

# **Castle Investment Advisory, LLC**

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**March 10, 2020**

## **Form ADV Part 2A Brochure**

Castle Investment Advisory, LLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Castle Investment Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at (317) 849-9559. 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 Castle Investment Advisory, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

This item will discuss material changes that were made to the firm's Brochure since the firm's last annual update and provide clients with a summary of such changes.

On March 10, 2020, we submitted our annual updating amendment for fiscal year 2019 and have no material changes to report.

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#### **Advisory Business - Item 4**

Castle Investment Advisory, LLC (hereinafter "Castle") is a fee only registered investment advisor based in Indianapolis, Indiana. We are a limited liability company under the laws of the State of Indiana. We have been providing investment advisory services since 2009. Gary L. Pittsford, CFP®, is the Managing Member and principal owner of Castle.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**
- **Pension Consulting Services**

The following paragraphs describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

#### ***Portfolio Management Services***

Portfolio management refers to the management of money, including liquid investments. Assets are usually held in an account at a discount custodian. A portfolio would contain different types of liquid assets, which are picked specifically to meet the client's goals. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

Our firm offers discretionary and non-discretionary portfolio management services to our clients and prospective clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management means we will contact you before a trading decision is taken.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

We will customize your portfolio based on your goals and risks we determined during the information gathering process.

Our firm mainly uses equity securities, exchange traded funds, no-load or load waived mutual funds, corporate securities, municipal securities, U.S. government securities in its portfolio management programs. We may also recommend that clients invest in various investment related limited partnerships that are publically traded and created by third parties.

However we construct your investment portfolio, we will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

As outlined above, discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is done using either the investment advisory agreement you sign with our firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

The non-discretionary portfolio management service means, as outlined above, that we must obtain your approval prior to making any transactions in your account. In some cases, we may provide you with a list of recommended transactions that you can review, approve, and execute in your account.

***Delegation to sub-advisors:*** For those of our clients who hire us for discretionary portfolio management services and who have signed an agreement with us to this effect, you should be aware that we may use one or more sub-advisors to manage a portion of your account. All sub-advisers that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). We will continuously monitor the performance of any accounts managed by the sub-adviser and will assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account. You will be required to sign an individual agreement with the sub-advisor. Castle will not share in the fees charged by the sub-advisor.

We recommend that you compare our invoices with the statement(s) you receive from the qualified custodian. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

***Financial Planning Services (Fee only)***

We offer broad based financial planning including tax planning, charitable gifting strategies, risk and insurance analysis and estate and retirement planning. Castle strives to achieve a client's long-term financial goals by implementing a financial planning process that may include any or all of the following steps:

- Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of a client's financial and personal goals and objectives. Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic, and measurable. All goals include time horizons.
- Resolution of finance related problems. Obstacles to achieving financial independence are identified so that resolution may occur. Examples of problem areas can include too little or too

much insurance coverage, inadequate cash flow or a high tax burden.

- **Plan Design.** A written financial plan is prepared that includes recommendations and solutions to any financial related problems.
- **Implementation of the financial plan.** The financial plan is finalized and agreed upon. The recommendations and solutions are executed to reach the desired goals and objectives.
- **Evaluation of the financial plan** is conducted periodically. The financial planning service provides periodic review and revision of the plan to ensure that the financial goals are achieved.

Financial plans are based on your financial situation and the financial information you provide to our firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

#### ***Pension Consulting Services***

Castle provides several pension consulting related services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, Castle will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

#### **Investment Strategy Preparation**

Castle will meet with the client (in person or over the telephone) to determine the client's investment needs and goals. Castle will then prepare an investment strategy stating those needs and goals and creating a policy to help achieve these goals. The investment strategy will be presented verbally or in writing and will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

#### **Selection of Investment Vehicles**

Castle will review various investments, consisting of one or all of the following: individual equities, bonds, other investment products, and mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's investment strategy. The number of investments to be recommended will be determined by the client, based on the client's investment strategy

#### **Monitoring of Investment Performance**

Castle will monitor client investments continuously based on the procedures and intervals outlined in the investment strategy. Although Castle will not be involved in the purchase or sale of these investments, Castle will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### Employee Communications

For pension, profit sharing and 401(k) plans where the individual account participant exercises control over assets in his/her own account (hereinafter "self-directed plans"), Castle may also provide educational support and investment workshops designed for the Plan participants. The nature of the topics to be covered will be determined by Castle and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

Other pension consulting services are available on request. All of our pension consulting services, whether general or customized, will be outlined in an agreement that shows the services that will be provided and the fees that will be charged for those services.

### Assets Under Management

As of February 14, 2020 we manage \$280,710,265 in client assets on a discretionary basis, and \$14,323,599 in client assets on a non-discretionary basis.

### Fees and Compensation - Item 5

Castle charges a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or other fees for its advisory services.

### **Portfolio Management Services**

If you decide to engage Castle for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Generally, our fee for portfolio management services will range from 0.40% to 1.00% of assets under management. This fee may be negotiable, and the exact fee paid by the client will be clearly stated in the advisory agreement signed by the client and the firm.

Castle will either bill you directly for payment of our fees or the fees will be deducted from your account. Fees are billed quarterly, in advance and are based on the value of your portfolio at the end of the preceding quarter. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client asset account to facilitate billing. The client must consent in advance to direct debiting of their account.

If you choose to have Castle's fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement at least quarterly. This statement will detail account activity. Please review each statement for accuracy. Castle will also receive a copy of your account statements from the custodian.

Our annual fee is in addition to transaction fees, charged by the custodian when applicable, and other related costs and expenses which will be incurred by the client. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first quarter's fees will be calculated on a pro-rata basis. The Advisory Agreement between Castle and the client will continue to be in effect until either party terminates the Agreement in accordance with the terms of the Agreement. Castle's annual

fee will be pro-rated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

### **Financial Planning Services Fees**

Castle may provide its clients with financial planning and consulting services. We will first conduct a complimentary initial consultation. After the initial consultation, if the client decides to engage us for financial planning services, we will charge an hourly fee of \$295. The fee is negotiable depending on the nature, complexity, and time involved in providing the client with the requested services.

If the client engages Castle for additional investment advisory services, Castle may offset all or a portion of the portfolio management or financial planning fees based upon the amount paid for the other service.

Prior to engaging Castle to provide consulting services, the client will generally be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, Castle requires one-half of the consulting fee to be paid upon entering the written agreement. The balance is generally due upon the completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates Castle's consulting services, the balance of Castle's unearned fees (if any) shall be refunded to the client.

### **Pension Consulting Services Fees**

The compensation arrangement for these services will be based on hourly fees, fixed fees and fees based on a percentage of assets under management. Pension Consulting Services will be negotiated on a case-by-case basis and the exact fee paid by the client will be clearly stated in the pension consulting agreement signed by the client and the firm.

If you choose to have Castle's fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement quarterly. This statement will detail account activity. Please review each statement for accuracy. Castle will also receive a copy of your account statements from the custodian.

### **Additional Fees and Expenses**

The fees Castle charges may be negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client.

All fees paid to Castle for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include management fees, other fund expenses, early redemption fees, and possible distribution fees. A client could invest in a mutual fund directly, without the services of Castle. In that case, the client would not receive the services provided by Castle, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Castle to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.



Advisory recommendations are based on your financial information and situation disclosed to us at the time the services are provided. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

All conflicts of interest between you and our firm, and the Associated Persons of our firm, are outlined in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Disclosure Brochure.

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

We and our Associated Persons do not accept performance based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

#### **Types of Clients - Item 7**

We offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

Castle requires a minimum of \$25,000 to open and maintain an advisory account. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- Fundamental Analysis – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- Technical Analysis – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.
- Cyclical Analysis – cyclical analysis is a technique that looks at cycles, specifically analyzing the way prices follow certain patterns and trends.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year.
- Short Term Purchases – securities held for less than a year.

- **Covered Options** – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.
- **Margin Transactions** – Margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.

The investment advice provided along with the strategies suggested by Castle will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Investing in securities involves risk of loss that clients should be prepared to bear. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar,

the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by our firm or our management persons.

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

Gary L. Pittsford, CFP®, Managing Member, Darren T. Nyce, Research Investment Specialist/Chief Compliance Officer, Michael L. Kalscheur, CFP®, Senior Financial Consultant, and other Associated Persons of Castle are also the principals and/or employees of Castle Financial Group, Inc., a financial services firm, Castle Wealth Advisors, a business planning firm, and Castle Valuation Group, Inc., an appraisal and valuation firm.

Clients are advised that the fees paid to the firm for advisory services are separate and distinct from fees earned by Associated Persons of the firm in their capacities as Principals and/or employees of Castle Financial Group, Castle Wealth Advisors, and Castle Valuation Group. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize the services of Castle Financial Group, Castle Valuation Group, or Castle Wealth Advisors.

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11**

##### **Description of Our Code of Ethics**

Castle has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Castle's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Castle's Code of Ethics is available upon request to the Chief Compliance Officer at Castle's principal office address.

##### **Personal Trading Practices**

At times, Castle and/or its Associated Persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. Castle and its Associated Persons will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not

violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Brokerage Practices - Item 12**

We recommend and request our clients to implement trades and maintain custody of assets through an independent, qualified broker-dealer, Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and member of FINRA and SIPC. We have entered an Agreement with Schwab to recommend that you establish brokerage accounts with Schwab to maintain custody of your assets and to effect trades for your accounts.

Schwab Institutional provides us with access to its institutional trading and operational services, which are typically not available to Schwab retail investors. The services generally are available at no charge so long as we maintain a minimum of \$10 million of account assets with them. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors. Schwab Institutional also makes available other products and services that benefit the administration of our accounts. These include software, client account access technology, trade confirmations and account statements, trade execution and aggregated trade order allocation technology, back-office support, recordkeeping, and client reporting. Schwab Institutional also provides us with business enterprise services. These services include consulting, publications and practice management presentations, information technology, business succession, regulatory compliance, and marketing information and best practices. Schwab may make available, arrange, and/or pay independent third parties for these types of services. Schwab Institutional may discount, waive, or pay all or part of the third party fees for services provided. There are no contingencies or business volume requirements (assets in custody or trading) associated with the availability of the foregoing products and services.

We are not affiliated with Schwab. Our Investment Adviser Representatives are not registered representatives of Schwab and do not receive commissions or other compensation from recommending these services.

### **Research and Other Soft Dollar Benefits**

Although not considered "soft dollar" compensation, we may receive benefits from Schwab for research services that include reports, software, and institutional trading support. See the Schwab disclosure above.

We understand our duty for best execution and consider all factors in making recommendations to you. The research services received from Schwab may be useful in servicing you. While we may not always obtain the lowest transaction rate, we believe the rate is reasonable relative to the value of the brokerage and research services provided.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

### **Directed Brokerage**

The client may direct brokerage to a specified broker-dealer other than the firm recommended by Castle. It is up to the client to negotiate the commission rate, as Castle will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker-dealer used by Castle. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker-dealer, Castle recommends a broker-dealer with competitive commission rates.

### **Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. Castle encourages its existing and new clients to use Schwab. Only accounts in the custody of Schwab would have the opportunity to participate in aggregated securities transactions. All trades using Schwab will be aggregated and done in the name Castle. The executing broker will be informed that the trades are for the account of Castle's clients and not for Castle itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and Castle will not aggregate a client's order if in a particular instance Castle believes that aggregation would cause the client's cost of execution to be increased. Schwab will be notified of the amount of each trade for each account. Castle and/or its Associated Persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

## **Review of Accounts - Item 13**

### ***Portfolio Management Account Reviews***

Castle monitors the individual investments within Castle's portfolio management account each day the market is open. Portfolio performance is reviewed, at a minimum, on a quarterly basis. Castle offers portfolio management clients an in-person portfolio review meeting on a semi-annual basis. A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

All client portfolio reviews are performed by Gary L. Pittsford, CFP®, Managing Member, Darren T. Nyce, CFA, Research Investment Specialist, Michael L. Kalscheur, CFP®, Senior Financial Consultant or John T. Wheeler IV, CFP®/CPA, Senior Financial Consultant.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Additionally, Castle may provide clients with quarterly performance reports.

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

We do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

#### **Custody - Item 15**

Castle is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement.

Castle is deemed to have custody of client funds or securities because of the fee deduction authority granted by the client in the investment advisory agreement and in certain situations where we accept standing letters of authorization from clients to transfer assets to third parties. We maintain safeguards in accordance with regulatory requirements regarding custody of client assets.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by Castle for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

#### **Investment Discretion - Item 16**

Castle offers Portfolio Management Services to its advisory clients on both a discretionary and non-discretionary basis. Castle will manage client accounts on a discretionary basis if the client has granted discretionary authority in the client advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance client approval. Castle does not have the ability to make third party withdrawals from the client's account.

In a non-discretionary account, an Associated Person of Castle recommends the purchase or sale of securities for review and approval by their clients. Castle will only purchase or sell securities, which have been approved by clients in advance. In some cases, we may provide you with a list of recommended transactions that you can review, approve, and execute in your account.

You may limit this authority if you wish by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

#### **Voting Client Securities - Item 17**

Castle does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

### **Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about Castle's, financial condition. Castle has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Requirements for State-Registered Advisors - Item 19**

**This section is intentionally left blank- Our Firm is SEC registered**

### **Miscellaneous**

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Castle has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It 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, the firm 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 the firm 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 the client has authorized contact in this manner.

#### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction will be placed in Castle's error correction account.

#### **Confidentiality**

Castle views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Castle does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Castle may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Castle restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Castle maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. If you have any questions on this policy, please contact Darren T. Nyce, Chief Compliance Officer at (317) 849-9559.