

## **CASTLE FINANCIAL & RETIREMENT PLANNING ASSOCIATES, INC.**

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### **Firm Brochure Part 2A of Form ADV Updated July 9, 2021**

**This brochure provides information about the qualifications and business practices of Castle Financial & Retirement Planning Associates, Inc. If you have any questions about the contents of this brochure, please contact us by telephone in our New Jersey Office at (732) 888-4994, by facsimile at (732) 888-8312 or our Florida Office at (239) 947-9255 or our New York City Office at (212) 521-4348 or through our web site at [www.castlefinancial.com](http://www.castlefinancial.com). 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.**

**Castle Financial & Retirement Planning Associates, Inc. is a registered investment adviser. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training. Additional information about Castle Financial & Retirement Planning Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **Material Changes**

Castle Financial no longer serves as a Co-Manager to the All Terrain Opportunity Fund, now known as the AXS All Terrain Opportunity Fund. This Brochure has been revised to reflect that transition. There have been no further material changes made to this Brochure since our last Annual Amendment filing, made on March 29, 2020.

**Castle Financial & Retirement Planning Associates, Inc.**

**Firm Brochure**

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## **ADVISORY BUSINESS**

### ***The Firm - Castle Financial***

In July 1992, Al Procaccino II established Castle Financial & Retirement Planning Associates, Inc. (herein after referred to as “Castle Financial” or the “Firm”). Castle Financial is a fee-based investment advisory firm registered with the Securities and Exchange Commission. Mr. Procaccino is an investment advisor representative and hereinafter is referred to as the “Advisor”.

Castle Financial provides financial planning and consulting services as well as discretionary and non-discretionary investment advisory services. Mr. Procaccino offers investment advisory services to clients with custody of the accounts being maintained at either Charles Schwab & Co., Inc., member FINRA/SIPC or TD Ameritrade, Inc., member FINRA/SIPC.

### ***Services Provided***

#### **Financial Planning and Consulting Services**

Castle Financial’s Advisor offers clients financial planning services relating to:

- Financial Planning;
- Retirement Planning;
- Portfolio Evaluation, Design and Management;
- Seeking to increase the Rates of Return on client’s Money and Investments consistent with risk and investment objectives;
- Estate Planning/Protecting and Preserving Your Estate;
- College Expense Planning;
- Family Elder Law Planning;
- Stock Option Analysis;
- Business Continuity Planning;
- Wealth Risk Exposure Review/Asset Protection;
- Charitable Gift Planning;
- Insurance Review;
- Pension Plan Design and Management;
- Business Succession Planning;
- Tax Efficient Wealth Distribution/Legacy Planning;

Clients are required to enter into Castle Financial’s Financial Advisor Agreement prior to engaging Castle Financial to provide financial planning or consulting services. This agreement sets forth the terms and conditions of the engagement, describes the scope of services to be provided, and the fee(s) that the client will be charged.

The Advisor collects the client's personal and financial data, including their desired financial goals and objectives. The Advisor then analyzes the data and makes recommendations, both orally and/or in writing for the planning or consulting service(s) that the client desired. All recommendations are client specific based on the client’s financial goals, risk profile and return

objectives. At the client's request, Castle Financial's may recommend the services of other professionals (attorneys, CPAs, etc.) for implementation purposes as neither Castle Financial nor its Advisor is a certified public accountant or attorney.

Clients are not obligated to engage the services of any recommended professional. If a client engages any recommended unaffiliated professional and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from that professional. At all times, the any such engaged professional, and not Castle Financial, shall be responsible for the quality and competency of the services they provide.

Clients retain absolute authority over all implementation decisions and are free to accept or reject any recommendation from Castle Financial or its Advisor. Clients are free to select any brokerage firm, insurance company, or similar sales agency he/she desires for the implementation of any recommendations made during the analysis of their personal and financial information. Castle Financial or its Advisor generally charges either an hourly or fixed fee for financial planning and consulting services.

### **Investment Management Services**

Prior to engaging Castle Financial to provide investment management services, clients are required to enter into a formal Investment Advisory Agreement with Castle Financial setting forth the terms and conditions under which the Advisor will manage the client's investments, and the fees or other charges the client will pay. Separate custodial documents may also be required prior to establishing an account.

Upon signing Castle Financial's Investment Advisory Agreement, clients grant Castle Financial's Advisor limited discretionary authority to manage their portfolios on a discretionary basis, and to respond to inquiries from and communicate and share information with the client's attorney, accountant and other professionals to the extent necessary in the furtherance of Castle Financial's services. Clients also authorize Castle Financial and/or their account custodian(s) to debit their account(s) for payment of investment advisory fees.

Castle Financial provides investment advisory services for client(s) and determines a suitable portfolio model based upon the information provided by the client in their investment policy statement as to the client's investment objectives, risk tolerance and financial circumstances. Castle Financial's Advisor primarily recommends that clients allocate their investment assets among various equity and fixed income mutual funds, individual equities, bonds and other fixed income securities, ETFs, and brokered CD's. The Advisor then designs a tactical asset allocated portfolio in accordance with the client's investment objectives, risk tolerance, and investment restrictions (if any) imposed by the client.

Castle Financial also provides investment management services to clients relative to: (1) variable annuity products that they may own, or (2) their individual employer-sponsored retirement plans. In so doing, Castle Financial recommends the allocation of client assets among the various investment subdivisions that comprise the variable annuity product or the investment alternatives that comprise the retirement plan. The client acknowledges and understands that Castle Financial's Advisor is limited to the investment alternatives permitted under the plan or within

the annuity. The client's assets will be maintained at either the specific insurance company that issued the variable annuity product that the client owns, or at the custodian designated by the retirement plan sponsor.

Services to be provided under this service also include financial planning and other related or unrelated consulting services with clients CPA's, Attorneys and other professional consultants. However, neither Castle Financial nor its Adviser is a certified public accountant or attorney.

Security transactions are generally executed through either Charles Schwab or TD Ameritrade Institutional's trading platforms. Clients of Castle Financial must be aware that if they direct Castle Financial or its Adviser to use a particular broker that it may limit Castle Financial or its Adviser the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading.

As of December 31, 2020, Castle Financial had approximately \$90,215,266 in assets under management on a discretionary basis.

Castle Financial's Adviser generally places trades for individual client accounts. However at the Adviser's discretion, a client's security transaction order may be combined or "batched" together with other clients and/or the Adviser's orders and executed as a "block" transaction. By executing block transactions, the Adviser attempt to achieve best execution and to equitably allocate among their clients the difference in price that might have been obtained had such orders been placed independently. Sometimes block trades are executed with only a partial fill of the order. This can usually be attributed to limit orders or thinly-traded securities.

Castle Financial has established the following procedures in the event that a trading error occurs during the execution of a security, other than a mutual fund, transaction:

- Upon discovery of the trade error, Castle Financial will immediately notify the CCO who will, in turn, notify the broker/dealer or custodian's trading department with details concerning the error. The broker/dealer or custodian will flatten the incorrect transaction with a covering transaction, regardless of whose fault it is. This immediate action will be taken to limit the potential effects that capital market fluctuations may have upon further price deterioration or appreciation. Specifically, any thought of delaying immediate remedial action in the hopes of an advantageous market swing is avoided through this action.
- The CCO will give the trader the correct transaction that should have been executed.
- The broker/dealer or custodian will confirm the correct price that the client should have received had the order been processed correctly.
- A trade error report containing the following information must be completed:
  - Account registration and number;
  - The trade and settlement dates;
  - The number of shares or dollar value of the trade;
  - An explanation of the error;
  - The resolution of the error; and
- If the client lost money due to the error, include any information to evidence that the client was made whole and not harmed in any way.

- Any restitution to the client's account must be made through the broker/dealer.
- The CCO or a designated alternate will review the trade error report to ensure that all documents regarding the trade error have been attached to the report before filing the document in the trade error file.

Castle Financial has established the following procedures in the event that a trading error occurs during the execution of a mutual fund transaction:

- Upon discovery of the trade error, Castle Financial will immediately notify the CCO who will, in turn, notify the broker/dealer or custodian's trading department with details concerning the error.
- The broker/dealer or custodian will reverse the errors and reenter the correct transaction order in such a manner as to ensure that the client's correct trade is processed without detriment to the client. If required, the broker/dealers Compliance Department will provide the custodial or Mutual Fund Company with a Letter of Indemnity.
- A trade error report containing the following information must be completed:
  - Account registration and number;
  - The trade and settlement dates;
  - The number of shares or dollar value of the trade;
  - An explanation of the error;
  - The resolution of the error; and
- If the client lost money due to the error, include any information to evidence that the client was made whole and not harmed in any way.
- Any restitution to the client's account must be made through the broker/dealer.
- The CCO or a designated alternate will review all trade error reports to ensure that all documents regarding the trade error have been attached to the report before filing the document in the trade error file.

### **Commission Business and Transactions**

Castle Financial's Advisor is licensed as a life and health insurance agent. As a life and health insurance agent, the Advisor is able to sell insurance and insurance products to clients with those needs, on a commission basis. Al Procaccino II, CFP, CFS, CFF, Castle Financial's Chief Compliance Officer, remains available to address any questions that the client may have regarding this conflict of interest.

### **ADDITIONAL DISCLOSURES**

#### ***Limitations of Financial Planning and Non-Investment Service***

As indicated above, to the extent requested by a client, Castle Financial may provide financial planning and related consulting services. Neither Castle Financial nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. Castle Financial does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with Castle Financial, if desired.

Castle Financial may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Castle Financial does not serve as a law firm, accounting firm, or insurance agency, and no portion of Castle Financial's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Castle Financial does not prepare estate planning documents, tax returns or sell insurance products.

To the extent requested by a client, Castle Financial may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including the Advisor, in his individual capacity as a licensed insurance agent or a registered representative of Modern Capital Securities Inc ("Modern Capital"). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Castle Financial or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and not Castle Financial, shall be responsible for the quality and competency of the services provided.

#### ***Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest***

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Castle Financial recommends that a client roll over their retirement plan assets into an account to be managed by Castle Financial, such a recommendation creates a conflict of interest if Castle Financial will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Castle Financial.

#### ***Portfolio Activity***

Castle Financial has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Castle Financial will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Castle Financial determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described below during periods of account inactivity.

#### ***Client Obligations***

In performing its services, Castle Financial shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly



notify Castle Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Castle Financial's previous recommendations and/or services.

### **FEES AND COMPENSATION**

#### **Planning and Consulting Service Fees:**

Castle Financial's financial planning and consulting fees range from \$500 to \$2,500 on a fixed fee basis, or up to \$150 on an hourly rate basis, depending upon the level and scope of the services required and the professionals rendering the service. Financial planning and consulting service clients are generally charged an initial consultation fee of \$100. If clients engage Castle Financial for financial planning or consulting services following the initial consultation, fifty percent (50%) of any fixed fee is payable upon signing Castle Financial's Comprehensive Financial Advisor Agreement, with the balance payable upon completion of the financial planning or consulting service. Prepayment of fees will not exceed \$500, unless the services are rendered within six (6) months of execution of the Comprehensive Financial Advisor Agreement.

If clients engage Castle Financial for financial planning or consulting services following the initial consultation on an hourly basis, an initial retainer may be required upon signing Castle Financial's Comprehensive Financial Advisor Agreement. Clients are billed in fifteen (15) minute increments (\$37.50 maximum per 15 minutes) and the total fee will be deducted from the client's account or invoiced if the money is not available or the client so desires at the end of the consultation. Castle Financial's Advisor reserves the right to negotiate financial planning and consulting service fees on a case by case basis.

#### ***Termination of Planning and Consulting Services***

Clients may terminate Castle Financial's Comprehensive Financial Advisor Agreement at any time without penalty upon written notice. If a client has contracted for consulting services or a financial plan and terminates the agreement prior to completion of services or receiving the plan, the retainer is refunded less the applicable hourly charge for any completed work.

#### ***Investment Management Fees***

Castle Financial charges an annual investment management fee based on a percentage of the market value of the assets being managed by Castle Financial. Castle Financial's fee is generally equal to 0.50 or 1.50% of assets under management, depending upon the negotiations between the client, the complexity of the relationship and various other objective and subjective factors. The investment management fees are payable quarterly in arrears, based upon the average daily balance of the client's account during the previous quarter as valued by the Custodian. However, (a) the fee for the initial quarter shall be calculated on a pro-rata basis commencing on the day that the Assets are initially designated to Castle Financial for management; and (b) if the custodian only issues statements on the Account as of the last business Friday of each month (or the next preceding business day if such Friday is a holiday), then the date of the statement so

issued as of the last month in any calendar quarter shall be deemed to be the last business day of such quarter for billing purposes.

Castle Financial's investment advisory fee is negotiable at its discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with Castle Financial and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by Castle Financial to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

Castle Financial's fee shall include investment management services, and general financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Advisor), Castle Financial may determine to charge for such additional services pursuant to a separate agreement requiring client signature.

Castle Financial generally requires a minimum of \$250,000 for investment management services. For investments that do not have a readily available market value, Castle Financial's Advisor may calculate its investment management fee based on the initial cost of the investments. Castle Financial's Advisor, in his sole discretion, may waive the account minimum and/or charge a lower or no management fee based on various criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc).

Upon signing Castle Financial's Investment Management Agreement, the client authorizes the custodian to deduct the Investment Management Fee from their Account(s) and remit the same to Castle Financial pursuant to its invoice. The Advisor sends a quarterly invoice to the Custodian setting forth the amount of the investment management fee that is due for the quarter, and the investment management fees are directly deducted from the client's account(s). The custodian shall not be required to verify the Advisor's calculation of the management fee. To satisfy the payment of the management fee, funds will be deducted directly from the Account(s), and if necessary, from liquidating holdings in the following order: (a) cash positions: (b) money market funds, or (c) current positions in the Account. It should be noted that some mutual funds and securities that are purchased and sold for the Account may have transaction fees, commissions, and/or redemption fees that will be charged to the client. These transaction fees, etc. are not shared with Castle Financial or its Advisor and are paid directly to the broker/dealer or custodian.

All fees paid to Castle Financial are separate and distinct from other fees the client may pay, including transaction fees, short term trading fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus, and custodial fees. In addition, clients may pay brokerage and transaction fees, commissions, transfer taxes, exchange fees, and any other charges that may be imposed with regard to the client's brokerage account.

### ***Termination of Services***

A client may terminate Castle Financial's services at any time by giving written notice to Castle Financial or its Advisor at least (7) days prior to the date of termination (the "Termination Date"). Effective on the seventh (7<sup>th</sup>) day, Castle Financial shall take no further action with respect to the Account. Castle Financial will cease to be entitled to receive fees for any period following the Termination Date. Clients terminating their relationship with Castle Financial prior to the end of the quarter are entitled to a pro-rata refund of any pre-paid fee at time of termination.

The client will have immediate access to the assets in his or her account(s), subject to any restrictions imposed by the broker/dealer or custodian of the accounts.

Termination of Castle Financial's Investment Advisory Agreement shall not affect either (a) the validity of any action taken by the Advisor pursuant to the Agreement, or (b) the liabilities and obligations of the parties with respect to any transactions effected prior to the Termination Date.

The death, disability or incompetency of the client will not terminate or change the terms of Castle Financial's Investment Advisory Agreement. Where required, certain aspects of a client relationship maintained with a custodian will require approval from an authorized person. However, the client's executor, guardian, attorney-in-fact or other authorized representative may terminate the Agreement by giving written notice to Castle Financial or its Advisor. The client and/or its authorized representative recognize that the Custodian may not permit any further Account transactions until such time as any required documentation is provided to the Custodian.

All fees paid to Castle Financial are separate and distinct from other fees the client may pay, including transaction fees, short term trading fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus, and custodial fees. In addition clients may pay brokerage and transaction fees, commissions, transfer taxes, exchange fees, and any other charges that may be imposed with regard to the client's brokerage account.

### ***Brokerage Commissions***

Castle Financial does not accept compensation from the sale of securities or other investment products.

### **Brokerage and Custodian Transaction Fees**

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Castle Financial shall generally recommend that Charles Schwab or TD Ameritrade Institutional serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Charles Schwab and TD Ameritrade Institutional charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition to Castle Financial's investment management fee, brokerage commissions and/or transaction fees,

clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

However, in the event that the client desires, the client can engage Mr. Procaccino, in his individual capacity, as registered representatives of Modern Capital, a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Modern Capital, Modern Capital will charge brokerage commissions to effect securities transactions, a portion of which commissions Modern Capital shall pay to Mr. Procaccino, as applicable. The brokerage commissions charged by Modern Capital may be higher or lower than those charged by other broker-dealers. In addition, Modern Capital, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

The recommendation that a client purchase a commission product from Modern Capital presents a conflict of interest, as the receipt of commissions may provide Mr. Procaccino with an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Mr. Procaccino.

When Mr. Procaccino sells an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Mr. Procaccino does not also receive commission compensation for such advisory services.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Castle Financial nor its advisor charges client fees based upon a share of capital gains or capital appreciation of the assets in the client's account.

#### **TYPES OF CLIENTS**

Castle Financial's clients are generally comprised of individuals, retirement plans, 401k plans, trusts and corporations.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### ***Methods of Analysis***

Castle Financial's Advisor employs the following methods of analysis prior to purchasing or selling a security for a client's account:

- Fundamental Analysis - is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. In doing so, the Advisor attempts to study everything that can affect the securities value (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). Based on the

advisor's analysis he can produce a value for the security and compare it with the securities current price to determine what position to take (if any) regarding that security.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

- Technical Analysis – is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. When analyzing securities using technical analysis the Advisor does not attempt to measure a security's intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

- Cyclical Analysis – is a method of analyzing securities that rise quickly when economic growth is strong and falls rapidly when growth is slowing down.
- Risks For All Forms Of Analysis – Castle's securities analysis methods rely on the assumption that the companies whose securities it purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Castle is alert to indications that data may be incorrect, there is always a risk that its analysis may be compromised by inaccurate or misleading information.
- Due Diligence Meetings – The Advisor participates in conference calls and meetings with analysts, portfolio managers and strategist with money management firms such as Black Rock, Goldman Sachs, Pimco, J.P. Morgan, Prudential, Pioneer, Wells Fargo and others.

### ***Investment Strategy - Tactical Asset Allocation***

Castle Financial's overall investment strategy is to manage accounts to protect and grow the client's assets, generate positive total return and provide income during retirement. To accomplish this, Castle Financial and its Advisor employs a conservative tactical asset allocation investment strategy to manage client portfolios. Castle Financial's Advisor meets with clients to get a clear understanding of their investment goals and the amount of risk they are willing to take to attain these goals. Based on the information provided by the client and the current market conditions, the Advisor develops a target asset allocation. In developing the targets, the Advisor will set a higher (overweight) allocation target to sectors that are anticipated to outperform others and a lower (underweight) allocation target to sectors that are anticipated to under-perform. As market conditions change, the asset allocation targets will be reviewed and updated as appropriate. In addition, asset allocation targets are updated if there is a change in the client's investment objective.

The Advisor utilizes research and information from Bloomberg, Cantor Fitzgerald, Kiplinger's, Citi, Goldman Sachs, J.P. Morgan, PIMCO, Calamos, Blackrock, St. Louis Fed, Dallas Fed, UBS, Doubleline, Deutsche Bank, Bespoke, Bank of America Merrill Lynch, Wells Fargo, Research Affiliates, Jefferies, Credit Suisse, Oppenheimer, IMF, MKM Partners, S&P, Blackstone, Guggenheim Partners, HSBC, First Trust, Angel Oak Capital, AQR, MFS, Pioneer, Natixis, Eaton Vance, Macro Strategy Partnership, CBOE, CME Group, TD Ameritrade Institutional, Charles Schwab, CNBC, Bloomberg, ETF.com, Thompson Reuters, Sevens Report, Amundi Pioneer Asset Management, the internet and additional sources will be added in the future. The Advisor uses screening tools and research reports, and participates in due diligence conference calls and meetings with analysts, portfolio managers and strategists with money management firms such as Black Rock, Goldman Sachs, JP Morgan, PIMCO, Pioneer, Wells Fargo, Eaton Vance, Scout, and others. The information culled from these sources issued in conjunction with screening tools and research reports from the internet, due diligence conference calls with analysts, portfolio managers and strategist of money management firms, and independent analysis performed by Castle Financial to determine and formulate client investment recommendations. Investments generally consist of a variety of equity and fixed income mutual funds, Exchange Traded Funds and variable and fixed annuities. Individual equities and bonds may also be held.

#### ***Risk Associated with Tactical Asset Allocation***

There is risk associated with any investment strategy, including tactical asset allocation. The client must be aware of the following risk associated with a tactical asset allocation strategy:

- There is no guarantee that the use of this strategy will provide a higher performance than the use of other investment strategies.
- This strategy relies on an accurate reading of market conditions and the future direction of the market. There is no guarantee that the anticipated asset allocation targets will outperform other sectors.
- Clients may see an increase in brokerage fee and expenses depending on the volume of trading activity by the Advisor in the account.
- Clients may be exposed to tax consequences due to capital gains/losses from the sale of securities to rebalance accounts. Some of the capital gains could be short-term, which are taxed at a higher rate.
- Fund companies may place restrictions on an account for violating the Fund's short-term trading policy. While this is possible, Castle Financial and its Advisor intend to avoid processing trades in client's accounts that would subject the client to short-term trading fees or account restrictions.

#### ***Risk of Loss***

Investors must be aware that there is a potential risk of loss regardless of whether or not they decide to invest their money. If investors decide to invest their money, they are obligated to assume a portion of risk. The amount of risk assumed varies from investor to investor and is one of the contributing factors for an Advisor in determining a suitable portfolio for their client. Investing in securities involves risk of loss that clients should be prepared to bear. The following is a list of some of the risk that a client may be exposed to:

- **Systematic (Market) Risk** – These are risks that affect the entire market and cannot be avoided through diversification. This risk may be caused by events such as changing interest rates, a recession, or wars.
- **Unsystematic Risk** – These are risks specific to a company or industry sector and may be avoided or mitigated by diversification.
- **Credit Risk** – The risk that a company or municipality will not be able to repay its lenders. This is very important to those investing in fixed-income investments such as bonds.
- **Country Risk** – This is risk associated with investing in foreign securities. This risk includes political, exchange rate, economic, sovereign and transfer risk (which is the risk of capital being locked up or frozen by government action.)
- **Liquidity Risk** – The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss.
- **Interest Rate Risk** – The risk of changing interest rates and their impact on interest-bearing assets, such as bonds. In general, as interest rates increase, the price of a fixed rate bond will decrease, and vice versa.
- **Options Strategies** – Certain options-related strategies (i.e. straddles, short positions, etc) may produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies.

### ***Cybersecurity Risk***

In addition to the risks described above that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to ‘cybersecurity’ risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, we and the client accounts we manage have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause us and client accounts (including funds) we manage to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which we invest, counterparties with which we engage in transactions, third-party service providers (e.g., a client account’s custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce the risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

### **DISCIPLINARY INFORMATION**

Castle and its Advisor are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Neither Castle nor its Advisor have ever been convicted of, or pled guilty or no contest to:

- Any felony;
- A misdemeanor that involved investments or investment related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion;
- Conspiracy to commit any of these offenses;

in any domestic civil or criminal, foreign or military court of competent jurisdiction.

Neither Castle nor its Advisor has ever been found to:

- Have caused an investment related business to lose its authorization to do business;
- Have been involved in a violation of an investment related statute or regulation;

in any proceeding before the SEC, any other federal regulatory agency, and state regulatory agency, or any foreign financial regulatory authority.

Neither Castle nor its Advisor has ever been found to:

- Have caused an investment related business to lose its authority to do business;
- Have been involved in a violation of the SRO's rules and was bared or suspended from membership or from association with other members, or was expelled from membership; significantly limited from investment related activities; or fined more than \$2500 dollars; in any Self-Regulatory Organization (SRO) proceeding.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Except as stated in the following paragraphs, Castle Financial does not have any related persons that are one of the following:

- Broker-dealer, registered representative of a broker-dealer, municipal securities dealer, or government securities dealer or broker
- Pooled investment vehicle (such as a private investment company or "hedge fund," and offshore fund)
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships.

#### ***Licensed Insurance Agents***

One of Castle Financial's representatives, in his individual capacity, is a licensed insurance agent. Clients may engage Mr. Procaccino, in his individual capacity to purchase insurance and



insurance products on a commission basis.

***Registered Representatives of Modern Capital Securities Inc. (“Modern Capital”)***

Mr. Procaccino, in his individual capacity, is a registered representative of Modern Capital, a FINRA member broker-dealer. However, these individuals do not hold themselves out to the public or clients in this capacity. Clients can choose to engage Mr. Procaccino, in his individual capacity, to effect securities brokerage transactions on a commission basis.

***Conflict of Interest***

The recommendation by Castle Financial’s representatives that a client purchase a securities or insurance commission product is a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Castle Financial’s representatives. Clients are reminded that they may purchase investment products recommended by Castle Financial through other, non-affiliated registered representatives of broker dealers and/or insurance agents.

***Recommending and/or Selecting Other Investment Advisors***

At this time Castle Financial’s Advisors do not recommend other investment advisors to clients.

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

***Code of Ethics Disclosure***

Castle Financial has adopted a Code of Ethics Policy. The Code set forth a standard of business conduct for the Firm and all persons associated with the Firm. The purpose of this Code is to set out ideals for integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence for the Firm and its associated persons to espouse in the interest of the Firm and investor protection. In particular, the Code is designed to:

- Protect the clients by deterring misconduct.
- Protect Castle Financial’s reputation.
- Guard against violations of the securities laws.
- Establish procedures to ensure that Advisors conduct themselves ethically at all times.

In an effort to meet the above obligations, the Code sets out policies and procedures that Castle Financial’s Advisors are expected to follow in the following areas:

- Compliance
- Privacy and Confidentiality
- Personal securities transactions and reporting
- Insider trading
- Conflicts of interest / outside business activities
- Gifts and Entertainment
- Reporting violations and sanctions
- Record keeping
- Political Contributions

Clients and prospective clients may obtain a complete copy of Castle Financial's Code of Ethics upon request by contacting their Advisor in writing at 740 River Road; Suite 208 & 209, Fair Haven, New Jersey 07704 or calling our New Jersey Office at (732) 888-4994 or our Florida Office at (239) 947-9255.

In accordance with Section 204A of the Investment Advisers Act of 1940, Castle Financial also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of material non-public information by Castle Financial or any access persons of Castle Financial with regards to their personal securities transactions.

### ***Privacy Statement***

Castle Financial also protects the personal non-public information of its clients and employees, and its Advisors are expected to exercise diligence and care in maintaining and protecting the client's non-public confidential information. Castle Financial holds all personal information provided to the Firm in the strictest confidence. The records that Castle Financial maintains include all personal information that the Advisors collect from clients in connection with any of the services provided by Castle Financial. Castle Financial has never disclosed information to non-affiliated third parties, except as permitted by law, and does not anticipate doing so in the future. If Castle Financial were to anticipate such a change in its Firm's policy, it would be prohibited under the law from doing so without speaking with the client first. The Advisors use health and financial information that the client provides in order to help the client meet their personal financial goals. Castle Financial has established the following procedures to mitigate any real or perceived infringements of the client's rights of privacy:

- Castle Financial limits employee and agent access of information to only:
  - 1) Those who have a business or professional reason for knowing (i.e. broker/dealer or custodian);
  - 2) Non-affiliated parties as permitted by law (i.e. federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or attorney.); or
  - 3) Those required by judicial or regulatory process.
- Castle Financial maintains a secure office and computer environment to ensure that client's information is not placed at unreasonable risk.
- The categories of non-public personal information that the Advisors collect from clients depend upon the scope of the client's engagement. It will include information about their personal finances, information about their health to the extent that it is needed for the planning process, information about transactions between the client and third parties, and information from consumer reporting agencies.
- For unaffiliated third parties that require access to the client's personal information, including financial services companies, service providers, and auditors, Castle Financial also requires strict confidentiality in their agreements with them and expects them to keep this information private. Federal and state regulators may also review the Firm's records as permitted by law.

- The disclosure information contained in any document completed by the client for processing and/or transmittal by Castle Financial in order to facilitate the commencement, continuation or termination of a business relationship between the client and a non-affiliated third party service provider (i.e., broker/dealer, investment advisor, account custodian, insurance company, etc.), including information contained in any document completed and/or executed by the client for Castle Financial (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding non-affiliated third party service provider.
- Castle Financial does not provide personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about a client and/or employees will be shredded if it is no longer needed.
- Personally identifiable information about a client will be maintained during the time that they are a client and for the required time thereafter that such records are required to be maintained by federal and state securities laws and regulations, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

Castle Financial's Privacy Notice is initially given to all clients upon signing a Comprehensive Financial Advisor Agreement or an Investment Management Agreement and sent to all clients annually thereafter.

### **PERSONAL TRADING PRACTICES**

Castle Financial's Advisor and/or employees may have an interest in securities or may buy, sell, or hold a position in securities, which may also be recommended to the Clients. As a fiduciary, Castle Financial and its access persons owe its clients the loyalty to refrain from effecting personal securities transactions that might conflict with the client's best interests. Conflicts arise when Advisors, employees, or other access persons take advantage of investment opportunities that should have been exercised for clients or when they use their knowledge of pending client transactions to place their trades before their client's transactions.

Castle Financial has established the following guidelines to mitigate conflicts of interest when placing personal security transactions. Castle Financial's access persons may only effect individual stock transactions on days when there are no client transactions for the same security, unless their transactions are part of a block trade for the given security (Please refer to the Investment Management Services section of this brochure for Castle Financial's Procedures regarding block trades), or the access person receives the higher purchase or lower sales price compared to the client. There are no restrictions on Advisors for placing trades in open-end mutual funds on the same day as clients, except for mutual funds that Castle Financial or its related persons serve as the advisor, sub-advisor, or co-advisor for.

Castle Financial's securities transaction policy requires that all employees of Castle Financial provide the Chief Compliance Officer with a written report of their current securities holdings

within ten (10) days of becoming an employee. Furthermore, all employees must submit a trade authorization before a trade in a reportable security is placed. All transactions in a security with a market capitalization under \$2 billion must be pre-cleared by a member of the Investment Team and the Trading Desk. All employees must quarterly acknowledge all trades placed and annually acknowledge all security holdings. No employee of Castle Financial shall acquire any securities in an initial public offering. No employee of Castle Financial shall acquire any securities in private placements without advance approval.

## **BROKERAGE PRACTICES**

### ***Recommending Broker/Dealers to Clients***

Currently, Castle Financial and its Advisor recommend Charles Schwab or TD Ameritrade Institutional to their clients to maintain custody of the client's assets and effects brokerage transactions on behalf of Castle Financial's advisory clients. Castle Financial is independently owned and operated, and is not affiliated with or a related person of either Charles Schwab or TD Ameritrade Institutional.

Castle Financial considers a number of factors prior to selecting or recommending broker/dealers, including but not limited to, their familiarity with the securities to be sold or purchased, their execution skills, order-flow capabilities, their commission rates or other fee schedules, their custodial services, their level of net capital (financial strength) and excess SIPC and other insurance coverage. Castle Financial's Advisor routinely compares order execution disclosure information from Charles Schwab and TD Ameritrade Institutional to other broker dealers to ensure that both Charles Schwab and TD Ameritrade Institutional remains competitive in providing best execution for clients.

While broker-dealers such as Charles Schwab and TD Ameritrade Institutional may charge commissions higher than those obtainable from other broker/dealers, Castle Financial will only cause its clients to pay brokerage commissions which it has determined, in good faith, to be reasonable. Castle Financial will base its decision upon the particular transactions involved and its overall responsibilities with respect to all clients' investment management accounts.

### ***Research and Other Benefits***

Castle Financial receives other products and services from both Charles Schwab and TD Ameritrade Institutional that benefits Castle Financial but not client accounts. Some of these other products and services assist Castle Financial in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of Castle Financial's fees from its client's accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts, including accounts not maintained at either Charles Schwab or TD Ameritrade Institutional.

Castle Financial may also receive services from Charles Schwab or TD Ameritrade Institutional that are intended to help Castle Financial manage and further develop its business. These services may include information technology, regulatory compliance and marketing. In addition,

Charles Schwab and TD Ameritrade Institutional may make available, arrange and/or pay for these types of services rendered to Castle Financial by independent third parties. Either Charles Schwab or TD Ameritrade Institutional may discount or waive fees it would otherwise charge for some of these services. Charles Schwab and TD Ameritrade Institutional may also have arrangements with various product vendors, which enable Advisor to purchase certain products at a discount. These products may include such items as:

- Financial planning software;
- Client reporting and consolidated statement software;
- Client communication software;
- Client relationship management software;
- Coaching; and
- Investment research

Charles Schwab and TD Ameritrade Institutional provides Castle Financial's Advisor with research reports concerning the purchase and sales of the securities it offers. The commissions charged by either Charles Schwab or TD Ameritrade Institutional are competitive with similarly situated full-service retail broker-dealers offering the same variety of securities to clients. Clients are advised, however, that they may be able to effect transactions in securities through other securities broker-dealers at lower commission rates, particularly with respect to securities listed on a national securities exchange or in the over-the-counter market.

When Castle Financial or its Advisors use client brokerage commissions to obtain research or services, Castle Financial is receiving a benefit because it does not have to produce or pay for the research.

As a fiduciary, Castle Financial endeavors to act in the best interest of its clients, and Castle Financial or its Advisors may make recommendations that clients maintain their assets in accounts maintained at either Charles Schwab or TD Ameritrade Institutional. These recommendations may be based in part on the benefits to Castle Financial, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by either Charles Schwab or TD Ameritrade Institutional, which may create a conflict of interest.

Clients and prospective clients should also refer to the "Potential Conflicts of Interest Resulting from Commissions" section of this document for further disclosure regarding conflicts of interest.

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Institutional Inc., member FINRA/SIPC ("TD Ameritrade Institutional"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade Institutional offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade Institutional through its participation in the Program.

### ***Brokerage for Client Referrals***

It is the practice of some broker/dealers to give client referrals to investment advisors as an incentive for directing business through them. Castle Financial's broker/dealer and custodian do not participate in this business philosophy.

### ***Directed Brokerage***

Castle Financial may utilize other broker/dealers and custodians when requested by the client or when the client's retirement plan is maintained and the custodian is selected by the Plan's sponsor. Castle Financial's clients must be aware that if they direct Castle Financial or its Advisors to use a particular broker/dealer that it may limit Castle Financial or its Advisors the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading. As a result, clients may pay higher commissions, have higher transaction cost, or receive less favorable prices. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### ***Best Execution***

As stated earlier, the Advisor routinely compares order execution disclosure information of Charles Schwab and TD Ameritrade Institutional to other broker dealers to ensure that it remains competitive with other broker/dealers in providing best execution for client's security transactions. The commissions and/or transaction fees charged by Charles Schwab and TD Ameritrade Institutional may be higher or lower than those charged by other broker-dealers. The commissions paid by Castle Financial's clients shall comply with Castle Financial's duty to seek "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Castle Financial determines, in good faith, that the commission is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Castle Financial and/or its Advisor will seek competitive rates; they may not necessarily obtain the lowest possible commission rates for client transactions.

Castle Financial conducts best execution meetings at least annually.

### **REVIEW OF ACCOUNTS**

For those clients to whom Castle Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Castle Financial's Principal and owner, Mr. Alphonse A. Procaccino. Castle Financial's Principal reviews economic and market conditions, performs due diligence, and reviews extreme gains/losses in the portfolios, all of which may trigger account reviews. A change in the client's personal and financial situation will also trigger an account review.

All investment supervisory and financial planning clients are advised that it remains their responsibility to advise Castle Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to comprehensively review financial planning issues, investment objectives and account performance with Castle Financial at a minimum on an annual basis, or when personal and financial events occur that would change their financial goals and investment objectives.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker/dealer, custodian, independent managers, and or program sponsors for the client's accounts. Those clients to whom Castle Financial provides investment advisory services receive a quarterly report from Castle Financial summarizing their account and performance. Clients are urged to compare the custodial account statements they receive to the written consolidated account statement from Castle Financial. Any client that does not receive an account statement from the custodian should call Castle Financial immediately so that they can correct the problem.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Although Castle Financial markets its business via a newsletter to potential clients; it predominantly relies on client referrals to introduce new clients to their business. It is Castle Financial's policy not to compensate clients for referring potential clients to their business, because the client would be considered a solicitor and would have to satisfy requirements under Rule 206(4)-3 of the Advisers Act before a cash referral fee could be paid to them.

As disclosed above, Advisor participates in TD Ameritrade Institutional's institutional customer program and Advisor may recommend TD Ameritrade Institutional to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade Institutional 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 Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade Institutional may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade Institutional through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade Institutional. Other services made available by TD Ameritrade Institutional are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade Institutional. As part of its fiduciary

duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade Institutional for custody and brokerage services.

Advisor also receives from TD Ameritrade Institutional certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. TD Ameritrade Institutional provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade Institutional for the Additional Services. Advisor and TD Ameritrade Institutional have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade Institutional most likely considers the amount and profitability to TD Ameritrade Institutional of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade Institutional. TD Ameritrade Institutional has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade Institutional, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade Institutional and to place transactions for Client accounts with TD Ameritrade Institutional. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

## **CUSTODY**

Due to increased regulatory concerns over advisors with custody, it is Castle Financial's intention to have custody over client assets only to the extent that it requests the client's custodian to deduct advisory fees directly from the client's account(s). Castle Financial's Advisor is not permitted to exercise custody in any form over client assets or accounts.

### ***Account Custodian***

Castle Financial will not act as custodian for any client accounts. All clients are required to open an account with a qualified custodian where the client's assets will be held. Castle Financial's personnel will assist the client in preparing paperwork to open a new custodial account, but only the client is permitted to authorize, by their signature, the opening of the account.

Once the account is established, it is the custodian's responsibility to send client account statements, transaction confirmations, proxy material, and any other information related to their account. Castle Financial will not route original custodial statements to its clients on behalf of a custodian. Castle Financial and its Advisors are responsible, within reason, to ensure that clients receive custodial statements directly from the custodian. To meet this responsibility, the Advisors will receive duplicate copies of its clients' statements. Clients should carefully review statements received from the custodian(s). Clients will also receive a quarterly written consolidated account summary from Castle Financial, which they are urged to compare with the



custodian's account statement that they receive. Any client that does not receive an account statement from the custodian should call Castle Financial immediately so that the Advisors can correct the problem.

### ***Handling Client Assets***

Due to custody regulations, Castle Financial's Advisors can only handle or forward checks clearly made payable to a third party, such as the client's independent custodian. The Advisor may not handle or forward any other client check or security certificate received by the Firm. All such instruments must be returned to the client within three (3) business days and may not be forwarded to any other party other than the client or the client's representative.

Clients must be aware that if they personally deliver securities certificates to Castle Financial's office, the Advisors are not allowed to physically handle the securities certificates. The Advisors may provide direction to a client in completing the transfer and shipping paperwork to help ensure that the securities certificates are properly deposited with the client's custodian. However, it is the client's responsibility to deposit overnight pouches with the respective carriers for forwarding of securities certificates to their designated custodian. Securities certificates inadvertently received in the mail will be returned to the client within three (3) business days.

### ***Other Custody Related Issues***

Castle Financial has invoked the following restrictions on its access persons to ensure that custody is not inadvertently obtained:

- Advisors may not serve as trustee over a client's account, unless the client is an immediate family member of the Advisor.
- Advisors will not accept signatory power over any client's checking or custodial account(s).
- Advisors will not hold client securities in Castle Financial's name or in bearer form.
- Proceeds from sales or redemptions of client securities will not be directed to the custody of Castle Financial except to pay for advisory fees (as noted above).
- Advisors will not require clients to prepay more than \$1,200 in fees six months or more in advance.

### **INVESTMENT DISCRETION**

Castle Financial's Advisor is granted limited discretionary authority in writing by the client when the client signs Castle Financial's Investment Advisory Agreement. This limited discretionary authorization gives Castle Financial's Advisor the authority to buy, sell, hold, exchange, invest, and otherwise deal with the client's investment assets at his sole discretion and without consulting with the client in advance. This authorization is perpetual and will remain in full force and effect until the Advisor receives a written termination notice from the client.

Castle Financial does not have discretionary authority to determine what broker/dealer to use or the amount of commissions that are charged by the broker/dealer or custodian. However, the Adviser generally suggests Charles Schwab or TD Ameritrade Institutional serve as custodian or broker dealer.

### **VOTING CLIENT SECURITIES**

Castle Financial does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Castle Financial to discuss any questions they may have with a particular solicitation.

### **FINANCIAL INFORMATION**

As previously discussed in this brochure, Castle Financial provides financial planning and investment management services on a discretionary or non-discretionary basis for which the clients are billed quarterly in arrears. Clients are never required to prepay planning or management fees to Castle Financial or its Advisor more than three months in advance.

Neither Castle Financial nor its Advisor have ever petitioned or been subject to bankruptcy proceedings, and there are no financial conditions that would prevent Castle Financial or its Advisor from meeting any contractual commitment to its clients.