

## **Castleton Partners, LLC**

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Clermont, NY 12526**

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**March 1, 2021**

### **FORM ADV PART 2 BROCHURE**

**This brochure provides information about the qualifications and business practices of Castleton Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 212-832-9700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Castleton Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Castleton Partners, LLC is 140873.**

**Castleton Partners, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated March 1, 2020, we have the following material changes to report:

We have moved our principal place of business to 71 Moore Road, Clermont , NY and our new mailing address is PO Box 142, Tivoli, NY 12583-0142.

We are advising that we no longer offer the Impact Investing Strategy.

## Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 6
Item 6 Performance-Based Fees and Side-By-Side Management	Page 7
Item 7 Types of Clients	Page 7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 8
Item 9 Disciplinary Information	Page 12
Item 10 Other Financial Industry Activities and Affiliations	Page 12
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 13
Item 12 Brokerage Practices	Page 13
Item 13 Review of Accounts	Page 14
Item 14 Client Referrals and Other Compensation	Page 15
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 16
Item 17 Voting Client Securities	Page 16
Item 18 Financial Information	Page 17
Item 19 Requirements for State-Registered Advisers	Page 17
Item 20 Additional Information	Page 17

## Item 4 Advisory Business

### Description of Services and Fees

Castleton Partners, LLC ("Castleton") is registered as an investment adviser with the United States Securities and Exchange Commission and we are based in Clermont, NY with an additional office in Vero Beach, Florida and NY, NY. We are organized as a limited liability company under the laws of the State of Delaware and we have been providing investment advisory services since 2005. Reinoso & Company, LLC (which is owned by Edward Reinoso) is our principal owner. We are a fee-only independent investment adviser that primarily provides fixed income asset management to high net worth clients.

The following paragraphs describe our services and fees. Please refer to the description of each advisory service listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Asset Management Services

We primarily offer discretionary asset management services to our clients and prospective clients. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for asset management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy and written investment policy statement ("IPS") that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. Once we construct a portfolio for you, we will monitor your portfolio on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances. On occasion, we may also provide non-discretionary asset management services whereby we will receive authorization from clients prior to executing any transactions.

Castleton's main strategy is to analyze, recommend and invest in investment grade municipal securities and corporate debt, and may also extend to preferred equities, exchange traded funds, closed end funds and mutual funds ("Investment Grade Fixed Income Strategy"). In addition, from time to time Castleton may analyze, recommend and invest in situations with higher risk, and the potential for corresponding higher returns, including but not limited to investment in high yield securities and distressed issues and issues of distressed issuers ("Special Strategies"). These strategies are described more fully below in the section of this ADV "Recommendation of Particular Types of Securities" and "Risk of Loss".

We require you to grant our firm discretionary authority to manage your account unless you have engaged our firm for non-discretionary services. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the credit quality or interest coupon rates of fixed income securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our fee for asset management services is based on a percentage of your assets we manage as well as the types of securities in which we invest, and is set forth in the fee schedule below. For our Investment Grade Fixed Income Strategy, we may invest your account in Fixed Income Securities, Preferred Equity Securities, Mutual Funds, ETFs, Closed End Funds, or a combination of these.

	<b>Portfolio Size</b>	<b>Annual Fee**</b>
<b>Investment Grade Fixed Income Strategy</b>		
Value of Securities	\$1,150,000 to \$9,999,999	.40%
Value of Securities	\$10,000,000 to \$49,999,999	.38%
Value of Securities	\$50,000,000 to \$99,999,999	.35%
Value of Securities	Over \$100,000,000	Negotiable

### **Special Strategies**

Value of Securities	All amounts	1.0%
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\*\* We impose a minimum fee of \$1,150 per quarter or .40% per annum of the value of assets we manage, whichever is greater.

Our annual asset management fee is billed and payable quarterly in advance based on the closing value of managed holdings as of the last day of the previous quarter. We may not include cash or cash equivalents in the value of accounts for purposes of calculating our fee.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the asset management agreement upon 5 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Portfolio Consulting and Concierge Services**

We offer portfolio consulting services to prospective high net worth and institutional clients. If you retain our firm for portfolio consulting services, we will meet with you to review your portfolio of investments and provide you with a summary analysis of your portfolio including but not limited to advice on your exposure to risk, maturity strategy and other relevant subjects.

We also offer concierge services where we provide you with an in depth analysis and on going reviews of your portfolio. In the event we provide any recommendations to you, it shall be your responsibility to implement any advice we provide.

Portfolio consulting/concierge services clients may also retain us to provide asset management services as described above for a separate fee.

We charge either a negotiable hourly fee or a negotiable fee for portfolio consulting and concierge service. Fees and fee-paying arrangements will be determined with each client on a case by case basis and depend on the scope and complexity of the services provided.

You may terminate the portfolio consulting/concierge agreement upon 5 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the amount of work we have performed.

### **Types of Investments**

We primarily offer advice on a broad range of municipal bonds and corporate debt securities, and on occasion may provide advice on preferred equities, mutual funds, exchange traded funds, closed end funds, taxable securities, commercial paper, and United States Government securities.

Additionally, we may advise you on other types of investments that we deem appropriate based on your stated goals and objectives. We may also provide advice on other types of investments held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2020, we provide continuous management services for \$150,294,946 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, on occasion, we may invest, or recommend that you invest in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or

custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

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

In some cases, in addition to an asset based fee, we may also charge certain "qualified clients" as that term is defined in applicable securities laws and regulations, who generally are persons who have a net worth greater than \$2,100,000 or have at least \$1,000,000 under our management, immediately after entering into an investment advisory agreement, a performance based fee. Performance-based fees are fees based on a share of realized capital gains or capital appreciation of a client's account. Our performance-based fees may be negotiated with each client on a case-by-case basis.

We may manage individual accounts which may be charged higher annual fees (e.g., as in the case of Special Strategies) or performance based fees while at the same time managing accounts (perhaps with similar or different objectives) that are not charged higher annual fees or performance-based fees ("side-by-side management"). This may create conflicts of interest, which we have identified and described in the following paragraphs. In any event, clients may be able to obtain the same or similar services from other advisers for lower fees.

Performance-based fees or higher annual fees (e.g., for Special Strategies) may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement or higher annual fee. In order to address this potential conflict of interest, a senior officer of our firm reviews accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance. Additionally, performance-based fees are only applicable to eligible separately managed accounts that are established following the execution of an addendum to our Investment Management Agreement. We may receive increased fees on allocations as a result of realized gains in managed accounts.

Performance based fees or higher annual fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance based fee or higher annual fee. For example, we may have an incentive to allocate limited investment opportunities to clients who are charged performance-based fees over clients who are charged asset based fees only. Conflicts regarding allocation are brought to the attention of the Compliance Committee. We retain discretion to allocate trades as we see fit.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$2,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend municipal bonds, and on occasion preferred equities, mutual funds, exchange traded funds, closed end funds, taxable securities, corporate debt securities, commercial paper, and United States Government securities. The overwhelming majority of client assets will be invested according to the Investment Grade Fixed Income Strategy, while some client assets may be invested in the Special Strategies.

#### Investment Grade Fixed Income Strategy

We examine the credit rating of each issue to determine the suitability of the investment for you. Our investment strategy is to purchase fixed income securities for the long term, generally greater than one year. We generally limit our selection of bonds to high credit quality.

The primary risk associated with this investment analysis is that we rely, in part, on the accuracy of third party rating services when purchasing investments for you. Although we utilize well known rating companies such as Moody's, it is possible that information provided may not be accurate.

Municipal bonds, while generally thought of as safe, can have risks associated with them including, but not limited to, the credit worthiness of the governmental entity that issues the bond as well as the stability of the revenue stream that's used to pay the interest on the security. Most municipal securities are rated by rating agencies, which identify the credit risk of the issue.

Corporate bonds are typically safer investments than equity securities, but their risk can also vary widely based on the financial health of the issuer, the risk that the issuer might default, the maturity of the bond, and whether or not the bond can be "called" prior to maturity.

In addition, fixed income securities are subject to Interest rate risk. Interest rate risk is the risk that a bond may decrease in value in the event of a rise in interest rates. The longer the term of the bond the more the bond is likely to drop when interest rates rise.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests.



Preferred stock shares are commitments by a company to pay a set amount of interest to shareholders. Preferred shares have some characteristics that make them unique. First, just as with common stock, preferred stockholders are behind bond holders in line for a company's assets if it runs into a financial problem. If a company fails, money is repaid to bondholders first. The preferred stockholders are merely shareholders; no debt is owed to them. This adds default risk to preferred stock and, just as with dividends paid on common stock, a company may decide it no longer wants to pay the preferred dividend. Additionally, unlike with equity shareholders, who may benefit from the potential growth in the value of a company, but just like with those holding conventional bonds, preferred shareholders' investment return is a function of the fixed-dividend yield. The difference is that all conventional bonds have a fixed maturity date, while preferred stocks, as equity instruments, may not. Even those preferreds with callable dates will not necessarily be called.

A characteristic of callable preferred stocks is that almost all callable preferred stocks are callable at par, which means there is extremely limited upside potential if the security is purchased at par, and virtually none if the call date is near.

Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it's possible for inflation to outpace the return. Likewise, US Government securities are backed by the full faith and credit of the United States government but it's also possible for the rate of inflation to exceed the returns.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Asset allocation and rebalancing do not guarantee investment success. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, and economic conditions, may materially alter the performance of your portfolio. Past performance is no assurance of future success. There are no assurances that a portfolio will match or outperform any particular benchmark.

#### Special Strategies

The underlying principles guiding Special Strategies portfolio decisions are to capitalize on opportunities in the corporate and tax exempt bond markets. The opportunities seek to include potential capital gains, as well as income. The risks of any particular Special Strategy may not be suitable for all clients. See "Risk of Loss" below.

The market for some municipal bonds has come under severe pressure in the past several years, due to a number of market and financial developments. These include ongoing deficits in several municipalities' general budgets and also include underfunded pension obligations. They also include reductions in cash flows for agencies, as well as, in the case of Puerto Rico, the government development bank. Press coverage of financial difficulties has also heightened direct selling of some municipal debt, as well as some bond fund redemptions in those funds that own this debt. This has caused overall yields to rise significantly, which we believe has created potential opportunity.

Within these Special Strategies, it is expected that the majority of bonds will be purchased at discounts to par value. Some bonds may include bond insurance.

This investment style may have a higher turnover rate than a traditional Investment Grade Fixed Income Strategy portfolio, as it is a very actively managed portfolio. Bonds are bought when Castleton feels the price justifies the risk and sold either to take a profit or cut losses where we deem necessary.

Castleton does not explicitly use leverage (margin) as part of any investment strategy, however some Fund products that we may recommend to clients may utilize margin. When purchasing securities on margin, a Fund borrows money to purchase a security, in which case the security serves as collateral on the loan. In a margin account, a Fund must maintain a minimum balance before its broker will force a Fund to deposit more funds or sell stock to pay down the margin loan (known as a margin call). If, for any reason, a Fund were unable to meet a margin call, the brokerage firm used by the Fund has the right to sell securities without consulting the Fund. In a margin account, a Fund could potentially lose more money than it has invested.

In implementing its strategies, Castleton may rely on analysis and advice from consultants. Please see item 10 for disclosure related to our relationship with Madeira Global Analytics, LLC, an independent third party consultant.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. This risk includes the risk of illiquidity and the risk that you could lose part or all of your investment. There is no guarantee that any strategy will perform as expected.

We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

General Investment Risk. A client should be aware that they may lose all or part of their investment. We believe that the risk to each client's portfolio is moderated through careful selection of investments. However, no guarantee or representation is made that the investment will be successful.

Fixed Income Securities. Fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by a government or one of its agencies or instrumentalities, and commercial paper, pay fixed, variable or floating rates of interest. To the extent a portfolio is invested in fixed income securities, the value of such securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies.

Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Investments in unrated or lower grade debt securities are subject to greater risk of loss of principal and interest than higher rated debt securities. Special Strategies may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Additionally, Special Strategies may invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness.

High Yield Securities. High-yield securities, like most fixed income securities, are generally not exchange traded and some of these instruments trade in a smaller secondary market, which may affect liquidity. To the extent a portfolio is invested in high yield debt securities, investing in such securities involves risks, which are greater than the risks of investing in higher rated debt securities.

These risks include: (1) changes in credit status, including weaker overall credit conditions of issuers and risks of default; (2) sector, market and economic risk; (3) interest rate fluctuations; and (4) greater price variability and credit risks of certain high yield securities such as zero coupon and payment-in-kind securities. While these risks provide the opportunity for maximizing return over time, they may result in greater upward and downward movement of the value of a portfolio. Furthermore, the value of high yield securities may be more susceptible to real or perceived adverse economic, issuer or industry conditions than is the case for higher rated securities. The market values of speculative and unrated debt instruments tend to reflect individual issuer developments to a greater extent than do higher-rated securities. Adverse market, credit or economic conditions could make it difficult at certain times to sell certain high yield securities held in a portfolio.

Preferred Stock Securities. Preferred stock pays dividends at the discretion of the company, but only after common equity dividends have been suspended. In times of financial distress, preferred dividends could be deferred. Preferred stocks can have call features, and therefore be related to interest rate changes. If the company's credit deteriorates, it will likely not call in the preferred stock, but the price of the preferred will fall due to the deteriorated credit. Ratings changes can also impact the likelihood of the company refinancing the preferred.

While longer-term maturities with fixed yields do provide a hedge against deflationary environments, similar to any fixed income instrument with a call feature, the call feature negates the benefits of the longer maturity in a falling rate environment.

Concentration of Holdings. Except as set forth in non-discretionary accounts, there are no restrictions on the amount of a portfolio that may be invested in a particular security, geographic region, industry or sector. Thus, at any given time, it is possible that a client's investments may be concentrated in a particular geographic region, industry or sector, or a limited number or type of securities. This limited diversity could expose the portfolio to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Value Investing Risk. To the extent a Special Strategy pursues a value-oriented investment approach by attempting to identify credits that are undervalued, such an investing style may perform better or worse than equity and bond portfolios that have a broader investment style. A value investment is typically identified when 1) It may be significantly cheap with respect to long-term historical valuation; 2) It may be cheap relative to future prospects; and 3) It may offer a prospective return that, to compensate for potential risks, exceeds returns available in the broader market. A value investment may decrease in price or may not increase in price as anticipated if it continues to be undervalued by the market or if the factors believed to cause the security's price to increase do not occur.

Illiquid Investments. To the extent that a Special Strategy invests in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists, it may be subject to specific risks associated with such securities. The market prices, if any, for such securities tend to be volatile and a client may not be able to sell them when they desire to do so or to realize what they perceive to be a fair value in the event of a sale. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of

securities eligible for trading on national securities exchanges or in the over-the-counter markets. Investment positions in illiquid securities could prevent a client from liquidating unfavorable positions promptly and subject such a portfolio to substantial losses.

Investments in Distressed Securities. To the extent that a portfolio is invested in securities and private claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties, such as loans, loan participations, claims held by trade or other creditors, non-performing and sub-performing mortgage loans, partnership interests and similar financial instruments, most of which are not publicly traded, it may be subject to a substantial degree of risk. A portfolio may lose a substantial portion or all of its investment in a troubled loan or equity interest or may be required to accept cash or securities with a value less than its share of the investment. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such entities.

Market Disruption and Geopolitical Risk. A portfolio is subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets. War, terrorism, pandemics, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008 may be highly disruptive to economies and markets. Those events as well as other changes in U.S. and foreign economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a portfolio's investments. At such times, a portfolio's exposure to the risks described in this Item will likely increase. Market disruptions can prevent the manager from implementing a given strategy for a period of time and achieving its investment objective.

## **Item 9 Disciplinary Information**

Neither our firm nor our principal owners have any legal or disciplinary events, material or otherwise.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker;
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
3. other investment adviser or financial planner;
4. futures commission merchant, commodity pool operator, or commodity trading adviser;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer; and/or
11. sponsor or syndicator of limited partnerships.

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

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Client Relations at (212) 832-9700 or [clientservice@castletonpartners.com](mailto:clientservice@castletonpartners.com).

### **Personal Trading Practices**

Our firm or associated person may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

Castleton executes transactions through the custodian/broker-dealer which clients elect to use. In cases where clients do not instruct us to use a specific custodian/broker, we recommend the brokerage and custodial services of Fidelity Brokerage Services (also referred to as "Fidelity"), an unaffiliated securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Fixed income transactions may be executed at a number of different broker-dealers depending on the transaction. We believe that Fidelity Brokerage Services and other broker-dealers we use provide 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, including the firm's reputation and experience, execution capabilities, commission rates, and responsiveness to our clients and us. The commissions and/or trading costs at Fidelity and other broker-dealers may be higher than those that may be available elsewhere.

### **Directed Brokerage**

You may establish custodial accounts at broker-dealers other than Fidelity Brokerage Services. In such cases, you should understand that in a directed brokerage relationship where we utilize the custodian/broker-dealer of your choice to execute transactions, you may pay higher transaction costs than those charged by Fidelity Brokerage Services. In addition, we may not be able to aggregate orders for accounts which are not custodied at Fidelity.

### **Brokerage For Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## **Block Trades and Aggregation of Orders**

Generally, the same securities are not purchased for different advisory accounts, as most transactions are particular to individual clients. However, we will occasionally aggregate client trades—i.e. in the case of Special Strategies—subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In the event that a purchase was made for multiple client accounts, we generally combine multiple orders for the same securities and we will then distribute a portion of the security to participating accounts based on the funds available for investment in each account, or on AUM in each account, or such other method as the manager determines to be fair and equitable. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays a proportionate share of all transaction costs. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that we deem to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. We may also aggregate subsequent orders for the same security entered during the same day with any previously filled orders. This determination may take into consideration changes in the market price of the security and differences in allocations among accounts. Should situations arise that might constitute a conflict of interest between or among two or more clients with positions in the same securities, such situations will be referred to the Compliance Committee for final resolution.

Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

### Asset Management Services

Edward Reinoso, CEO, or Barbara Rose VanScoy will monitor your accounts on an ongoing basis and will conduct account reviews at least monthly to ensure that the portfolio mix is consistent with your current/stated investment needs and objectives, as described in your investment policy statement.

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### Portfolio Consulting/Concierge Services

Edward Reinoso (CEO) or Frederick Gaertner will review your accounts at the inception of the client relationship. Mssrs. Reinoso and/or Gaertner may conduct further ongoing reviews of your account, the frequency of which will be negotiated with each client on a case-by-case basis.



We will provide you with an analysis of your portfolio, which may cover such items as credit selection, targeted maturity range and security construct (e.g. coupon, call feature). We may also provide additional reports/analysis for clients who engage us for ongoing concierge services. The frequency of such reports will be determined on a case-by-case basis.

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

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm or other arrangements which may vary from case to case. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms. Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

We may receive from Fidelity, without cost to our firm, computer software and related systems support, which allow us to better monitor client accounts maintained at Fidelity. We may receive the software and related support without cost because we render investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit our Firm, but not our clients directly. In fulfilling our duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware; however, that our receipt of economic benefits from a broker-dealer creates a conflict of interest, since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, we may receive the following benefits from Fidelity through the Fidelity Registered Investment Advisor Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Advisor Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 15 Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Client Relations at 212-832-9700 or via e-mail at [clientservice@castletonpartners.com](mailto:clientservice@castletonpartners.com).

Our firm or persons associated with our firm may effect third party wire transfers for client accounts with client written consent per transaction or a client may use a Standing Letter of Authorization. A Standing Letter of Authorization is an authorization provided by a client in which the client grants authority to their advisor permitting the advisor to instruct the client's qualified custodian to transfer assets to a third party designated by the client. The Securities & Exchange Commission ("SEC") believes that entering into a Standing Letter of Authorization ("SLOA") arrangement constitutes custody and the adviser is therefore required to comply with the custody rule. However, the adviser is not subject to an annual surprise audit if the advisor follows and satisfies the SEC's guidance provided in the SEC's no-action letter dated February 21, 2017.

Where the Adviser acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC's no-action letter. Additionally, since many of those representations involve the qualified custodian's operations, we will collaborate closely with its custodians to ensure that the representations would be able to be met.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our Discretionary Investment Management Agreement. By signing our discretionary investment management agreement, you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that you desire only a certain credit quality or a certain maturity limit. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary investment management services.

## Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.



## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Client Relations at 212-832-9700 or via e-mail at [clientservice@castletonpartners.com](mailto:clientservice@castletonpartners.com) if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. For accounts under the custody of Fidelity, if a profit results from the correcting, all monthly net gains (after offsetting any trade error losses) from trade error profits will be donated to charity and you will not keep the profit.