

Item 1: Cover Page

**Part 2A of Form ADV
Firm Brochure**

April 11, 2024

**ARK & TLK Investments, LLC
dba Castlepoint Wealth Advisors**

SEC File No. 801-96254

7308 N. Classen Blvd.
Oklahoma City, OK 73116

phone: 405-705-2906
website: www.castlepointwealth.com

This brochure provides information about the qualifications and business practices of Castlepoint Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at 405-705-2906. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Castlepoint Wealth Advisors is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. At this time, there are no material changes from the last annual update of this disclosure brochure issued on March 27, 2024.

You may also request a copy of our Disclosure Brochure at any time, by contacting Drew Garner at (405) 705-2906 and/or drew@cattlepointwealth.com. Our Brochure is also available on our web site at www.castlepointwealth.com free of charge.

Additional information about Castlepoint Wealth Advisors is also available via the SEC's website <http://www.adviserinfo.sec.gov>. The SEC's website also provides information about any persons affiliated with Castlepoint Wealth Advisors who are registered, or are required to be registered, as investment adviser representatives of Castlepoint Wealth Advisors.

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Item 4: Advisory Business

A. Ownership/Advisory History

ARK & TLK Investments, LLC, dba Castlepoint Wealth Advisors ("Castlepoint" or "firm"), is dedicated to providing individuals with a wide array of investment advisory services. Our LLC was formed in the State of Oklahoma in 2014. Our firm has been in business as an investment advisor since 2015. The primary shareholder is Kendall W. King.

This narrative brochure contains information regarding Castlepoint and the qualifications, business practices, and nature of advisory services that the firm provides. This information should be carefully considered before becoming an advisory client of Castlepoint.

Prior to engaging Castlepoint to provide services, clients are generally required to enter into an agreement with Castlepoint setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and specifying the portion of the fee that is due from the client prior to Castlepoint beginning services.

When Castlepoint provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Castlepoint makes money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

B. Advisory Services Offered

Wealth Management Services

Castlepoint's wealth management includes financial planning advice on investments, retirement planning, estate planning, tax planning, college savings, and insurance, as well as ongoing investment management oversight to client's accounts.

The client may engage Castlepoint to provide both ongoing financial consulting and investment management on a fee-only basis. This process is customizable to the unique needs of the client.

Castlepoint employs a comprehensive set of services that include retirement planning, investment planning, estate planning, tax planning, insurance planning, life planning, and charitable planning. We do not sell tax insurance or give legal advice, but we do coordinate and communicate with our client's professional advisors including attorneys, accountants, insurance agents, bankers, and others to meet the client's unique goals.

For its discretionary asset management services, Castlepoint receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure. Castlepoint primarily allocates investment management assets of its client accounts among various asset classes using mutual funds (and to a much lesser extent, among various individual debt and equity securities), on a discretionary basis, in accordance with the investment objectives of the client as set forth in an Investment Policy

Statement prepared by Castlepoint for review and acceptance by the client. Once the portfolio is constructed, Castlepoint provides ongoing supervision and rebalancing of the portfolio as changes in market conditions and client circumstances may require.

Clients have the right to provide the firm with any reasonable investment restrictions on the management of their portfolio, which must be in writing and sent to the firm. Clients must promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Castlepoint will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Castlepoint will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

Use of Sub-Advisers

At times, and when in the client's best interest, Castlepoint will recommend that a client utilize one or more unaffiliated investment managers or investment platforms ("sub-adviser") for investment management services to all or a portion of a client's investment portfolio. Depending upon the sub-adviser providing the services, the client may be required to enter into an advisory agreement with the sub-adviser that defines the terms in which the sub-adviser will provide investment management and related services. Castlepoint will assist in the development of the initial policy recommendations and managing the ongoing client relationship with the sub-adviser. Castlepoint will perform initial and ongoing oversight and due diligence over the selected sub-adviser to ensure the sub-adviser's strategies and target allocations remain aligned with the client's investment objective, any restrictions, and overall best interests. The client, prior to entering into an agreement with an unaffiliated sub-adviser or investment platform will be provided with the sub-adviser's disclosure documents (or a brochure that makes the appropriate disclosures).

Tax Preparation Services

Castlepoint Wealth Advisors provides clients with the opportunity to engage an independent CPA, Meier & Barrus, Inc., for the preparation of clients' individual tax returns. Clients who elect to receive tax preparation services from Meier & Barrus, Inc., will sign a separate tax engagement letter with Meier & Barrus, Inc. The fee for Meier & Barrus' services is paid for by Castlepoint Wealth Advisors.

401(k) and Retirement Plan Services

This service consists of assisting employer plan sponsors establish, monitor, and review their company's participant-directed retirement plan. We evaluate the needs of the plan sponsor and generally advise on the following areas: investment options, plan structure, and participant education.

C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

Castlepoint does not participate in wrap fee programs, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

E. Client Assets Under Management

As of December 31, 2023, Castlepoint manages \$519,888,724 of discretionary assets and \$27,414,135 of non-discretionary assets.

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

Wealth Management Fees

Castlepoint charges its wealth management fee as a percentage of the client's assets under Castlepoint's investment management. In some instances, Castlepoint will charge a fixed fee in lieu of an asset-based fee.

The asset-based fee for wealth management will be charged as a percentage of assets under management according to the following fee schedule, which represents the firm's maximum fees for individual services. Fees are negotiable.

<u>Aggregate Value of Managed Assets</u>	<u>Annual Fee Rate</u>
First \$2,000,000	1.25%
Next \$2,000,001 – \$5,000,000	0.75%
Next \$5,000,001 – \$10,000,000	0.50%
Next \$10,000,001 – \$20,000,000	0.35%
Next \$20,000,001 and above	0.25%

There may be legacy clients under a different fee schedule that vary from that shown here.

The wealth management fee is charged monthly in advance pursuant to the terms of the client's wealth management agreement. When charging a fee based on assets under management, the fee is calculated using the market value of the client's assets under management at the end of the prior billing period. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month. Castlepoint considers cash to be an asset class and part of assets under management and subject to the same fee calculation as the client's non-cash investments. Fee adjustments will be made on a pro-rata basis for partial withdrawals and capital additions within a billing period. Castlepoint may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

The wealth management fee encompasses all aspects of Castlepoint's services, both investment management services and financial planning, and when included in the engagement, tax preparation services with an independent accounting firm. The rates listed above will be applied to each level of the market value of the assets under management.

An example of how a monthly fee is calculated for a \$2.1 million portfolio:

$\$2,000,000 \times .1042\% (1.25\% / 12) = \$2,084 + \$100,000 \times .0625 = \62.50 for a monthly fee of \$2,146.50

When clients request or need services for special projects and/or consulting on issues outside the financial planning and investment management services provided in a wealth management engagement, an additional hourly fee is charged ranging from \$125 to \$400 per hour depending on the professional and experience of the individual providing the service.

Castlepoint generally requires a minimum annual fee of \$15,000 for investment management services. Castlepoint, in its sole discretion, may reduce its minimum fee and/or charge a lesser investment management fee based upon such criteria (i.e., anticipated future earning capacity, additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client). Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Sub-Adviser Fees

Sub-adviser fees will be in addition to Castlepoint's investment advisory fee. Clients will be billed by Castlepoint for the third-party manager's fee, and Castlepoint will pay a portion of the fees collected to such sub-adviser.

Sub-advisers may impose a minimum portfolio size, minimum fee, or otherwise condition the provision of investment advisory services. Please refer to such manager's ADV Part 2A Brochure for specific information.

401(k) Plan and Investment Advisory Services

Each engagement for 401(k) and retirement plan services is individually negotiated in advance and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the agreement, and the fees vary based on the scope of the services to be rendered and assets to be managed. Services will be provided on an asset-based or fixed fee basis as negotiated between the client and Castlepoint prior to services commencing.

B. Client Payment of Fees

Castlepoint generally requires its wealth management fees to be prepaid on a monthly basis. Castlepoint requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Castlepoint will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

C. Additional Client Fees Charged

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Castlepoint may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

D. External Compensation for the Sale of Securities to Clients

Castlepoint advisory professionals are compensated through a salary and bonus structure and/or a percentage of client fees generated. Castlepoint is not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

E. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements, we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create

conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm's clients.

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

Castlepoint does not charge 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

Castlepoint offers personalized investment supervisory services to individuals and high-net-worth individuals, families, trusts, charitable organizations, corporations, and 401(k) plans. Client relationships vary in scope and length of service.

Castlepoint requires a minimum annual fee of \$15,000 to establish a new private client advisory account; however, the minimum may be waived at the sole discretion of the firm.

For qualified plan consulting, we require a minimum of \$20,000 in annual fees; however, the minimum may be waived at the sole discretion of the firm.

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

A. Methods of Analysis and Investment Strategies

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

Methods of Analysis

Before designing investment plans for clients, Castlepoint will evaluate the client's current investments to determine whether the client's goals harmonize with the client's financial objectives. In designing investment plans for clients, Castlepoint relies upon the information supplied by the client and client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk. Castlepoint will design and propose a portfolio to help clients attain the client's financial goals.

This information will become the basis for the strategic asset allocation plan which Castlepoint believes will best meet the client's stated personal financial goals. The strategic asset allocation provides for investments in those asset classes which Castlepoint believes will possess attractive combinations of return, risk, and correlation over the long term.

The investment advice provided rests on four principles:

- Financial markets are extremely efficient
- Risk and Return are related
- Broad Global Diversification
- Investor Discipline

Castlepoint believes these are the keys to a successful investment experience.

We do not believe in traditional active investment management practices such as stock picking and market timing.

Castlepoint will use a sub-adviser to combine a specialized investment approach and a level of personalization for our client. Our firm will tailor select strategies to better fit our client's financial goals, preferences, and values.

Castlepoint uses a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Castlepoint and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Fundamental analysis is a method of evaluating the intrinsic value of an asset and analyzing the factors that could influence its price in the future. This form of analysis is based on external events and influences, as well as financial statements and industry trends.
- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Castlepoint reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Castlepoint may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

Modern Portfolio Theory

The firm's methods of analysis include *modern portfolio theory*. Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets. Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Mutual Funds, Individual Securities, Third-Party Separate Account Managers, and Pooled Investment Vehicles

Castlepoint may recommend "institutional share class" mutual funds, individual securities (including fixed income instruments), and pooled investment vehicles. Castlepoint may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that Castlepoint will take into account when recommending managers to clients.

Castlepoint's selection process cannot ensure that money managers will perform as desired, and Castlepoint will have no control over the day-to-day operations of any of its selected money managers. Castlepoint would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift," or even regulatory breaches or fraud.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

Castlepoint has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

Castlepoint may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

Castlepoint reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Castlepoint on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Castlepoint (both of which are negative factors in implementing an asset allocation structure).

Castlepoint may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any

reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. Castlepoint will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

Castlepoint will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

Material Risks of Investment Instruments

Castlepoint generally invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Leveraged and inverse exchange-traded funds
- Exchange-traded notes
- Fixed income securities
- Fixed equity annuities
- Fixed equity indexed annuities
- Variable annuities
- Real Estate Investment Trusts ("REITs")
- Interval Funds
- Derivatives

Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM") iShares[®] and VIPERs[®]. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Leveraged and Inverse Exchange-Traded Funds ("ETFs")

Leveraged ETFs employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. The use of leverage typically increases risk for an investor. However, unlike utilizing margin or shorting securities in your own account, you cannot lose more than your original investment. An inverse ETF is designed to track, on a daily basis, the inverse of its benchmark. Inverse ETFs utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives. Leverage and inverse ETFs reset each day; as such, their performance can quickly diverge from the performance of the underlying index or benchmark. An investor could suffer significant losses even if the long-term performance of the index showed a gain. Engaging in short sales and using swaps, futures, contracts, and other derivatives can expose the ETF.

There is always a risk that not every leveraged or inverse ETF will meet its stated objective on any given trading day. An investor should understand the impact an investment in the ETF

could have on the performance of their portfolio, taking into consideration goals and tolerance for risk. Leveraged or inverse ETFs may be less tax-efficient than traditional ETFs, in part because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged or inverse ETF. Leveraged and Inverse ETFs are not suited for long-term investment strategies. These are not appropriate for buy-and-hold or conservative investors and are more suitable for investors who understand leverage and are willing to assume the risk of magnified potential losses. These funds tend to carry higher fees, due to active management, that can also affect performance.

Exchange-Traded Notes ("ETN")

ETNs are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN's expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

Fixed Equity Annuities

A fixed annuity is a contract between an insurance company and a customer, typically called the annuitant. The contract obligates the company to make a series of fixed annuity payments to the annuitant for the duration of the contract. The annuitant surrenders a lump sum of cash in exchange for monthly payments that are guaranteed by the insurance company. Please note the following risks: (i) Spending power risk. Social Security retirement benefits have cost-of-living adjustments. Most fixed annuities do not. Consequently, the spending power provided by the monthly payment may decline significantly over the life of the annuity contract because of inflation, (ii) Death and survivorship risk. In a conventional fixed annuity, once the annuitant has turned over a lump sum premium to the insurance company, it will not be returned. The annuitant could die after receiving only a few monthly payments, but the insurance company may not be obligated to give the annuitant's estate any of the money back. A related risk is

based on the financial consequences for a surviving spouse. In a standard single-life annuity contract, a survivor receives nothing after the annuitant dies. That may put a severe dent in a spouse's retirement income. To counteract this risk, consider a joint life annuity. (iii) Company failure risk. Private annuity contracts are not guaranteed by the FDIC, SIPC, or any other federal agency. If the insurance company that issues an annuity contract fails, no one in the federal government is obligated to protect the annuitant from financial loss. Most states have guaranty associations that provide a level of protection to citizens in that state if an insurance company also doing business in that state fails. A typical limit of state protection, if it applies at all, is \$100,000. To control this risk, contact the state insurance commissioner to confirm that your state has a guaranty association and to learn the guarantee limits applicable to a fixed annuity contract. Based on that information, consider dividing fixed annuity contracts among multiple insurance companies to obtain the maximum possible protection. Also check the financial stability and credit ratings of the annuity insurance companies being considered. A.M. Best and Standard & Poor's publish ratings information.

Fixed Equity Indexed Annuities

An equity-indexed annuity is a type of fixed annuity that is distinguished by the interest yield return being partially based on an equities index, typically the S&P 500. The returns (in the form of interest credited to the contract) can consist of a guaranteed minimum interest rate and an interest rate linked to a market index. The guaranteed minimum interest rate usually ranges from 1 to 3 percent on at least 87.5 percent of the premium paid. As long as the company offering the annuity is fiscally sound enough to meet its obligations, you will be guaranteed to receive this return no matter how the market performs. Your index-linked returns will depend on how the index performs but, generally speaking, an investor with an indexed annuity will not see his or her rate of return fully match the positive rate of return of the index to which the annuity is linked — and could be significantly less. One major reason for this is that returns are subject to contractual limitations in the form of caps and participation rates. Participation rates are the percentage of an index's returns that are credited to the annuity. For instance, if your annuity has a participation rate of 75 percent, then your index-linked returns would only amount to 75 percent of the gains associated with the index. Interest caps, meanwhile, essentially mean that during big bull markets, investors won't see their returns go sky-high. For instance, if an index rises 12 percent, but an investor's annuity has a cap of 7 percent, his or her returns will be limited to 7 percent.

Some indexed annuity contracts allow the issuer to change these fees, participation rates and caps from time to time. Investors should also be aware that trying to withdraw the principal amount from a fixed indexed annuity during a certain period — usually within the first 9 or 10 years after the annuity was purchased — can result in fees known as surrender charges, and could also trigger tax penalties. In fact, under some contracts if withdrawals are taken amounts already credited will be forfeited. After paying surrender charges an investor could lose money by surrendering their indexed annuity too soon.

Variable Annuities

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

Real Estate Investment Trusts ("REITs")

A REIT is a tax designation for a corporate entity which pools capital of many investors to purchase and manage real estate. Many REITs invest in income-producing properties in the office, industrial, retail, and residential real estate sectors. REITs are granted special tax considerations, which can significantly reduce or eliminate corporate income taxes. In order to qualify as a REIT and for these special tax considerations, REITs are required by law to distribute 90% of their taxable income to investors. REITs can be traded on a public exchange like a stock, or be offered as a non-traded REIT. REITs, both public exchange-traded and non-traded, are subject to risks including volatile fluctuations in real estate prices, as well as fluctuations in the costs of operating or managing investment properties, which can be substantial. Many REITs obtain management and operational services from companies and service providers that are directly or indirectly related to the sponsor of the REIT, which presents a potential conflict of interest that can impact returns on investments.

Non-traded REITs include: (i) A REIT that is registered with the Securities and Exchange Commission (SEC) but is not listed on an exchange or over-the-counter market (non-exchange traded REIT); or, (i) a REIT that is sold pursuant to an exemption to registration (Private REIT). Non-traded REITs are generally blind pool investment vehicles. Blind pools are limited partnerships that do not explicitly state their future investments prior to beginning their capital-raising phase. During this period of capital-raising, non-traded REITs often pay distributions to their investors.

The risks of non-traded REITs are varied and significant. Because they are not exchange-traded investments, they often lack a developed secondary market, thus making them illiquid investments. As blind pool investment vehicles, non-traded REITs' initial share prices are not related to the underlying value of the properties. This is because non-traded REITs begin and continue to purchase new properties as new capital is raised. Thus, one risk for non-traded REITs is the possibility that the blind pool will be unable to raise enough capital to carry out its investment plan. After the capital raising phase is complete, non-traded REIT shares are infrequently re-valued and thus may not reflect the true net asset value of the underlying real estate investments. Non-traded REITs often offer investors a redemption program where the shares can be sold back to the sponsor; however, those redemption programs are often subject to restrictions and may be suspended at the sponsor's discretion. While non-traded REITs may pay distributions to investors at a stated target rate during the capital-raising

phases, the funds used to pay such distributions may be obtained from sources other than cash flow from operations, and such financing can increase operating costs.

With respect to publicly traded REITs, publicly traded REITs may be subject to additional risks and price fluctuations in the public market due to investors' expectations of the individual REIT, the real estate market generally, specific sectors, the current yield on such REIT, and the current liquidity available in public market. Although publicly traded REITs offer investors liquidity, there can be constraints based upon current supply and demand. An investor when liquidating may receive less than the intrinsic value of the REIT.

Interval Funds

An interval fund is a type of investment company that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund.

Legally, interval funds are classified as closed-end funds, but they are very different from traditional closed-end funds in that:

- Their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value.
- They are permitted to (and many interval funds do) continuously offer their shares at a price based on the fund's net asset value.

An interval fund will make periodic repurchase offers to its shareholders, generally every three, six, or twelve months, as disclosed in the fund's prospectus and annual report. Interval funds are not liquid, meaning they are not easily converted into cash. Just as the fund will offer to repurchase a percentage of the fund at intervals, the investor is limited to selling shares at intervals. In other words, interval funds have limited liquidity. As a result interval funds are only appropriate for clients who do not have short term cash needs. The price that shareholders will receive on a repurchase will be based on the per share NAV determined as of a specified (and disclosed) date. Note that interval funds are permitted to deduct a redemption fee from the repurchase proceeds, not to exceed 2% of the proceeds. The fee is paid to the fund, and generally is intended to compensate the fund for expenses directly related to the repurchase. Interval funds may charge other fees as well. An interval fund's prospectus and annual report will disclose the various details of the repurchase offer. Before investing in an interval fund, you should carefully read all of the fund's available information, including its prospectus and most recent shareholder report.

Derivatives

Some ETFs use derivatives, such as swaps, options and futures, among others. Derivative instruments may be illiquid, difficult to value and leveraged so that small changes may produce disproportionate losses to a client. Over-the-counter derivatives, such as swaps, are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Losses from investments in derivatives can result from a lack of correlation between the value of those derivatives and the value of the underlying asset

or index. In addition, there is a risk that the performance of the derivatives to replicate the performance of a particular asset or asset class may not accurately track the performance of that asset or asset class.

B. Investment Strategy and Method of Analysis Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Margin Leverage

Although the firm, as a general business practice, does not utilize leverage, there may be instances in which the use of leverage may be requested by the clients for personal use. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Short-Term Trading

Although the firm, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Short Selling

Castlepoint generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

Technical Trading Models

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

Option Strategies

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Castlepoint as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses

if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Long Put Option Purchases

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Option Spreading

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

C. Concentration Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There is nothing to report on this item.

B. Administrative Enforcement Proceedings

There is nothing to report on this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Neither Castlepoint nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

B. Futures or Commodity Registration

Neither Castlepoint nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Meier & Barrus, Inc.

Castlepoint provides clients with the opportunity to engage an independent CPA, Meier & Barrus, Inc. for preparation of individual tax returns. Meier & Barrus, Inc., is separately owned and operated from Castlepoint.

Fields and Futures

Castlepoint donates to Fields and Futures and serves as an advisor to Fields and Futures' endowment investment strategy. In addition, as of late 2019, the firm manages the founder's family accounts. Please be advised there is a conflict of interest in that Castlepoint may preference this client through donations, time allocation, investment opportunities, or trade allocation.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Please see Item 4 for more information regarding our firm's selection of sub-advisers. When in the client's best interest, our firm will recommend Dimensional Fund Advisors, LP ("DFA") sub-advisory services.

Castlepoint may engage or assist our clients in engaging one or more third-party money managers to manage all or a portion of the client's assets. Castlepoint's fees are separate and distinct from the third-party money managers it utilizes. Castlepoint does not receive any form of referral compensation by the third-party manager for its recommendation of such manager. Castlepoint strives to place its clients' interests first and foremost.

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

A. Code of Ethics Description

In accordance with the Advisers Act, Castlepoint has adopted policies and procedures designed to detect and prevent insider trading. In addition, Castlepoint has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Castlepoint's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Castlepoint. Castlepoint will send clients a copy of its Code of Ethics upon written request.

Castlepoint has policies and procedures in place to ensure that the interests of its clients are given preference over those of Castlepoint, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Castlepoint does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Castlepoint does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest

Castlepoint, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Castlepoint specifically prohibits. Castlepoint has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Castlepoint's procedures when purchasing or selling the same securities purchased or sold for the client.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Castlepoint, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Castlepoint clients. Castlepoint will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Castlepoint to place the clients' interests above those of Castlepoint and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations

Castlepoint may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc., Fidelity Institutional division of Fidelity Investments, and National Financial Services, LLC (collectively referred to hereinafter as “custodian”), FINRA registered broker-dealers, members SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Although Castlepoint may recommend that clients establish accounts at the custodian, it is the client’s decision to custody assets with the custodian. Castlepoint is independently owned and operated and not affiliated with custodian. For Castlepoint client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Castlepoint considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Castlepoint, Castlepoint will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Castlepoint will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

How We Select Brokers/Custodians to Recommend

Castlepoint seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that provide the most value given a particular client’s needs when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging either transaction fees or custodian asset-based fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commission], the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

Soft Dollar Arrangements

Castlepoint does not utilize soft dollar arrangements. Castlepoint does not direct brokerage transactions to executing brokers for research and brokerage services.

Institutional Trading and Custody Services

The custodian provides Castlepoint with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Other Products and Services

Custodian also makes available to Castlepoint other products and services that benefit Castlepoint but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Castlepoint's accounts, including accounts not maintained at custodian. The custodian may also make available to Castlepoint software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Castlepoint's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Castlepoint manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Castlepoint personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Castlepoint may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Castlepoint. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Castlepoint.

Additional Compensation Received from Custodians

Castlepoint may participate in institutional customer programs sponsored by broker-dealers or custodians. Castlepoint may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Castlepoint's participation in such programs and the investment advice it gives to its clients, although Castlepoint receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations

- Research-related products and tools
- Consulting services
- Access to a trading desk serving Castlepoint participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Castlepoint by third-party vendors

The custodian may also pay for business consulting and professional services received by Castlepoint's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Castlepoint's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Castlepoint but may not benefit its client accounts. These products or services may assist Castlepoint in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Castlepoint manage and further develop its business enterprise. The benefits received by Castlepoint or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Castlepoint also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Castlepoint to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Castlepoint will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Castlepoint's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Castlepoint's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Castlepoint endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Castlepoint or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Castlepoint's recommendation of broker-dealers for custody and brokerage services.

The Firm's Interest in Custodian's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian.

Custodian's services may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

Brokerage for Client Referrals

Castlepoint does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage

Castlepoint Recommendations

Castlepoint typically recommends Schwab, Fidelity, or National Financial Services as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

Client-Directed Brokerage

Occasionally, clients may direct Castlepoint to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Castlepoint derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Castlepoint loses the ability to aggregate trades with other Castlepoint advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B. Aggregating Securities Transactions for Client Accounts

Best Execution

Castlepoint, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Castlepoint recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Castlepoint will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected

- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Castlepoint seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Castlepoint's knowledge, these custodians provide high-quality execution, and Castlepoint's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Castlepoint believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

Security Allocation

Since Castlepoint may be managing accounts with similar investment objectives, Castlepoint may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Castlepoint in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Castlepoint's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Castlepoint will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Castlepoint's advice to certain clients and entities and the action of Castlepoint for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Castlepoint with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Castlepoint to or on behalf of other clients.

Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Castlepoint believes that a larger size block trade would lead to best overall price for the security being transacted.

Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Castlepoint acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Castlepoint determines that such arrangements are no longer in the best interest of its clients.

Trade Errors

From time to time, Castlepoint may make an error in submitting a trade order on the client's behalf. When this occurs, Castlepoint may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or Castlepoint confers with client and client decides to forego the gain (e.g., due to tax reasons).

If the gain does not remain in client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Castlepoint will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in client's account, they may be "netted."

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

For those clients to whom Castlepoint provides investment advisory or wealth management services, account reviews will be conducted on at least an annual basis by Castlepoint's Managing Member and/or Associated Persons. All investment advisory services clients are advised that it remains their responsibility to advise Castlepoint in writing of any changes in their investment objectives and/or financial situation, or if they wish to impose any reasonable restrictions on Castlepoint's investment management services. All clients (in person or electronically) are encouraged to review investment objectives and account performance with Castlepoint no less than on an annual basis.

More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

B. Review of Client Accounts on Non-Periodic Basis

Castlepoint may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Castlepoint formulates investment advice.

C. Content of Client-Provided Reports and Frequency

For those clients to whom Castlepoint provides investment advisory services, performance reports are provided as part of each client meeting. Additional reports are available and will be provided on an ad hoc basis.

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Castlepoint.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Benefits Received from Custodians

Castlepoint receives an economic benefit from custodians in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at the custodian. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12: Brokerage Practices. The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

B. Advisory Firm Payments for Client Referrals

Castlepoint does not pay for client referrals.

Item 15: Custody

Castlepoint is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
 1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
 2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
 3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
 4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
 5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
 6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
 7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to Castlepoint with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Castlepoint will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, Castlepoint may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

Item 17: Voting Client Securities

Castlepoint does not take discretion with respect to voting proxies on behalf of its clients. All proxy material will be forwarded to the client by the client's custodian for the client's review and action. Clients may contact the firm with questions regarding proxies they have received.

Castlepoint will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Castlepoint supervised and/or managed assets. In no event will Castlepoint take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Castlepoint will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Castlepoint has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Castlepoint also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Castlepoint has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Castlepoint receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

Castlepoint does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Castlepoint does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.