

Castle Asset Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Castle Asset Management, LLC (“CAM”). If you have any questions about the contents of this brochure, please contact us at 631-952-3700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about CAM is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Material Changes

CAM's most recent update to Part 2 of Form ADV was made in August 2010. CAM's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by CAM in prior years.

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Advisory Business

CAM primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. CAM generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs").

CAM works with each client to establish an appropriate investment profile. Clients choose from growth, balanced, and conservative strategies, and can impose reasonable restrictions on CAM's management of their accounts.

CAM was founded in 2004 and is owned by John D. Caffrey. As of March 31, 2011 CAM managed \$160,000,000 on a discretionary basis on behalf of approximately 700 clients.

John Caffrey is on the Board of Directors for Empire National Bank. CAM or John Caffrey don't receive monetary compensation for referrals.

Fees and Compensation

CAM charges most of its clients an annual investment management fee based on the following schedule:

Wealth Builder Program:

Castle Asset Management, LLC, (the “Advisor”) provides investment supervisory services on a discretionary basis through a proprietary program called Wealth Builder (“WB”). WB is a strategic asset allocation investment management program using no-load mutual funds.

Through personal discussions and use of an Investment Strategy Questionnaire the Advisor or client’s solicitor will assist the client in determining the client’s goals, objectives and risk tolerance. Advisor will use this information to establish an asset allocation policy for the client, selecting the mutual funds to implement the policy and reporting to the Client on the performance of the mutual funds.

For investment supervisory services compensation is derived as fee income based upon the percentage of assets under management. The compensation method is explained and agreed with the clients in advance before any services are rendered. The Advisor has adopted the following fee schedule for all portfolios:

Asset Tiers		Annual
From	To	Mgt. Fee
\$25,000	\$49,999	1.950%
\$50,000	\$99,999	1.700%
\$100,000	\$249,999	1.450%
\$250,000	\$499,999	1.325%
\$500,000	\$999,999	1.200%
\$1,000,000	\$2,000,000	1.075%
\$2,000,000	and above	0.950%

The fee charged to a client’s account is all-inclusive. There are no additional transactions fees or commissions charged to a client’s account by the Advisor. Advisor's fees are generally paid quarterly, in advance, based on the value of the account(s) as of the close of the previous quarter, or unless otherwise negotiated with the client as provided for in the agreement. Advisor’s fees will be deducted directly from the client’s account. For new client accounts, the Advisor's fee will be pro-rated for the remaining calendar quarter. The Advisor's service may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued. Any prorated refund of unearned fees must be requested in writing by the client or their representative within 30 days after the account has been liquidated.

Managed Solutions Program:

Castle Asset Management, LLC, (the “Advisor”) provides investment supervisory services on a discretionary basis through a proprietary program called Managed Solutions. Managed Solutions is a strategic and tactical asset allocation investment management program using Exchange Trade Funds.

Through personal discussions and use of an Investment Strategy Questionnaire the Advisor or client’s solicitor will assist the client in determining the client’s goals, objectives and risk tolerance. Advisor will use this information to establish an asset allocation policy for the client, selecting the Exchange Trade Funds to implement the policy and reporting to the Client on the performance of the Exchange Trade Funds.

For investment supervisory services, advisory fee income is based upon the percentage of assets under management. The advisory fee method is explained and agreed with the clients in advance before any services are rendered. The advisor has adopted a blended fee structure; whereas certain asset tiers will be charged a specific rate regardless of account balance. All accounts at an asset level of \$1,000,000 will be charged no more than 90 bps. or \$9,000. The third asset tier is calculated at 80% of the second asset tier.

An example of the recommended fee structure is as follows:

Asset Tiers	Annual Mgt. Fee
\$500,000	1.10%
Next 1,000,000	0.70%
\$1,500,000 and above	0.56%

There will be transaction fees charged to the client’s account for the implementation, liquidation and rebalancing process. These fees will be charged by the custodian and disclosed on the clients monthly statements. The typical fee will be \$8.95 a trade. This is a negotiated discounted fee that is paid directly to the custodian. Castle Asset Management, LLC does not share or participate in this fee. In the future, if the fee is reduced by the custodian, this savings will be passed through to the client. There will be no additional transactions fees or commissions charged to a client’s account by the advisor. Advisor's fees are generally paid quarterly, in advance, based on the value of the account(s) as of the close of the previous quarter, or unless otherwise negotiated with the client as provided for in the agreement. Advisor’s fees will be deducted directly from the client’s account. For new client accounts, the Advisor's fee will be pro-rated for the remaining calendar quarter. The Advisor's service may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees may be issued. Any prorated fee reimbursement, must be requested in writing, by the client or their representative within 30 days of the account termination.

Advisor also will serve as a solicitor for various unaffiliated investment managers that have agreed to pay an ongoing referral fee for any such client referrals made by Advisor. As a solicitor, any potential conflict of interest will be fully disclosed to any individual who may be referred. The amount of the on-going referral fee will be negotiated with each investment advisor. The typical on-going referral fee will range from 40% - 80% of the fee earned by the investment manager. In the event a referred client terminates its arrangement with an advisor, any unearned fees will be refunded immediately. Advisor presently has a solicitation arrangement with Brinker Capital, Inc., and BNY Mellon's Private Wealth Group. They are both registered investment advisors. Advisor will continue to receive solicitor compensation as long as the client's funds remain under the management of the investment manager.

Performance Based Fees and Side-by-Side Management

CAM does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to CAM.

Types of Clients

Advisor requires a minimum account size of \$100,000 for the Wealth Builder platform; however, the Advisor has discretion to waive the account minimum. Accounts that do not meet the account minimum may be set up when the client and Advisor anticipate the client will add additional funds to the accounts bringing the total up to \$100,000 within a reasonable time.

Advisor requires a minimum account size of \$500,000 for the Managed Solutions platform; however, the Advisor has discretion to waive the account minimum. Accounts that do not meet the account minimum may be set up when the client and Advisor anticipate the client will add additional funds to the accounts bringing the total up to \$500,000 within a reasonable time.

Methods of Analysis, Investment Strategies and Risk of Loss

CAM's Owner, John D. Caffrey, and Research Analyst, Ryan F. Lampkin, work together to conduct fundamental and technical analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. For equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States government securities:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;

- The fund's fee structure; and
- Any other factors considered relevant.

CAM's Investment Committee is led by John D. Caffrey, the Chief Investment Officer, and also includes Ryan F. Lampkin and Patricia Oseback. The Investment Committee generally meets monthly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

CAM primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause CAM to sell securities more quickly.

Depending on a client's investment objectives, CAM might engage in short selling or trading. The use of short selling and trading poses additional risks that are discussed in detail with any clients who are considering the use of these investment vehicles.

All investing involves a risk of loss.

Disciplinary Information

CAM and its employees have not been involved in any legal or disciplinary events in the past 7 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

CAM and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

John D. Caffrey is also a registered representative for Purshe Kaplan Sterling Investments, member of FINRA, SIPC located at 18 Corporate Woods Blvd, Albany, NY 12211. The telephone number is 800-801-6851. Mr. Caffrey is able to implement recommended securities products with his clients for separate compensation from Purshe Kaplan Sterling Investments. Compensation is paid in the form of commissions directly to Mr. Caffrey from Purshe Kaplan Sterling Investments. Clients are not obligated to purchase their securities investments from John D. Caffrey. Clients are permitted to choose freely to effect securities transactions through any Broker/Dealer.

John Caffrey is on the Board of Directors for Empire National Bank. CAM or John Caffrey do not receive monetary compensation for referrals from Empire National Bank.

The principal officer of Advisor, John D. Caffrey is a licensed insurance agent with The Guardian Life Insurance Company of America, Schneider & Shulman Brokerage Services, Inc., Crump Life Insurance Services, Mass Mutual Financial Group and Security Mutual Life Insurance Co. of NY and may receive compensation for the sale of insurance products from advisory and non-advisory clients.

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

As a licensed Registered Representative with Purshe Kaplan Sterling Investments, Mr. Caffrey may, on a fully disclosed basis, effect securities transactions on behalf of advisory clients as well as non-advisory clients. Mr. Caffrey will typically receive securities related compensation for such transactions.

Advisor and its employees may also buy and sell the same securities that may be recommended to clients. If the possibility of a conflict or interest occurs, the client's interest will prevail. It is the policy of Advisor that priority will always be given to the client's orders over the orders of an employee of the Advisor.

To avoid any potential conflicts of interest involving personal trades, Advisor has adopted written policies and procedures (“Code”) for its Employees, which includes a formal code of ethics and insider trading policies and procedures. Advisor’s Code requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Advisor above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Advisor’s Code also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Advisor with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of Advisor’s Code shall be provided to any client or prospective client upon request.

Brokerage Practices

When a client agrees to discretionary management, the Advisor will be responsible for selecting

the amount of securities to be bought and sold. The only limitations on the investment authority will be those limitations imposed in writing by the client.

In the course of providing our services, we will execute trades for our clients through broker-dealers. When a client has given us broker discretion, there is no restriction on the brokers we may select to execute client transactions. Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, we consider a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

The Advisor will assist the client with developing a relationship with a broker with which that the Advisor has a relationship. The Advisor currently has relationships with Fidelity Investments Institutional Brokerage Group (Fidelity) and Charles Schwab Institutional (Schwab).

As part of the institutional programs offered by Fidelity and Schwab, the Advisor receives benefits that it would not receive if it did not provide investment advice to clients. While there is no direct affiliation or fee sharing arrangement between Fidelity or Schwab and the Advisor, economic benefits are received by the Advisor which would not be received if the Advisor did not have an established relationship with these companies. These benefits do not depend on the amount of transactions directed by the Advisor to Fidelity or Schwab. These benefits may include: a dedicated trading desk that services the Advisor's clients, a dedicated service group and an account services manager dedicated to the Advisor's accounts, access to a real time order matching system, ability to block client trades, electronic download of trades, portfolio management software, access to an electronic interface, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to mutual funds, ability to have loads waived for the Advisor's clients who invest in certain loaded funds when certain conditions are met and maintained, and the ability to have custody fees waived.

The commission rates for certain customers may be higher or lower for identical or similar transactions, had they been executed at other broker/dealers, especially discount brokers. However, the commission schedule for Fidelity and Schwab is competitively priced when compared to other brokerage institutions.

Best Execution Reviews

On at least an annual basis CAM's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by Fidelity and Schwab with those offered by other reputable firms. CAM has sought to make a good-faith determination that Fidelity and Schwab provide clients with good services at competitive prices. Historically CAM has concluded that Fidelity and Schwab is as good as, or better than, the other firms that have been considered. CAM would

notify its clients if it were to determine that another firm offered better pricing and services than Fidelity and Schwab.

Aggregated Trades

CAM typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. If an order is partially filled, clients will have their orders fully filled on a randomized basis; CAM will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

CAM preferably uses block trading whenever possible. There are specific times when an individual client will request CAM to make trades on their account for specific service requirements. These trades will not be done in block form.

Client Referrals

CAM does not compensate Fidelity or Schwab or any other custodian or broker/dealer for referring client accounts.

Review of Accounts

The reviewing of accounts is a multi-stage process that occurs at varying intervals. Initially, upon becoming a client, account documentation is verified and authenticated for accuracy. This includes careful examination of all documents clients have signed.

The second stage of the process includes the regular maintenance required to keep accounts in good order. Monthly reports are generated that indicate the clients' variance from targeted model. Clients that are not within a specified tolerance from their target weight, are repositioned toward their model.

Interim transactions, such as deposits and withdrawals, will incur a modified review.

Accounts are maintained in aggregate by:

John D. Caffrey, Member

Ryan F. Lampkin, Investment Strategist

Clients are kept fully informed about their portfolio activity by receiving copies of all transaction confirmations and monthly/quarterly statements directly from brokerage firms and/or custodians. Additionally, Advisor shall provide to client a report describing the performance, activity and holdings of the account on a on a monthly basis using Morningstar performance reporting services.

Client Referrals and Other Compensation

CAM pays a portion of its advisory fees to another investment adviser in connection with that adviser's referral of a client to CAM. Advisor has arrangements with various CPA firms and

other third parties whereby Advisor will compensate said firms for client referrals in accordance with Rule 206(4)-3 under the Advisers Act.

Other than the previously described products and services that CAM receives from Fidelity and Schwab, CAM does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

John D. Caffrey earns additional compensation from 145 Marcus Realty, LLC. 145 Marcus Realty, LLC is a real estate management company. John D. Caffrey is 25 percent owners of 145 Marcus Realty, LLC.

John D. Caffrey may earn additional compensation from Mogul Men, LLC, 96 s. Ocean Ave., LLC, 82-16, LLC or Bark Hot Dogs, LLC

Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but CAM can access many clients' accounts through its ability to debit advisory fees. For this reason CAM is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by CAM.

Investment Discretion

CAM has investment discretion over all Wealth Builder and Managed Solution's clients' accounts. Clients grant CAM trading discretion through the execution of a limited power of attorney included in CAM's advisory contract.

Clients can place reasonable restrictions on CAM's investment discretion. For example, some clients have asked CAM not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

Voting Client Securities

Notwithstanding Advisor's discretionary authority to make investment decisions on behalf of clients, Advisor will not exercise proxy voting authority over securities held in client accounts. The obligation to vote client proxies shall at all times rest with the client. Advisor shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

Should Advisor inadvertently receive proxy information for a security held in a client's account, then Advisor will make a good faith effort to forward such information on to Client in a timely manner, but will not take any further action with respect to the voting of such proxy. Upon termination of its Investment Advisory Agreement with a client, Advisor shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Advisor on behalf of the client to the forwarding address provided by the client to Advisor.

Should client contact Advisor for advice on proxy information for a security held in a client's

account, the Advisor will request the client to put such request in written form to CAM. All communications will be stored in client's file.

Financial Information

CAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.