



Part 2A of Form ADV

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September 1, 2020

This Brochure provides information about the qualifications and business practices of CASTELLAN Group, LLC (CASTELLAN). If you have any questions about the contents of this Brochure or would like to request a copy, please contact us at 502.414.3533 or shannon.bradbury@castellangroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

References herein to CASTELLAN as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 1 – Cover Page

Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure since the last annual update and provides clients with a summary of such changes. Since this is CASTELLAN'S initial Disclosure Brochure with the SEC, there are no material changes to report.

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Item 4 – Advisory Business

CASTELLAN (“the Registrant”) is a limited liability company formed in September 2018 under the laws of the state of Delaware and domiciled in Kentucky and is registered as an investment adviser with the Securities and Exchange Commission. CASTELLAN is principally owned by two Grantor Trusts, CASTELLAN WHY Trust and CASTELLAN Endeavor Trust, with 100% of income in trusts distributing to charities.

CASTELLAN is a family office for ultra-high net worth families with multi-generational wealth. We exist to partner with our families providing them with accountable stewardship of all of their resources with the goal of simplifying their lives and improving their returns.

CASTELLAN also offers family office services and investment services to family offices.

CASTELLAN uses a rigorous, disciplined, and transparent process to construct a strategy that is tailored to each family’s financial situation. The portfolios will be designed using alternative investments, in addition to our investment strategies, which are discussed in further detail in Item Eight. CASTELLAN will collaborate with client’s advisory teams, often coordinating the information flow among attorneys, accountants, insurance advisers and others. CASTELLAN believes this alliance facilitates the development of solutions that are customized to the challenges and opportunities faced by its clients. Our clients will have the opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. Portfolios will be managed on a discretionary basis.

While CASTELLAN does not impose a minimum account size, all clients must meet the definition of “qualified investor” (please refer to Item 5).

CASTELLAN does not participate in or sponsor a wrap fee program.

As of September 1, 2020, CASTELLAN had assets under management in the amount of \$122,371,380.

Item 5 – Fees and Compensation

CASTELLAN renders investment management services only to “Qualified Investors” for a performance-based fee. CASTELLAN’S performance fee is charged based on a share of capital gains on or capital appreciation of the assets of the client’s portfolio account in accordance with the requirements under Advisers Act Rule 205-3. The term ***qualified client*** means:

1. A natural person or company who at the time of entering into such agreement has at least \$1,000,000 under the management of the investment adviser;
2. Having a net worth, joint with spouse, of more than \$2,100,000, excluding primary residence, prior to entering into agreement.

For CASTELLAN'S investment strategies, the performance-based fee is charged if Advisor generates a time-weighted annual return in excess of a 6% of the client's initial investment (adjusted for additions to and withdrawals from the account). The fee will equal to 25% of the return in excess of said hurdle rate during a rolling 12-month period following the client's first four complete calendar quarters.

Client's initial billing event will occur after four calendar quarters of returns have been accumulated. If the account was established during a calendar quarter, the fee will be prorated based on the number of days remaining in the partial quarter. Fees will be billed quarterly thereafter, in arrears, based on a rolling 12-month period. The performance fee is calculated for each separately managed account. The client must understand the performance-based fee method of compensation and its risks prior to entering into a management contract with CASTELLAN.

CASTELLAN'S private placement funds may receive performance fees. More information on fees, expenses and risks can be found in the offering materials for each Private Fund.

CASTELLAN will accept a qualified investor as a client for only investment management services. Our fees will remain the same as above on all investment strategies except for our Structured Notes strategy. Our annual fee for this strategy for a non-family office clients is 1%. Fees are charged quarterly, in advance, based on the account value at the end of each calendar quarter. Accounts initiated during a calendar quarter will be charged a pro-rated fee.

Client can direct and authorize Adviser's fees to be debited from Client's custodial account. Fees are negotiable subject to additional assets under management, family office services and the discretion of management. If a client terminates its relationship with CASTELLAN, any prepaid, unearned compensation will be pro-rated from the date of notification and will be refunded to client. CASTELLAN does not impose any termination fees on separately managed accounts.

CASTELLAN does not receive any portion of the fees or commissions paid by clients to third parties. CASTELLAN operates in this way to promote transparency of fees in order to help client families scrutinize and assess the fees being paid in relation to the specific services being provided.

CASTELLAN does not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so.

Item 6 – Performance Based Fees and Side by Side Management

CASTELLAN renders investment management services to qualified clients for a performance-based fee, investment client's structured notes accounts for an asset under management fee and family office services (non-investment advisory service) for a fixed fee. CASTELLAN'S private equity performance fee also differs from our separately managed accounts performance fee. This is a conflict in that CASTELLAN has an incentive to direct investment opportunities to the accounts that pay a higher fee. In addition, both situations can potentially raise a conflict of interest in that performance fee arrangements may create an incentive for CASTELLAN to recommend investments which may be riskier or more speculative than would be the case absent a performance fee arrangement. CASTELLAN takes its fiduciary duty very seriously and has procedures implemented to ensure all clients are treated fair and equal. Potential new clients will be provided information on all of our investment strategies, although we may have private equity funds no longer available.

Item 7 – Types of Clients

CASTELLAN'S clients are ultra-high net worth individuals. At this time, we manage individual, charitable organizations, limited partnerships, trusts, and business entities. CASTELLAN'S clients are required to be "qualified investors".

CASTELLAN generally requires a family to have a minimum asset base of \$50,000,000 for our services. CASTELLAN, in its sole discretion, may accept clients below our minimum based upon certain criteria including future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, and pre-existing relationship. CASTELLAN shall only accept clients with less than the minimum if, in the sole opinion of CASTELLAN, the size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance.

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

Methods of Analysis

CASTELLAN employs both top-down and bottoms-up (fundamental) approaches interchangeably, depending on their suitability to the investment objective. Top-down approaches involve analyzing macroeconomic trends or tendencies without initial weighting to factors specific to individual assets. When using top-down approaches, CASTELLAN looks to maximize simplicity in our methods as a means of minimizing the potential for error. Fundamental analysis involves an evaluation of a business's financial condition and competitive positioning. When utilizing fundamental analysis, CASTELLAN uses a value-based approach based on the principles espoused by Benjamin Graham to determine the suitability of an investment.

Investment Strategies

The following strategies are held in separate managed accounts.

VolPar™ is a passive asset allocation investment strategy inspired by the idea of risk parity. Through a wide static diversification of across the asset classes of equities, fixed income, and commodities rebalanced done according to a strict quarterly schedule, VolPar seeks to be robust by avoiding fluctuations from macroeconomic changes and deliver higher geometric returns.

Targeted Equity is a factor strategy that uses selection criteria to arrive at a universe of investable equities. Holdings are equities that are chosen primarily based on momentum, quality, and value factors, with some qualitative discretion.

Targeted Income is an income-focused strategy that uses quantitative and qualitative filtering criteria based on dividend growth, safety, and quality of the underlying business's fundamentals. The Strategy will hold a collection of dividend-growing stocks and then manufacture an additional dividend yield by writing short-term Out-of-the-Money (OTM) calls.

Income Growth is an income-focused strategy that uses quantitative and qualitative filtering criteria based on dividend growth, yield, safety, and quality of the underlying business's fundamentals. Holdings will be solely a limited number of REITs and Utilities.

Global Options is an option strategy that seeks to implement option trades on stock market indices across the world where opportunities for upside appreciation with attractive downside protection arise. The strategy seeks to invest in trades that present the best payoff profiles available when opportunities arise. Trades are executed utilizing FLEX options.

Structured Notes is a strategy that combines the upside potential of equity with the downside protections of fixed income. A debt obligation (note) is paired with a series of derivative investments designed to accomplish certain financial objectives if certain market events are reached or avoided.

Private Placements

We manage private placements through limited partnership funds. CASTELLAN analyzes private placement opportunities with an emphasis on company fundamentals. CASTELLAN develops in-depth knowledge of a company's core financial characteristics and an understanding of the industry in which it operates. CASTELLAN focuses on understanding and recommending businesses it believes are operated by a high-quality leadership team and offered at an attractive valuation.

Clients may themselves own, or be considering and invest in, private funds that are not managed by CASTELLAN. In this situation CASTELLAN will, upon client request, provide its

opinion on these funds and may suggest that these funds be purchased or sold. CASTELLAN does not assume discretionary authority to buy or sell any such funds without client consent. No such funds will be included in CASTELLAN'S managed portfolios or included in the calculation of the client's performance fee.

Risk of Loss CASTELLAN defines risk as the possibility of permanent capital loss, not the volatility of an asset price. While CASTELLAN considers risk as much as potential return, it's important to note that fundamentally black swan events can and will occur.

Business/Commercial Risks It is possible that CASTELLAN will recommend the purchase of securities issued by certain companies that have a high degree of business and financial risk. Such companies may be in an early stage of development; may not have a proven operating history; may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; or may otherwise have a weak financial condition.

In addition, such companies may face intense competition, including competition from companies with a better financial condition; greater financial resources; more extensive development, marketing, and other capabilities; and a larger number of qualified personnel.

Leverage The strategies may employ leverage in their trading in the markets. Through the use of leverage, a relatively small movement in the market price of traded instruments may result in a disproportionately large profit or loss. This can result in losses far greater than what is expected.

Market Liquidity In some circumstances the markets can be illiquid, making it difficult to acquire or dispose of investments at the prices quoted on the various exchanges or at normal bid/offer spreads quoted off exchange. During periods of limited liquidity, the strategies' ability to acquire or dispose of investments at a price and time that the strategies deem advantageous may be impaired.

The risks involved with using structured notes are credit risk of the issuing investment bank, illiquidity, and there is a risk to the pricing accuracy as most structured notes do not trade after issuance.

Because private equity fund offerings are exempt from registration requirements, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through private placements are generally illiquid, meaning there are limited opportunities to resell the security. Risk of the underlying investment may be significantly higher than publicly traded investments.

Legal and Regulatory Risks Legal and regulatory changes could occur during the term of the strategies which may adversely affect the strategies or CASTELLAN. For example, the

legal and regulatory environment for derivative instruments is evolving, and changes in the regulation of derivative instruments may adversely affect the value of derivative instruments held by the strategies and the ability of the strategies to engage in trades. Similarly, the legal and regulatory environment for leveraged investors and hedge funds is evolving, and changes in the direct or indirect regulation of leveraged investors or hedge funds may adversely affect the ability of the strategies to pursue their investment objectives and/or engage in trades. In addition, certain jurisdictions have imposed restrictions and reporting requirements on short selling. Further, regulators and exchanges are authorized to regulate trading or other activity with respect to certain markets and may impose other restrictions which could have significant adverse effects on the strategies' portfolios and the ability of the strategies to engage in trades and achieve their investment objectives.

The SEC, other regulators and self-regulatory organizations and exchanges are authorized to intervene, directly and by regulation, in certain markets, and may restrict or prohibit certain market practices currently engaged in (or which may be engaged in) by the strategies. The duration of such restrictions and type of securities affected may vary from country to country and may significantly affect the value of the strategies' holdings and their ability to pursue their investment objectives. For example, authorities in various jurisdictions have periodically implemented restrictions on the ability of investors to engage in short selling. In addition, authorities in various jurisdictions have indicated that they may impose additional restrictions and controls on investors in various markets, which could impact the ability of the strategies to achieve their investment objectives. The nature and extent of these restrictions remain unclear and will likely be subject to ad hoc adjustments when markets experience volatility. The effect of any regulatory change on the strategies could be substantial and adverse.

It is impossible to predict what additional interim or permanent government restrictions may be imposed on the markets and/or the effect of such restrictions on the strategies employed by CASTELLAN. In addition, future repeals of Dodd-Frank or other relevant laws could have unexpected, and potentially adverse, impacts on one or more markets or the strategies engaged in by CASTELLAN.

Market Disruptions The global financial markets have gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition—as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action—these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The strategies may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the strategies from banks, dealers and counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the strategies. Market disruptions may from time to time cause dramatic losses for the strategies, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Obsolescence We recognize that financial markets represent a complex adaptive system where expected returns decrease as more assets are allocated by agents to specific types of strategies. This possibility exists for any and all investment strategies. The probability and timing of this occurring are both impossible to forecast.

Limitations of research Prior to implementing an investment strategy, CASTELLAN will typically back test that strategy across the largest sample size where information would be useful. However, past performance is no guarantee of future results, and a thoroughly back tested strategy may not deliver anticipated results when it is applied.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CASTELLAN or the integrity of CASTELLAN’S management. CASTELLAN and its employees have not been involved in any legal or disciplinary action that would be material to your evaluation of CASTELLAN or CASTELLAN’S management, and therefore has no information applicable to this section.

Item 10 – Other Financial Industry Activities and Affiliations

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

CASTELLAN’S Family Office Services, excluding our investment services, will be a negotiable quarterly fixed fee paid in advance based on the families’ complexity level.

CASTELLAN is the general partner of our private funds. Our services are detailed in the offering documents for each Fund, which include as applicable, operating agreements, private placement memorandum and/or term sheets, subscription agreements, separate disclosure documents, and all amendments thereto (“Offering Documents”). The partnerships are audited annually by an independent auditor retaining the appropriate industry designation to conduct the audit. This service structure provides inherent checks and balances to protect investors.

Item 11 – Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading

Rule 204A-1 of the Investment Advisers Act of 1940 (the “Advisers Act”) requires all investment advisers to establish, maintain and enforce a Code of Ethics. CASTELLAN has adopted a Code of Ethics (COE) for all supervised persons describing its high standard of business conduct, and fiduciary duty to its clients. All supervised persons of CASTELLAN must at a minimum annually, or as amended, acknowledge in writing the terms of our COE.

Employees of CASTELLAN may trade in securities which are also recommended to and/or purchased for our clients. The employees may also purchase an interest in our private funds. The COE is designed to assure these transactions, activities and interests of the employees of CASTELLAN will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the COE requires pre-clearance of certain transactions and restrictions on trading times. Nonetheless, because the COE would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employees are permitted to have their accounts included in a block trade with client’s accounts. Employee trading is continually monitored to reasonably prevent conflicts of interest between CASTELLAN and its clients.

It is CASTELLAN’S policy that CASTELLAN will not affect any principal or agency cross securities transactions for client accounts. CASTELLAN will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. CASTELLAN’S clients or prospective clients may request a copy of our COE by contacting our office.

Item 12 – Brokerage Practices

CASTELLAN recommends and can require our clients establish custodial services with Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We prefer Schwab, as a custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into

account a wide range of factors, including quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the Custodian, including the value of the Custodian's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. CASTELLAN is not affiliated with Schwab.

Schwab can charge a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. We have determined that having Schwab execute most trades is consistent with our duty to seek best execution. When we do trade away, we consider the trade to be advantageous for the client due to broker/dealer having expertise in a particular market or the security may be thinly traded.

Transactions for each client account generally will be affected independently unless CASTELLAN decides to purchase or sell the same securities for several clients at approximately the same time. CASTELLAN may (but is not obligated to) combine or "batch" such orders to obtain best execution, to potentially negotiate more favorable commission rates, or to allocate equitably among CASTELLAN'S clients differences in prices and commission or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among CASTELLAN'S clients in proportion to the purchase and sale orders placed for each client account on any given day.

The client may direct CASTELLAN in writing to use a particular broker-dealer to execute some or all transactions for client's account. In that case, client will negotiate terms and arrangements for the account with that broker-dealer, and CASTELLAN will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by CASTELLAN. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

A soft dollar arrangement is one in which an adviser may direct transaction activity in exchange for services that are for the benefit of the client. Soft dollars are incorporated into brokerage fees and paid expenses which are not reported directly. CASTELLAN accepts what is offered but does not have agreement to direct brokerage in exchange for research.

In the event a trading error occurs in your account, we will restore your account to the position it should have been in had the trading error not occurred. You will benefit from any gain resulting from a trade error. You can have the gain applied to your account or, if you like, you can instruct us to donate the gain to a charity of your choice. For de minimis losses

or gains of less than \$100, Schwab bears loss to avoid additional expense and burden of processing small errors.

Item 13 – Review of Accounts

CASTELLAN provides ongoing supervision of client investment assets. This includes, at a minimum, quarterly reviews by our Portfolio Manager and Analyst. Certain events may impact a client family that necessitate additional review and analysis, such as a change in a client family's personal or financial situation, changes in law, or availability of new investment opportunities.

CASTELLAN provides quarterly summary reports, which aggregate and summarize the assets and accounts of the client relationship.

Item 14 – Client Referrals and Other Compensation

Registered investment advisers are required to disclose if someone who is not a client provides an economic benefit to CASTELLAN for providing investment advice or other advisory services to clients. Registered investment advisers are also required to disclose if they compensate any person who is not affiliated with CASTELLAN for client referrals. CASTELLAN has no such arrangements and has no information applicable to this Item.

Item 15 – Custody

Pursuant to Rule 206(4)-2 of the Advisers Act, CASTELLAN is deemed to have custody of the Funds since CASTELLAN serves as the general partner of the Funds. In accordance with the requirements of 206(4)-2, each of the Funds obtains an annual audit of its financial statements performed by an independent public accountant that is registered with, and subject to examination by the Public Company Accounting Oversight Board (PCAOB). Copies of the annual audited financial statements, which are prepared in accordance with generally accepted accounting principles, are distributed to all investors within 120 days of the end of the fiscal year of the Funds. Investors are encouraged to carefully review those statements.

Clients should receive at least quarterly statements from Schwab or another qualified custodian that holds and maintains client's investment assets. CASTELLAN urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

We will, upon request, assist clients in making transfers of assets in their accounts to third parties. This can be considered "custody" by the Securities and Exchange Commission. We follow the SEC guidelines that allow us to assist clients in making these transfers without our being required to have an annual surprise audit of our accounts by an independent custodian.

Item 16 – Investment Discretion

CASTELLAN has discretionary authority from the client relationship to select the identity and amount of securities to be bought or sold, commission rate and broker/dealer. In all cases, however, such discretion is to be exercised in a manner consistent with the client's investment objectives and CASTELLAN'S investment strategies.

When selecting securities and determining amounts, CASTELLAN observes limitations and restrictions of the clients for which it advises.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, CASTELLAN does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CASTELLAN may provide advice to clients regarding the clients' voting of proxies.

At client's request, CASTELLAN will assist in preparation and filing of class action forms.

Item 18 – Financial Information

CASTELLAN does not have any adverse financial situations that would reasonably impair our ability to meet all obligations to our clients. Neither CASTELLAN, nor any of our management, have been subject to a bankruptcy or financial compromise. CASTELLAN is not required to deliver a balance sheet along with this Disclosure Brochure as we do not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.