts is enhanced, and our clients receive a benefit greater than any additional costs. We are confident that we achieve higher returns for client accounts by obtaining valuable research and investment tools in exchange for client commissions.

Trading processes and procedures designed to assure we treat all client accounts fairly. All of our client accounts pay for, and all benefit from, the products and services CastleArk obtains through soft dollar or commission sharing arrangements. To assure that all client accounts are treated fairly, we routinely review trading costs to client accounts. We compare the amount of soft dollar trade costs to the size and trading activity of the client account. This is one of the ways CastleArk is able to determine that costs are shared fairly. We do not look for precise proportionality, because we believe fairness requires us to take other factors into consideration.

Over time, CastleArk determines that costs are shared in relation to asset level in the account, trading volume and other factors, such as the number of type of holdings in the account.

CastleArk follows procedures for executing trades, including procedures for directing transactions to broker-dealers that provide products and services in exchange for a portion of client commissions. Our trading procedures have the overall goal of obtaining best results for client accounts. We execute client trades through a number of brokers. This has several advantages, including the ability to compare services and to avoid risks of concentrating our reliance on any one broker. We also execute soft dollar and commission sharing trades with more than one broker.

Commission costs tend to be higher on soft dollar trades. CastleArk does not sacrifice quality of execution on such trades. Before we decide to execute soft dollar trades with a broker, we carefully assess the brokerage organization, including reputation and the assessments of our peers. We obtain high quality speed and price execution and we assess all trading activity on a regular basis. Together with our other trading processes, this assures that all of the brokers that we execute trades through deliver high execution quality. We may favor a broker-dealer for a portion of our client trades if the broker delivers research, including soft dollar research. CastleArk will discontinue sending trades to brokers, including brokers that execute soft dollar or commission sharing trades, if the broker does not continue to provide high quality services.

Aggregation of trades

CastleArk normally aggregates trades for all client accounts that are invested in the same investment strategy in a single block transaction. The price per share, including commission costs, is the same for all accounts in a block trade. There are circumstances, however, that will exclude certain client account trades that would otherwise be part of the block transaction.

Directed brokerage

CastleArk may permit a client to direct some of its own trades to a broker or brokers selected by the client in advance. Trades directed by a client are executed separately from the block trade in which they would normally be included. Any client that requests to direct some of its trades is advised that separation from the trade block may mean that CastleArk will not be able to achieve most favorable execution for those transactions. In other words, directing brokerage may cost clients more money. The directed client trade could be subject to higher brokerage costs than the trades in the aggregated transaction, and the directed trade could be executed at a less favorable price.

Item 13 - REVIEW OF ACCOUNTS

CastleArk reviews client accounts every business day. Account reviewers include the portfolio manager, analysts, and compliance personnel.

As part of our portfolio management process, portfolio managers and analysts review accounts daily. Our portfolios are also analyzed by compliance software on a daily basis. Regular, though generally less frequent reviews are done by senior investment management, accounting and compliance personnel. Regular, thorough reviews by Chief Investment Officer and others occur after the end of every calendar quarter.

We monitor closely whether client accounts are within our guidelines, as well as any client-imposed restrictions. When an account is close to a guideline or restriction threshold, a review is normally triggered. Independent compliance reviews are regularly done, on a schedule determined independently by the compliance officer.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

CastleArk does not pay third-party marketers for client referrals. Clients or prospective clients may choose to retain their own consultant or other agent to assist in selecting an investment manager. CastleArk does not pay any such agent for directing business to us.

Item 15 – CUSTODY

CastleArk does not maintain physical custody of its clients' assets. Client assets are typically held by a qualified custodian which is selected by the client and with which the client has a separate custody agreement. Nevertheless, CastleArk, through its affiliated adviser, CastleArk Alternatives, LLC, is deemed to have custody of certain client assets under Rule 206(4)-2 of the Investment Advisers Act. Under that rule, CastleArk Alternatives is deemed to have custody of client assets because it serves as general partner or manager for the pooled investment funds it sponsors. Clients invested in funds sponsored by CastleArk Alternatives should receive the fund's annual audited financial statements on a timely basis in accordance with Rule 206(4)-2.

Item 16 - INVESTMENT DISCRETION

All client accounts for which CastleArk has responsibility are managed by us with full investment discretion. Normally, our discretion in purchasing securities for investment in client accounts is restricted only by the investment strategy. In other words, we are permitted to purchase any security consistent with the strategy without prior approval. In a few cases, however, we are required to make investments with reference to a pre-approved list of securities.

Item 17 - VOTING CLIENT SECURITIES

Generally, CastleArk receives authority to vote securities in client accounts. In some cases, authority is retained by the client. We do not normally accept client instructions to vote in a particular solicitation, and we do not have procedures for accepting client voting instructions.

CastleArk will always use its best efforts to vote client securities solely in the interests of the clients who own of the securities, and we have policies and procedures for voting client securities that establish and maintain our responsibilities to do so. We make efforts to discover potential conflicts of interest between CastleArk employees and our clients as owners of the securities in client accounts. Proxy votes are cast by CastleArk's Proxy Designee.

When CastleArk votes client securities, we do in accordance to our proxy voting policies, with a goal of maximizing a company's shareholder value. In this process, we are not influenced by conflicts of interests. CastleArk's proxy voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6, usually support company management where the interests of management and shareholders are aligned. As to certain routine matters, CastleArk typically votes the same way. Nevertheless, similar proposals for different companies may receive different votes because of different corporate circumstances.

In the following kinds of routine matters, CastleArk usually votes:

- In favor of directors proposed by management in unopposed elections;
- In favor of increases in authorized capital;
- Against proposals to divide shareholder capital into classes;
- On a case-by-case basis as to merger and acquisition proposals;
- On a case-by-case basis as to restructuring and recapitalization proposals;
- In favor of proposals to provide director indemnification;
- In favor of proposals calling for a majority independent board;
- Against proposals to restrict employee compensation.

CastleArk's complete proxy voting policy includes details that also affect how we vote particular issues and how we address conflicts of interest. Our proxy voting policy sets out a documentation and approval process for votes that may be influenced by conflict of interest and all proxy votes are subject to a compliance review process.

Any client may, by request, obtain our complete proxy voting policies and procedures, as well as a record as to votes cast by CastleArk for shares owned by that client.

Item 18 - FINANCIAL INFORMATION

CastleArk will provide financial information (namely our audited balance sheet for the most recently-ended fiscal year) to any client from whom we receive fees in advance.