



**ITEM 1: COVER PAGE**

# **Castleview Partners, LLC**

## **Form ADV, Part 2A: Firm Brochure**

**May 2020**

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This brochure provides information about the qualifications and business practices of Castleview Partners, LLC. If you have any questions about the content of this brochure, please contact us at the phone number above. Castleview Partners, LLC is an SEC-registered investment adviser; though our registration does not imply a certain level of skill or training. This brochure has not been approved by the SEC or by any state securities body or regulatory authority.

Additional information about our firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search the site by using our unique identifying number 281410, known as a CRD number.

This brochure should not be considered an offer to provide advisory services; a complete discussion of the features, risks, or conflicts associated with our firm or the services we provide; nor an offer to sell or the solicitation of an offer to buy any securities. We will only make such an offer to qualified investors by delivering a private placement memorandum or similar disclosure document.



## **ITEM 2: MATERIAL CHANGES**

This brochure, dated May 15, 2020, amends our last annual update, dated March 31, 2020. Material changes, since our last annual update of this brochure, include the following:

Lawrence Heller voluntarily resigned his position with Castleview. Mr. Heller was previously the Chief Investment Officer and one of four principals deemed to be a control person with management influence regarding the firm.



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## **ITEM 4: ADVISORY BUSINESS**

Castleview Partners, LLC ("Castleview", the "firm" or "we") is registered with the Securities and Exchange Commission ("SEC") as a Registered Investment Adviser ("RIA") with our principal place of business located in Dallas, Texas. We began conducting business in October 2015. Castleview is majority owned by Gill Capital Management, Inc. Douglas Gill is the sole owner of Gill Capital Management, Inc. The other principals, with management influence, are Umberto Perez and David Fajardo.

### **DIRECT ADVISORY SERVICES**

Our main investment advisory business is to manage the investment portfolios of individuals, high-net-worth individuals, corporations, non-profits, and retirement plans (each a "Client" and collectively the "Clients"). Our investment advisory services are tailored to the individual needs of our Clients and are based on the Client's goals, investment objectives, time horizon, and risk tolerance. In this capacity, we and our Investment Advisor Representatives (each an "IAR" and collectively "IARs"), act as fiduciaries to our Clients, always acting in the best interest of our Clients.

We offer the following investment advisory services through our IARs:

#### **1) ADVISOR DIRECTED MANAGED ACCOUNTS**

IARs provide continuous investment advice to our Clients regarding the investment of the Clients' portfolio holdings based on the individual needs of each Client. The IAR and the Client discuss the Client's particular financial circumstances and establish goals, investment objectives, time horizons, and risk tolerance. The IAR reviews and discusses the Client's prior investment experience, in an effort to properly complete the Risk Tolerance Questionnaire ("RTQ") and develop a personalized Investment Policy Statement ("IPS"), both of which are utilized to manage the Client's portfolio.

An Advisor Directed Managed Account is one in which the account and the selected investments are managed by the IAR. The IAR conducts research, assesses prevailing economic and market conditions, weighs the Client's objectives, and then makes investment decisions as to securities to be bought and sold, as well as the timing of such purchases and sales, within the Client portfolio of holdings, on a discretionary basis.

Our IARs utilize a variety of investments including, but not limited to: stocks; bonds; open- and closed-end mutual funds; no-load or load-waived mutual funds; Unit Investment Trusts ("UITs"); Exchange Traded Funds ("ETFs"); and derivative instruments such as index and stock options; Certificates of Deposit ("CDs"); and non-traded alternative asset class holdings, such as Limited Partnerships, Business Development Corporations, and Real Estate Investment Trusts.

Because each type of investment holding or security involves a varying degree of risk, a particular



security, and the associated weighting to that security, is only selected when it is determined to be consistent with and fit into the overall strategy for achieving the Client's stated goals, investment objectives, risk tolerance, time horizon, and liquidity needs.

Our Clients may impose reasonable restrictions on investing in certain securities, types of securities, companies, and/or industry sectors. However, Castleview will refuse to accept or to continue management of the account or program, if we IAR determine that such restrictions imposed by the Client cannot be honored. If the Client refuses to modify or withdraw such restrictions after we have notified the Client that the restrictions cannot be honored, and given the Client an opportunity to withdraw or modify the restrictions, then an account will not be opened or, in the case of an existing account, the account will be closed. We will no longer be responsible for providing investment advice and implementing investment decisions to manage the account and the Investment Advisory Fee will cease. At that time, the account will become a non-discretionary, commission-based retail brokerage account, with each transaction being charged a commission and each transaction being initiated by the Client.

## **2) THIRD PARTY MONEY MANAGER ACCOUNTS**

After gathering information about a Client's financial circumstances, investment objectives, risk tolerance, and other data, our IAR assists the Client in selecting a particular Third- Party Money Manager ("TPMM") to deliver an investment model ("strategy") or manage a separate account for the Client. IARs utilize multiple factors in selecting a prudent TPMM to recommend to a Client, including but not limited to performance, investment objectives, and fees. These factors are considered in relation to the Client's specific goals and objectives to help determine suitability of the TPMM. Clients referred to a TPMM for the management of a separate account are directed to the disclosure documents and separate written agreements of the TPMM for more complete information regarding the terms and conditions of the relationship between the Client and the TPMM. When a Client engages a TPMM we recommended, we do not directly manage that portion of the Client's portfolio assets and are not involved in selecting the securities to be bought and sold, or the timing of same. The day-to-day portfolio management decisions are provided by the TPMM, and then executed by us at the Client's custodian or executed directly by the TPMM if managed in a separate account.

In the event that the use of multiple TPMMs is recommended to a Client, each TPMM has differing minimum account requirements as well as a variety of fee ranges. If a Client uses a TPMM in a separate account, we periodically review the Client's financial situation, objectives, and restrictions; and communicate relevant information to the TPMM, and assist the Client in understanding and evaluating the services provided by the TPMM. Some TPMMs maintain their own separate execution, clearing, and custodial relationships.

If we determine that a selected TPMM is not managing the Client's portfolio in a manner consistent



with the Client's IPS and investment objectives, or if the financial situation of the Client changes, we recommend a different TPPM.

If we recommend the use of one of the strategies we manage internally, a conflict of interest may arise because we benefit from earning an additional fee, above the advisory fees, to manage the Castlevue investment model to which Client funds are allocated.

### **3) COMBINED ADVISOR DIRECTED AND MONEY MANAGER MODEL ACCOUNTS**

In some cases, a Client account is managed as a blend of Advisor Directed and TPMM Models in which there are both selected investments managed by us and allocations to models that are managed by the TPMM in one single account.

### **4) FINANCIAL PLANNING**

Some of our IARs provide financial planning services. Fees are charged as a flat dollar amount or an hourly fee. Financial planning is a comprehensive evaluation, using assumptions and analysis of a Client's current and future financial situation and needs, using variable data such as current and future income, expenses, investment growth, and performance, cash flows, asset values, and withdrawal plans. Through the financial planning process, questions, information, and analysis are considered as to how they may impact the current and future financial situation of the Client. To prepare a financial plan or analysis, we gather information from the Client through personal interviews. Information may include the Client's tax status, current assets and liabilities, expenses, investment portfolio, future goals, investment return expectations, and attitudes towards risk. The financial plan or analysis is provided to help our Client make informed decisions with their financial resources in an effort to achieve their financial goals and objectives. In general, the financial plan or analysis may address any or all of the following areas: Asset allocation, education planning, estate planning, financial, insurance needs, retirement planning, and business retirement planning.

The financial plan or analysis does not always contain our recommendations to purchase or sell specific securities. When investment recommendations are included, the Client decides whether or not to implement the recommendations we make, and whether they will implement such recommendations through Castlevue or elsewhere. The services provided in the Financial Planning Agreement terminate upon the delivery of the financial plan or analysis to the Client.

If the Client chooses to implement our recommendations based on the financial plan, the IAR recommends specific investments. To the extent that the IAR makes specific investment recommendations to the Client, the IAR may also be acting as a registered representative of a broker-dealer. The IAR is limited to soliciting, offering, and selling only those investments approved through their broker-dealer. This may create a conflict of interest, as the IAR may be compensated for recommending specific investments in addition to the financial planning fee. Similarly, insurance



product recommendations are limited to the insurance companies with which the IAR is appointed as a licensed insurance agent or broker.

Castlevue both sponsors and provides investment management services through a wrap fee program called the Multiple Strategy Portfolio Program. Regardless of whether an account is Advisor Directed or utilizes TPMMs, as described above, there is no difference in how we manage accounts between the wrap and non-wrap format. Accounts in the wrap program have the cost of custody/execution (whether transaction-based or asset-based) included in the overall "wrap fees" charged to the account. As such, we receive a portion of the overall wrap fees charged on such accounts.

See Item 5 of this brochure for additional information on Wrap Program Fees

#### **PLATFORM SERVICES – AlphaPort**

In addition to the Direct Advisory Services detailed above, we provide advisory, sub-advisory, and operational support services to other investment advisory firms ("RIA Clients") through the AlphaPort platform. AlphaPort provides RIA Clients with a cloud-based practice management system and a model marketplace with access to model portfolios and strategies of TPMMs.

Designed to be an end-to-end solution for advisory firms, the AlphaPort platform delivers a comprehensive suite of administrative, operational, and trading services to RIA Clients. AlphaPort's open architecture is custodian agnostic and customizable/scalable to the specific business needs of each RIA Client. AlphaPort's practice management system can be engaged in a variety of ways: (1) administered and operated by the RIA Client's internal staff, (2) account administration and operational support services provided by Castlevue's AlphaPort Service Team, or (3) a combination of both (1) and (2).

RIA Clients utilize the models provided by the TPMMs, through AlphaPort, for the allocation of their client ("End Clients") portfolios and/or offer RIA Advisor Directed services in which the RIA Client's internal investment professionals work individually with the End Clients. The RIA Client's financial professionals provide the specific advice concerning the selection of TPMMs, separately managed accounts, ETFs, or mutual funds that are available on AlphaPort. RIA Clients are responsible for ensuring that their financial professionals provide regular and ongoing contact with End Clients, allowing End Clients the opportunity to update and change their financial or personal profiles. The RIA Client's financial professionals are responsible for informing us of any restrictions which End Clients wish to impose regarding the management of their accounts. The RIA Clients retain sole responsibility for determining whether a TPMM's or RIA Advisor Directed portfolio or strategy is suitable and appropriate for the End Clients. We reserve the right to cancel services if we are not able to accommodate the restrictions requested by an End Client.

TPMMs available on AlphaPort are either internally-sourced by Castlevue or added at the request of an RIA Client. We perform initial and ongoing due-diligence on internally-sourced TPMMs and such TPMMs are made available to RIA Clients. RIA Clients that request to have specific TPMMs added to AlphaPort bear



all responsibility for the due diligence of requested TPMMs and the related suitability for End Clients. Such TPMMs are not endorsed by Castleview and are only made available to the requesting RIA Client. In the event Castleview desires to make the models of an RIA Client-requested TPMM available to other RIA Clients, we will conduct our own due diligence process prior to making such TPMM available. We reserve the right to add or remove TPMMs from the AlphaPort platform at our sole discretion. TPMMs provide trade signals to us through AlphaPort for us to facilitate trades in the End Client accounts.

Our internal IARs utilize the AlphaPort Platform for Client portfolio management and administration. While AlphaPort is designed and intended to provide efficiency to our overall advisory practice, and our Clients incur no additional cost as a result of our use of AlphaPort, Clients should consider it when evaluating us due to the resources and human capital required for its operation.

#### **ASSETS UNDER MANAGEMENT**

As of December 31, 2019, we had approximately \$327,761,021 in total assets under management. Our AUM consists of \$308,660,023 managed on a discretionary basis and \$19,100,998 managed on a non-discretionary basis.

### **ITEM 5: FEES AND COMPENSATION**

#### **DIRECT ADVISORY SERVICES**

Our Investment Advisory Fees are charged based on a percentage of assets under management and charged quarterly by debiting the Investment Advisory Fees from Client accounts, as specified and further explained below. The Investment Advisory Fee will range from .50% to 1.75%, annually. In situations where a Client wishes to maintain a particular securities position or positions within an Investment Advisory Account, referred to as a Protected Position(s), the market value of the Protected Position(s) is assessed the Advisory Fee described below. Under no circumstances will we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

We established our Investment Advisory Fee schedule (included in this brochure) to create a framework of understanding for prospective Clients. The actual fee we assess each Client is negotiable and reviewed on a Client-by-Client basis. Our Investment Advisory Fee is based on a number of factors including, but not limited to, the complexity of the Client's situation, amount of assets managed, anticipated future additional assets, related accounts, portfolio style, account holdings, manager selection, time involved, and the Client's particular circumstances. The Client's specific annual fee schedule is delivered in writing in the Client Management Agreement. That schedule is complete with a definition of terms and calculations and specifies what portfolio costs are and are not included in the fee.

The following fee schedule covers the Advisory Fee, which is the compensation that goes to your advisor (also referred to as IAR) and includes the cost of our back-office administrative services. The Value column





allows Clients to combine the value of all accounts into a household aggregate amount to achieve a break-point of lower fee rates. Not included in this fee schedule is the cost of TPMM model strategies or Castlevue model strategies. The fee for the investment models is detailed later in this brochure. Investment Advisory Fees charged by other investment advisers may be similar to, more, or less than the fees assessed by Castlevue.

#### **MAXIMUM ANNUAL ADVISORY FEE SCHEDULE**

<u>Managed Account Portfolio Value</u>	<u>Fee Percentage</u>
\$0 - \$500,000	1.75%
\$500,001 - \$1,000,000	1.50%
\$1,000,001 - \$5,000,000	1.25%
\$5,000,001 - \$10,000,000	0.50%
\$10,000,001 and above	Negotiable

Model Management Fees for investment models (strategies) we develop and manage internally are based on a percentage of assets under management allocated to the model and charged quarterly. Model Management Fees range from .00% to 1.00% annually based on the model selected and are negotiated based on the total relationship with the Client, but typically fall between .20% to .50% annually.

Model Management Fees for investment models (strategies) provided by TPMMs are based on a percentage of assets under management allocated to the model and charged quarterly. Model Management Fees for TPMMs range from .60% to 1.00% annually based on the model selected.

The cost of our investment advisory and model management services may be more or less than the cost of purchasing similar services separately. For example, an unmanaged direct investment in a mutual fund, ETF or variable annuity sub-account would be less expensive than participation in an advisory account, because the Client would not bear our Investment Advisory Fee nor our Model Management Fee. There is no assurance that paying a model management fee for a model strategy will yield better performance than simply buying and holding the same underlying position(s) held by a model. Variable annuity accounts may be subject to transaction costs in connection with portfolio rebalancing as provided in the Prospectus delivered to the Client by the variable annuity issuer. Such costs, if incurred, would be in addition to the our Investment Advisory Fee.

#### **FEE CALCULATION BASIS**

Clients pay an Investment Advisory Fee for advisory services rendered by Castlevue and, in most cases, a Model Management Fee for model strategies. The value figure used in the fee calculation is the average daily balance computed at the close of business each trading day. In computing the Average Daily Balance in the account, shares of any mutual funds are valued at their respective net asset value as calculated on the valuation date in accordance with each fund's prospectus. The value for stocks, bonds, options, and



other securities is the closing price provided by custodians and/or reputable pricing services. You should not deem valuation, for fee calculation purposes, as a guarantee with respect to the marketability/liquidation value of those assets.

#### **ARREARS BILLING EXPLAINED**

The arrears billing method means that Clients pay for advisory services after we have rendered such services. Each account incurs a Total Account Fee comprised of the combined sum of the Advisory Fees and the Model Management Fees. Billing periods are based on the calendar quarter. The first partial billing period is the actual number of days from the inception of the account to the end of the calendar quarter. All subsequent billing periods are based on the total number of days in the calendar quarter. The Total Account Fee is calculated by multiplying the account's Average Daily Balance by the applicable Annual Advisory Fee, weighted for the number of days in the quarter, divided by 365, and then adding any Model Management Fees which are calculated by multiplying the Annual Model Fee by the percentage weighting of the account's allocation to the model.

The calculated Total Account Fee is deducted from Client's account within the first 2 weeks after the commencement of the new billing period.

#### **ADVANCE BILLING EXPLAINED**

The advance billing method means that Clients pay for our advisory services prior to the services being rendered. Each account incurs a Total Account Fee comprised of the combined sum of the Advisory Fees and the Model Management Fees. Billing periods are based on the calendar quarter. The inception billing occurs immediately following the end of the inception month. The inception billing is calculated by multiplying the starting value by the applicable Advisory Fee rate for the number of days remaining in the calendar quarter divided by 365. For all subsequent full quarters, the billing is calculated by multiplying the Average Daily Balance of the previous calendar quarter by the applicable annual Advisory Fee weighted for the number of days in the forward quarter divided by 365, and then adding any Model Management Fees, which are calculated by multiplying the similarly calculated Model Management Fee by the percentage weighting of the account's allocation to the model.

The calculated Total Fee is deducted from Client's account during the first week after the commencement of the next billing period.

#### **AUTHORITY**

Our Clients authorize us to charge their account automatically for all Account Fees payable with respect to the account. The quarterly Account Fees are deducted from the Client's account within 2 weeks after the commencement of each calendar quarter. Each Client is responsible for verifying the accuracy of any fee calculation. Clients should bear in mind that the custodian will not determine whether our computation is correct. The amount of the fees we debited can be found on the custodian account statements.



## **EMBEDDED OPERATING EXPENSES**

Any mutual funds, ETFs, or variable annuity sub-accounts included in accounts bear their own internal operating expenses. Such internal expenses are in addition to our fees. Information on the amount and calculation of expenses for each of the mutual funds and ETFs is set forth in the fund's prospectus and periodic reports provided, by the fund, to the Client. Information concerning the amount and calculation of expenses of each variable annuity sub-account and any other expenses assessed by each variable annuity issuer are contained in the prospectus delivered to the Client by the variable annuity issuer.

## **CUSTODIAL, BROKERAGE, AND OTHER TRANSACTION COSTS**

The custodian selected for the account custodies ("holds") the account assets, execute trades in the account, and provides other account related services. The custodian charges fees and/or commissions for their services ("Custodial Charges"). If a Wrap Fee Approach is selected (as described below), the annual Advisory Fee includes the cost of basic custody services, meaning we cover this expense from the total fee we assess Clients. If the Client selects a non-wrap fee arrangement, the Custodial Charges are assessed to the Client account in one of two ways:

### **1) TRANSACTION-BASED PRICING METHOD**

With this selection, the Custodial Charges related to trading within the account are charged by the custodian per ticket, or per trade, when a buy or sell transaction is executed. Thus, the more active the trading, the more this method costs the Client. These ticket charges differ among custodians and information specific to a custodian, including a commission schedule, can be obtained from the IAR. This expense is separate from, and does not include, the investment advisory fee charged by Castleview.

### **2) ASSET-BASED PRICING METHOD**

With this selection, the investment advisory account is charged a flat annual basis point fee on chargeable asset value held in the account, with no additional Custodial Charges for each buy or sell transaction executed. Thus, the less active the trading, the more inefficient this method, compared to paying per ticket commissions. The fee is assessed on the average daily balance of the chargeable assets. This expense is separate from, and does not include, the investment advisory fee charged by Castleview.

Transaction-based pricing may be beneficial if the trading activity in the account is infrequent. If the trading activity becomes frequent and remains so, transaction-based pricing may be less cost effective than asset-based pricing. The rates for transaction-based and asset-based vary among custodians and is disclosed in detail in separate documentation at the time of contracting. Clients should consult with their IAR to discuss the best option for their circumstances.



## **WRAP FEE APPROACH**

A Wrap Fee Program is an investment advisory program in which Client pays one fee for both investment advisory services and the cost for trading in the account. The “wrap fee” is not based directly on the actual transaction or execution costs for the transactions within the account(s). Depending on the underlying investments within the program and how much actual trading activity occurs, participants in a Wrap Fee Program could pay more or less than if they elected to subscribe to a non-wrap fee program and pay for transactions costs separately.

When executing the Client Management Agreement, Clients are required to elect to either participate in the Wrap Fee Program or to have transaction charges assessed separately. The Client’s selection is stipulated in the Acceptance of Terms (as defined therein), which is made a part of the final Client Management Agreement.

The benefits under a Wrap Fee Program depend, in part, upon the size of the account, the management fee charged, and the number of transactions likely to be generated in the account. For example, a Wrap Fee Program may not be suitable for accounts with little trading activity. In order to evaluate whether a Wrap Fee Program is suitable, Clients should compare fees and any other costs we assess with those that would be charged by other advisers, broker-dealers, and custodians for advisory fees, brokerage and other execution costs, and custodial services. Clients should consult with their IAR to discuss the best option for their circumstances. If the Client elects to participate in the Wrap Fee Program, we will provide the Client with a separate disclosure document that contains additional information.

See Item 12 of this brochure for information on our brokerage practice.

## **TERMINATION OF THE CLIENT MANAGEMENT AGREEMENT**

The Client Management Agreement may be cancelled at any time, by either party, for any reason, without penalty. Termination by the Client is effective upon our receipt of the Client’s written notice unless it includes a request for, and we agree to, a later date. Unless otherwise stipulated in the notice provided to the Client, termination by us is effective thirty (30) days from the date of the written notice. The Client may terminate the Client Management Agreement within five business days of its execution.

Upon termination of an account, any pre-paid, unearned fees are promptly refunded to the Client. In calculating a Client’s reimbursement of fees, Castleview prorates the amount owed according to the number of days remaining in the billing period.

Clients are required to provide proper written notice to terminate the Client Management Agreement. Should a Client make excess withdrawals from their account, transfer funds to another custodian, or otherwise disable our custodial account authority, without notice, trade errors may occur. In such circumstances, the Client is financially responsible for any resulting fees and/or losses associated with the



trade error.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Castleview does not charge performance-based fees, nor do we have any supervised persons who manage accounts that charge such fees. The Client's Advisory Fee is calculated based on the value of the Client's account, not the performance of the account.

## **ITEM 7: TYPES OF CLIENTS**

We generally provides investment advisory services to individuals, including high net worth individuals, for both taxable and retirement assets. Though not as common, we may also provide services to pension and profit sharing plans, charitable organizations, and corporations or business entities.

## **ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **METHODS OF ANALYSIS**

Each of our affiliated IARs formulates their individual investment strategies. To aide this process, IARs may select from a variety of sources to obtain information and data concerning securities. The main information sources include, but are not limited to:

- Financial programs and financial websites;
- Financial newspapers and magazines;
- Research materials prepared by others;
- Timing services;
- Annual reports, prospectuses, regulatory filings; and/or
- Company press releases

The IARs may use charting and fundamental and/or technical analysis methods to formulate the investment advice they provide to their Clients. Clients are advised to become familiar with the sources of information used by their IAR and to ask any questions that they may have regarding those information sources.

### **INVESTMENT STRATEGIES**

Investment strategies used by our IARs include, but are not limited to:

- Asset allocation with rebalancing;
- Capital preservation;
- Active trading;
- Interest or dividend income;



- Margin transactions;
- Options trading; and
- Hedging

Prior to investing, Clients should ensure that they fully understand and agree with the investment strategy proposed by their IAR.

## **RISK OF LOSS**

### GENERAL RISK

Investing in securities involves risk of loss that Clients should be prepared to bear. We do not represent or guarantee that we can predict future results, successfully identify market tops or bottoms, or insulate our Clients from losses due to market corrections or declines. The prices of, and the income generated by, equities and other securities held in the portfolio may decline in response to certain global events, including those directly involving the issuers of such securities. General risk factors include, but are not limited to, conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental responses to economic conditions; and currency fluctuations, interest rate changes, inflation, and commodity price fluctuations.

We cannot guarantee that a Client's financial goals and objectives will be met. Past performance is not indicative of future results. The value of a Client's assets will be subject to a variety of factors, including the liquidity and volatility of the securities markets. Portfolio transactions may give rise to tax liability, for which the Client is responsible.

### ASSET ALLOCATION RISK

Asset allocation risk is the risk that a Client's assets may be allocated to an asset class that underperforms other asset classes. For example, fixed-income securities may underperform equities. Accordingly, asset allocation risk will be influenced by the allocation among equities, fixed income, and money market funds.

### INVESTMENT AND MARKET RISK

Recommendations are subject to investment risk, including the possible loss of the entire principal amount invested. A recommendation to invest in securities and other instruments may also involve market risk, which is the risk that the value of the investments may increase or decrease, sometimes rapidly and unpredictably. The current value of a security or other instrument may be worth less than the amount of the original investment, even after taking into account reinvestment of any distributions.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all facts regarding any legal or disciplinary events that would be material to a Client's evaluation of the adviser or the integrity of its management. Neither



Castleview, nor our owners or management have been involved in any criminal, legal, or disciplinary events that would have a negative material impact on a Client's evaluation of our advisory business or reflect negatively on the integrity of management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As discussed in Item 4, we operate the AlphaPort Platform providing administrative and operational support services to other investment advisory firms. These investment advisory firms are not affiliated with us; they are clients for which we provide certain support services. Please refer to Item 4 for additional details.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **CODE OF ETHICS**

Castleview's Code of Ethics sets forth a general standard of business conduct that we expect of all personnel (collectively, "employees"). Our employees must uphold high standards of ethical conduct in their relationships with Clients, one other, Castleview management, vendors, and the public. Our Code of Ethics details such items as conflicts of interest, protection of non-public personal information, personal securities trading, reporting of violations, recordkeeping requirements, outside business activities, gifts and gratuities, and privacy considerations. Failure to uphold the Code of Ethics; or violations of applicable laws, rules, or regulations; may result in disciplinary action, including termination of employment with Castleview and notification of such violation to the appropriate regulatory authority. Clients may request a copy of our Code of Ethics and one will be provided free of charge.

### **PERSONAL TRADING**

Our IARs, employees, and related persons may buy, sell, or hold, in their personal accounts, the same securities we recommend to Clients. Conversely, Castleview personnel may take investment positions different than or contrary to those of our Clients. Occasionally, transactions for Castleview personnel may be effected at or about the same time they are effected for a Client's account. This may create a conflict of interest, whereby the employee or related person places their order ahead of a Client's order and, as a result, obtains a better price than the Client. While we do allow our personnel to invest in the same securities that Clients buy and sell, we do not allow orders to be knowingly placed ahead of Clients. Systematically trading ahead of Clients is known as front-running and is strictly prohibited. All personal securities transactions are subject to monitoring in order to ascertain any patterns of conduct which may evidence conflicts with the Code of Ethics, including patterns of front-running or other inappropriate behavior. Employees must obtain the approval of the CCO prior to making any personal investment.



## **ITEM 12: BROKERAGE PRACTICES**

### **GENERAL PRACTICES**

We arrange for the execution of securities transactions for Client accounts through broker-dealers that we reasonably believe will provide best execution. In selecting a broker or dealer, we consider, among other things, the broker-dealer's execution capabilities, the reputation of the broker-dealer and the broker-dealer's access to the markets for the securities being traded.

When selecting broker-dealers to execute Client transactions, we consider factors such as execution speed, reliability, cost, quality of trade execution, and the availability of services and products. The rate that a Client pays for such services may be higher than the rate available at other brokerage firms. We believe the benefits and features of recommended brokerage firms are of sufficient value to warrant a Client paying a potentially higher transaction cost than could be achieved at other such firms. Put simply, price is not the sole, or even most important, factor when selecting where a Client trade is executed. Generally, we seek competitive commission rates, but do not necessarily attempt to obtain the lowest possible commission for transactions for the account.

Our decision to purchase or sell securities for our Client accounts are based on the specific investment objectives, guidelines, restrictions, and circumstances of each account. We attempt to allocate, to the extent operationally and otherwise practical, investment opportunities to each Client over a period of time on a fair and equitable basis relative to other Clients.

In the event a trade error results in a capital gain to Castleview in excess of \$100, the gain will be donated to a 501(c)(3) organization of our choosing, currently the Wounded Warrior Project, subject to change without prior notification.

From time to time, recommended broker-dealers may refer Clients to us. Such referrals could provide an incentive for us to engage their execution services; however, these potential referrals are not material in size or volume and would not negatively influence the level of care towards Clients' accounts.

In most cases, transactions will be executed through a broker-dealer that also serves as the custodian of the Client's funds.

### **INSTITUTIONAL ADVISOR PROGRAMS**

We participate in the institutional advisor programs (each referred to as "Program") offered by TD Ameritrade Institutional and Charles Schwab Advisor Services. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member, and Schwab Advisor Services ("Schwab") is a business segment of The Charles Schwab Corporation, serving advisors through Charles Schwab & Co., Inc, FINRA Member, also unaffiliated with us. TD Ameritrade and Schwab offer independent investment advisors services which include custody





of securities, trade execution, clearance, and settlement of transactions. We receive some benefits from TD Ameritrade and Schwab through our participation in these Programs.

As disclosed above, we participate in the advisor programs, and we may recommend TD Ameritrade or Schwab to Clients for custody and brokerage services. There is no direct link between our participation in the Programs and the investment advice we give to our Clients, although we receive economic benefits through our participation in the Programs that are typically not available to TD Ameritrade or Schwab retail investors. These benefits 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 participating advisors;
- 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; and
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors.

TD Ameritrade or Schwab may also pay for business consulting and professional services received by Castlevue affiliates. Some of the products and services made available by TD Ameritrade and Schwab through these Programs benefit us but may not benefit our Client accounts directly. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade or Schwab. Other services made available by TD Ameritrade and Schwab are intended to help us manage and further develop our business enterprise. The benefits we receive through participation in these Programs do not depend on the amount of brokerage transactions directed to TD Ameritrade or Schwab. However, we do benefit financially from transition assistance these firms make available, which can take the form of cash payment, loans, or administrative support, so we might have an incentive to maintain Client assets at these firms over some other firm not offering transition assistance. As part of our fiduciary duties to Clients, we endeavor, at all times, to put the interests of our Clients first. Clients should be aware, however, that the receipt of economic benefits by Castlevue or its related persons, in and of itself, creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade or Schwab for custody and brokerage services.

The SEC recently changed the wording of certain questions on the Form ADV and has indirectly changed the definition of soft dollars. Due to the new wording, the receipt of goods and/or services from a third



party in connection with providing advice to clients could be seen as soft dollars. Although the aforementioned additional services we receive from the Schwab and TD Ameritrade would fall under this description of soft dollars, we do not participate in soft dollar arrangements with either of these firms.

In limited cases, we might recommend the use of RBC Advisor Services or National Financial Services for custody services for accounts involving non-standard assets or for accounts owned by U.S. residents living abroad, resident aliens, or certain types of corporate entities.

### **SOFT DOLLARS**

We entered into a Commission Agreement under which, from time to time, a portion of the commissions associated with certain Client securities transactions are used to acquire research products and services from other broker-dealers or a designated third-party. This is commonly referred to as paying for those products or services with "soft dollars." Because such products and services provide a benefit to us, this creates a potential conflict of interest in the allocation of Client brokerage. We could receive benefits by selecting this particular broker-dealer to execute Client transactions, and the transaction fees charged by that broker-dealer may be higher than those we may have otherwise been able to negotiate on such transactions. The research products and services made available through these soft-dollar arrangements include, but are not limited to:

- Economic surveys, data, and analyses;
- Financial publications;
- Company or industry specific information; and
- Other products and services (such as computer services and equipment; including hardware, software, and data) that provide assistance in the performance of our investment management responsibilities.

Such products and services are used in the general decision-making process of our investment management services, and not just for those accounts whose trading commissions were actually used as soft dollars for payment of the provided products and services. Our use of soft dollars is intended to be done in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. As such, we have determined, based on the various factors described herein, that the commissions to be paid under such arrangement are reasonable in relation to the value of all the brokerage and research products and services provided.

In some cases, the commissions charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer, who did not provide research products or services, might charge.

### **TRADING PROCEDURES**

We employ the following trading procedures in connection with discretionary accounts:



- When we believe it is desirable, appropriate, and feasible to purchase or sell the same security for a number of our advisory Clients at the same time, when possible, we aggregate Clients' orders in what is commonly known as a block order that seeks to obtain more favorable executions, in terms of the price at which the security is purchased or sold, and/or the efficiency with which the transaction is processed. All Client accounts participating in a block trade at a given custodian are allocated shares at the same average price.
- When it is not possible to process the trade on a block basis, trades are processed on a rotating basis, so as not to systematically advantage or disadvantage any particular Client or group of Clients.
- Although we place aggregated trades on an average price or rotating basis, as described above, there is no assurance that the actual execution of the block trades by the various custodians will occur in the same manner.
- Once a block trade is completed for Clients holding assets at a particular custodian, allocation instructions are then provided to the custodian. The trade allocation process takes place on as timely a basis as possible, either as an order is completed in full, or, in the case of a partially-executed block order, at the market's close when the average price can be calculated.
- If the block order is not fully executed by the end of the trading day, allocation of the partially filled order is completed on a pro-rata basis, unless it is not practical to do so. Any deviation from a pro-rata process is performed in a fair and equitable method and the reason for the allocation method used is documented in writing no later than on the trading day following the day the order is executed.

In the case of an account over which we do not exercise investment discretion, trades for the Client's account are not executed at the same time as block trades for the discretionary Client accounts and, as a result, will not be executed at the same average price as discretionary accounts.

### **ITEM 13: REVIEW OF ACCOUNTS**

IARs offer to meet with Clients no less frequently than annually to review Client's account(s) and personal financial circumstances. Each calendar month or quarter, Clients receive a statement from their account custodian, listing all activity that occurred during the quarter. Additionally, we provide quarterly performance reports, showing how the Client's investments have performed. Our personnel are available during normal business hours to answer Clients' questions regarding activity and performance.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, we pay a referral fee to a third-party person or entity for introducing Clients. Such fees are paid pursuant to SEC Rule 206(4)-3 regarding cash solicitation arrangements. The amount of the fee is



a percentage of the total fee paid to manage the Client's account. In no case is the Client fee marked-up in order to pay referral compensation.

There is no direct link between our participation in the programs offered through custodian broker-dealers and the investment advice we give to Clients.

Some of our IARs are registered representatives with a broker-dealer or appointed insurance agents with one or more insurance companies. These affiliations, although related to their work as our IAR, are considered an outside business activity. There is no requirement for our Clients to implement recommended transactions through the IAR in this outside capacity. Moreover, Clients should be aware that the IAR receives additional compensation from one of these affiliations related to such transaction that introduces the possibility of a conflict of interest. Clients are encouraged to obtain detailed information from their IAR regarding commission compensation related to the purchase of insurance products and investment in financial products outside of Castlevue.

#### **ITEM 15: CUSTODY**

Neither Castlevue nor any of our affiliates have custody of the assets in a Client's account. An unaffiliated custodian is recommended by the IAR and one is selected by the Client. The custodian sends an account statement, on at least a quarterly basis, which itemizes each of the current investment positions and all transactions that occurred in the Client's account. We will also prepare a quarterly performance statement. The Client is advised to compare the two statements each quarter. In the event of a discrepancy, the custodian's statement will prevail as the official accounting record. Any discrepancies, errors, or questions should be brought to the attention of the Client's IAR immediately.

#### **ITEM 16: INVESTMENT DISCRETION**

The Client grants investment discretion by signing a Client Management Agreement and through the custodian account documentation. The Client Management Agreement makes reference to an Investment Policy Statement ("IPS") which may be presented to the Client, by the IAR, describing the investment parameters. If the Client wishes to make changes to this discretion, it must be done in writing.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Castlevue does not vote proxies on behalf of Clients. Clients are instructed to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Clients who own shares of common stock or mutual funds are responsible for exercising their right to vote as shareholders. Clients are free to contact their IAR to discuss pending votes.



## **ITEM 18: FINANCIAL INFORMATION**

Neither Castleview nor our management has any adverse financial matters that would be expected to reasonably impair our ability to meet all obligations to our Clients. Neither Castleview nor any of our principals have been subject to a bankruptcy or financial compromise.