

**Item 1 – Cover Page**

Part 2A of Form ADV: Firm Brochure

ARK & TLK Investments, LLC  
dba  
**Castlepoint Wealth Advisors**  
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(405) 705-2906  
[www.castlepointwealth.com](http://www.castlepointwealth.com)

March 14, 2023

This Brochure provides information about the qualifications and business practices of Castlepoint Wealth Advisors. If you have any questions about the contents of this Brochure, please contact us at (405) 705-2906. 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.

Castlepoint Wealth Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Castlepoint Wealth Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), using the Firm's CRD No. 205512.

## **Item 2 – Material Changes**

### **Future Changes**

When material changes occur, we will amend this Disclosure Brochure to reflect the changes. Annually, we will provide a copy of the new Disclosure Brochure or a Summary of Material Changes along with an offer of a complete Disclosure Brochure if a material change occurs in the business practices of Castlepoint Wealth Advisors. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

### **Material Changes since the Last Update**

There have been no material changes since the Firm's last Annual Update of January 1, 2022. Certain non-material changes have been made throughout this Brochure in such areas as to a change in the frequency of fee payments, use of a third-party CPA firm for tax preparation services, and the recommendation of a sub-adviser for certain accounts.

### **Full Brochure Available**

You may also request a copy of this Disclosure Brochure at any time, by contacting Melissa Ray at (405) 705-2906 and/or [melissa@castlepointwealth.com](mailto:melissa@castlepointwealth.com). Our Brochure is also available on our web site [www.arborfinancial.com](http://www.arborfinancial.com), free of charge.

Additional information about Castlepoint Wealth Advisors is also available via the SEC's website <http://www.adviserinfo.sec.gov>. The SEC's website also provides information about any persons affiliated with Castlepoint Wealth Advisors who are registered, or are required to be registered, as investment adviser representatives of Castlepoint Wealth Advisors.

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## Item 4 – Advisory Business

### Firm Description

ARK & TLK Investments, LLC dba Castlepoint Wealth Advisors (“Castlepoint” “Firm”) is dedicated to providing individuals with a wide array of investment advisory services. Our LLC was formed in the State of Oklahoma in 2014. Our firm has been in business as an investment advisor since 2015. The primary shareholder is Kendall W. King.

This narrative brochure contains information regarding Castlepoint and the qualifications, business practices, and nature of advisory services that the firm provides. This information should be carefully considered before becoming an advisory client of Castlepoint.

Prior to engaging Castlepoint to provide services, clients are generally required to enter into an agreement with Castlepoint setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and specifying the portion of the fee that is due from the client prior to Castlepoint beginning services.

When Castlepoint provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Castlepoint makes money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Castlepoint offers the following types of services:

- Wealth management which includes financial planning advice on investments, retirement planning, estate planning, tax planning, college savings, and insurance, and ongoing investment management oversight to client’s accounts; and
- 401(k) and retirement plan investment advisory services.

### Wealth Management

The client may engage Castlepoint to provide both ongoing financial consulting and investment management on a fee-only basis. This process is customizable to the unique needs of the client.

Castlepoint employs a comprehensive set of services that include Advanced Planning, Investment Consulting, and Relationship Management. We accomplish this by providing comprehensive financial planning which entails retirement planning, investment planning, estate planning, tax planning, insurance planning, life planning, and charitable planning. We do not sell tax insurance or give legal advice, but we do coordinate and communicate with our client’s professional advisors including attorneys, accountants, insurance agents, bankers, and others to ensure we are on the same page to meet their unique goals.

Subject to any written guidelines, which the client may provide, Castlepoint will be granted discretion and authority to manage the client's investment account(s). Accordingly, Castlepoint is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include making all investment decisions on the (a) securities purchased/sold and (b) the amount of securities to be purchased/sold. Once the portfolio is constructed, Castlepoint provides ongoing supervision and rebalancing of the portfolio as changes in market conditions and client circumstances may require.

Castlepoint primarily allocates investment management assets of its client accounts among various asset classes using mutual funds, (and to a much lesser extent, among various individual debt and equity securities), on a discretionary basis, in accordance with the investment objectives of the client as set forth in an Investment Policy Statement prepared by Castlepoint for review and acceptance by the client.

After consultation with Castlepoint, clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by clients with respect to the (average or longest) maturity or credit quality of fixed income investments. In either case, all restrictions must be in writing.

#### Use of Sub-Adviser

At times, and when in the client's best interest, Castlepoint will recommend that a client utilize one or more unaffiliated investment managers or investment platforms (collectively "Sub-Adviser") for investment management services to all or a portion of a client's investment portfolio. Depending upon the Sub-Adviser providing the services, the client may be required to enter into an advisory agreement with the Sub-Adviser[s] that defines the terms in which the Sub-Adviser[s] will provide investment management and related services. Castlepoint will assist in the development of the initial policy recommendations and managing the ongoing client relationship with the Sub-Adviser. Castlepoint will perform initial and ongoing oversight and due diligence over the selected Sub-Adviser[s] to ensure the Sub-Advisers' strategies and target allocations remain aligned with its clients' investment objective, any restrictions, and overall best interests. The client, prior to entering into an agreement with unaffiliated Sub-Adviser[s] or investment platform[s], will be provided with the Sub-Adviser's Form ADV 2A (or a brochure that makes the appropriate disclosures).

Castlepoint Wealth Advisors provides clients with the opportunity to engage an independent CPA, Meier & Barrus, Inc. for preparation of client's individual tax returns. Clients who elect to receive tax preparation services from Meier & Barrus, Inc. will sign a separate tax engagement letter with Meier & Barrus, Inc. The fee for Meier & Barrus' services is paid for by Castlepoint Wealth Advisors.

#### 401(k) Plan and Investment Advisory Services

This service consists of assisting employer plan sponsors establish monitor and review their company's participant-directed retirement plan. We evaluate the needs of the plan sponsor and generally advise on

the following areas: investment options, plan structure, and participant education.

#### Retirement Rollovers-No Obligation/Conflict of Interest

A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Castlepoint may recommend an investor roll over plan assets to an IRA managed by Castlepoint. As a result, Castlepoint may earn an asset-based fee; however, a recommendation that a client or prospective client leave their plan assets with their old employer will result in no compensation. Castlepoint has an economic incentive to encourage an investor to roll plan assets into an IRA that Castlepoint will manage.

There are various factors that Castlepoint may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of Castlepoint, iv) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by Castlepoint.

#### **Non-Participation in Wrap Fee Programs**

Castlepoint, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment supervisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

**Termination of the Advisory Relationship:** An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the advisory agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with written notice. Upon termination, fees will be prorated to the date of termination. Any unearned fees will be refunded to the client.

#### **Amount of Assets Under Management**

As of December 31, 2022, Castlepoint provided advice on approximately \$326,698,065 in assets. Approximately \$317,099,601 on a discretionary basis and \$9,598,465 on a non-discretionary basis.

### **Item 5 – Fees and Compensation** **Fees**

Castlepoint Wealth Advisors charges its' wealth management fee as a percentage of the client's assets under Castlepoint's investment management. In some instances, Castlepoint will charge a fixed fee in lieu of an asset under management fee. The wealth management fee is charged monthly, in advance, pursuant to the terms of the client's Wealth Management Agreement. When charging a fee based on assets under management, the fee is calculated using the market value of the client's assets under management at the end of the prior billing period. Castlepoint considers cash to be an asset class and part of assets under management and subject to the same fee calculation as the client's non-cash investments. Castlepoint Wealth Advisor's wealth management annual fee ranges from 1.25% to 0.25% based on the following schedule:

<b>Assets</b>	<b>Management Fee (Per Month)</b>	<b>Annual %</b>
Up to \$2,000,000	0.1042%	1.25%
Between \$2,000,001 and \$5,000,000	0.0625%	0.75%
Between \$5,000,001 and \$10,000,000	0.0417%	0.50%
Between \$10,000,001 and \$20,000,000	0.0292%	0.35%
\$20,000,001 and above	0.0208%	0.25%

There may be legacy clients under a different fee schedule that vary from that shown here.

The wealth management fee encompasses all aspects of Castlepoint's services, both investment management services and financial planning, and when included in the engagement, tax preparation services with an independent accounting firm. Fee calculations are rounded to the nearest dollar for billing purposes (1 to 49 cents rounded down and 50 to 99 cents rounded up). The rates listed above will be applied to each level of the market value of the assets under management.

An example of how a monthly fee is calculated for a \$2.1 million portfolio:

$\$2,000,000 \times .1042\% = \$2,084$  +  $\$100,000 \times .0625\% = \$62.50$  for a monthly fee of \$2,146.50

When clients request or need services for special projects and/or consulting on issues outside the financial planning and investment management services provided in a wealth management engagement, an additional hourly fee is charged ranging from \$125 to \$400 per hour depending on the professional and experience of the individual providing the service.

For those clients who receive investment management services from a Sub-Adviser, the Sub-Adviser charges a separate and additional fee for its' investment management services provided to a client's



account. The Sub-Adviser's fee is a percentage (%) of the average daily value of the assets of the account in accordance with the fee set forth in the addendum to client's advisory services agreement with Castlepoint. Such annual fee will be pro-rated and paid quarterly, in arrears, to Sub-Adviser from client's account. For clients with Dimensional Funds Advisors, LP as a Sub-Adviser, their minimum annual fee charged for an account is determined as if there is \$500,000 in assets; therefore, clients with less than \$500,000 in their account will pay more than the stated fee in their agreement. Clients should understand the total fees being paid for investment management services.

Castlepoint generally requires a minimum annual fee of \$15,000 for investment management services. Castlepoint, in its sole discretion, may reduce its minimum fee and/or charge a lesser investment management fee based upon such criteria (i.e., anticipated future earning capacity, or additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client.

Payment for management fees will be made by the qualified custodian holding the client's funds and securities provided the client provides written authorization permitting the fees to be paid directly from the client's account. Castlepoint will not have access to client funds for payment of fees without client consent in writing. Further, the qualified custodian agrees to deliver a quarterly account statement directly to the client showing all disbursements from the account, include Castlepoint's advisory fee. The client is encouraged to review their account statements for accuracy. Alternatively, Castlepoint may invoice clients directly for portfolio management fees. When clients are billed directly, payment is due upon receipt of Castlepoint's invoice and payment can be made by check.

#### 401(k) Plan and Investment Advisory Services

401(k) plan annual fees range from 0.20 to 0.75% of the assets managed. The fee is dependent on the size and complexity of the plan. Our minimum fee for this service is \$20,000 annually; however, the minimum may be waived at the sole discretion of the firm.

#### **Other fees**

***Mutual Fund Fees:*** All fees paid to Castlepoint for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, sub-advisors, and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. The client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a qualified custodian/broker dealer with which an independent investment manager effects transactions for the client's account(s). Custodians may charge accounts for various transaction costs, retirement plan and administration fees. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to

Castlepoint's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **Fee Billing**

The specific manner in which fees are billed and collected by Castlepoint is established in the written agreement between the client and Castlepoint.

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

Item 6 is not applicable to Castlepoint. Castlepoint does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Such acceptance or management would pose a significant conflict of interest to our clients because performance-based fees may provide an incentive to make investment decisions that pose excessive or inappropriate risk to the client's financial situation. Castlepoint considers avoidance of such conflict a paramount policy in maintaining our fiduciary duty to our clients.

## **Item 7 – Types of Clients**

Castlepoint offers personalized investment supervisory services to individuals, families, trusts, charitable organizations, and 401(k) plans. Client relationships vary in scope and length of service.

## **Required Minimum Client Accounts**

Castlepoint requires a minimum annual fee of \$15,000 to establish a new private client advisory account; however, the minimum may be waived at the sole discretion of the firm.

For qualified plan consulting, we require a minimum of \$20,000 in annual fees; however, the minimum may be waived at the sole discretion of the firm.

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

### **Methods of Analysis**

Before designing investment plans for clients, Castlepoint will evaluate the client's current investments to determine whether the client's goals harmonize with the client's financial objectives. In designing investment plans for clients, Castlepoint relies upon the information supplied by the client and client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk. Castlepoint will design and

propose a portfolio to help clients attain the client's financial goals.

This information will become the basis for the strategic asset allocation plan which Castlepoint believes will best meet the client's stated personal financial goals. The strategic asset allocation provides for investments in those asset classes which Castlepoint believes will possess attractive combinations of return, risk, and correlation over the long term.

The investment advice provided rests on four principles:

1. Financial markets are extremely efficient
2. Risk and Return are related
3. Broad Global Diversification
4. Investor Discipline

Castlepoint believes these are the keys to a successful investment experience.

We do not believe in traditional active investment management practices such as stock picking and market timing. The philosophy and strategy implemented rests upon the body of academic research known as Modern Portfolio Theory. It focuses on maintaining a long-term perspective and capturing the returns offered by the financial capital markets.

Castlepoint will use a sub-adviser to combine a specialized investment approach and a level of personalization for our client. Our firm will tailor select strategies to better fit our client's financial goals, preferences, and values, be it for environmental, social, and governance (ESG) preferences, tax management strategy, individual stock and sector holdings, and more.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Castlepoint's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

Interest-rate Risk: The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk: The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole, increases or decreases virtually all stocks are affected to some degree.

Reinvestment Rate Risk: The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk): The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, will decrease in value because their purchasing value will decrease with inflation.

Business Risk: The risk associated with a particular industry or firm. These are factors that affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk: The risk associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk): The risk that a change in the value of a foreign currency relative to the U.S. dollar will negatively affect a U.S. investor's return.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

In general, cash equivalents provide liquidity with minimum income, and a return of principal with no capital appreciation. Cash equivalents, however, are subject to purchasing power risk.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Also, with longer maturities, fixed income investments will have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest rate risk, reinvestment rate risk, and purchasing power risk. In addition, foreign bonds would be subject to currency rate risk and junk bonds would be subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Equity investments are subject to greater volatility, thus providing a greater opportunity for capital gains, and a greater opportunity for capital losses. Equity investments offer little or no current income. Equity investments are subject to market risk and interest rate risk, while providing an opportunity to protect against purchasing power risk. Also, stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of

illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Different types of investments involve varying degrees of risk, and the client should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by Castlepoint) will be profitable or equal to any specific performance level(s).

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Castlepoint Wealth Advisors or the integrity of the Firm’s management. Castlepoint Wealth Advisors has no reportable legal or disciplinary events.

Castlepoint Wealth Advisors nor any affiliated management persons have not had a criminal or civil action in a domestic, foreign, or military court of competent jurisdiction.

Castlepoint Wealth Advisors nor any affiliated management persons have not had administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

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

Neither the firm, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the firm, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Castlepoint Wealth Advisors provides clients with the opportunity to engage an independent CPA, Meier & Barrus, Inc. (“Meier & Barrus”) for preparation of individual tax returns. Meier & Barrus, Inc. are separately owned and operated from Castlepoint Wealth Advisors.

Please see Item 4 for more information regarding our firm’s selection of sub-adviser. When in the client’s best interest, our firm will recommend Dimensional Fund Advisors, LP (“DFA”) sub-advisory services. Prior to recommending third-party managers, our firm will ensure that the third-party manager is properly licensed or registered with the respective authorities. A potential conflict of interest for our

firm in utilizing a third-party manager is receipt of services not available to us from other similar advisers. To minimize this conflict, our firm will make recommendations and selections in the best interest of our clients.

Castlepoint donates to Fields and Futures and serves as an advisor to Fields and Futures' endowment investment strategy. In addition, as of late 2019, the firm manages the founder's family accounts.

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

### **Code of Ethics**

Castlepoint has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at Castlepoint must acknowledge the terms of the Code of Ethics annually, or as amended.

Castlepoint's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Melissa Ray, Chief Compliance Officer, at (405) 705-2906 and/or [melissa@castlepointwealth.com](mailto:melissa@castlepointwealth.com).

Castlepoint maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Castlepoint or any person associated with Castlepoint.

### **Participation or Interest in Client Transactions**

Neither Castlepoint or any related person of Castlepoint recommends, buys, sells for client accounts, securities in which Castlepoint or any related person of Castlepoint has a material financial interest. It is Castlepoint's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Castlepoint believes that such transactions would pose a significant conflict of interest to Castlepoint's clients. Castlepoint considers avoidance of such conflict a paramount policy in maintaining its fiduciary duty to its clients.

### **Personal Trading**

Castlepoint and/or representatives of Castlepoint may buy or sell securities that are also recommended to clients. This practice may create a situation where Castlepoint and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Castlepoint has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Castlepoint's "Access Persons". Castlepoint's securities transaction policy requires that Access Persons of Castlepoint must provide the Chief Compliance Officer with a written report of the current reportable securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current reportable securities

holdings at least once each twelve (12) month period thereafter.

## **Item 12 – Brokerage Practices**

### **Selecting Brokerage Firms**

When performing investment management services to an account, Castlepoint will recommend a broker dealer/custodian for custody and brokerage services (exclusive of those clients that may direct Castlepoint to use a specific broker-dealer/custodian), Castlepoint generally recommends Charles Schwab and Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, or National Financial Service, and National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, “Fidelity”). Prior to Castlepoint providing investment management services, the client will enter into a separate custodial/clearing agreement with each designated custodian that holds their account(s)

Castlepoint seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. Factors that Castlepoint considers in recommending Schwab, Fidelity, or any other broker-dealer/custodian (referred to as “Custodians”) to clients include historical relationship with Castlepoint, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Castlepoint's clients shall comply with Castlepoint's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction. If this occurs, it is because Castlepoint determines, in good faith, that the transaction fee is reasonable in relation to the value of the brokerage and research services received. 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 the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Castlepoint will seek competitive rates, it may not necessarily obtain the lowest possible transaction rates for client account transactions. The brokerage commissions or transaction fees charged by the designated custodian are exclusive of, and in addition to, Castlepoint's investment management fee.

Castlepoint is independently owned and operated and is not affiliated with any Custodian. Custodians will hold client assets in a brokerage account and buy and sell securities when Castlepoint instructs them to. While Castlepoint recommends that the client use Schwab, or Fidelity as custodian/broker, the client will decide whether to do so and will open the account with Custodians by entering into an account agreement directly with them. Castlepoint does not open the account for the client, although they may assist the client in doing so.

Even though the client account is maintained at Custodians, Castlepoint can still use other brokers to execute trades for the client account as described below (see “Your Brokerage and Custody Costs”).

### **Your Brokerage and Custody Costs**

For clients' accounts that Custodians maintain, Custodians generally do not charge the client separately for custody services but is compensated by charging the client commissions or other fees on trades that it executes or that settle into the client's Custodians account. In addition to commissions, Custodians can charge the client a flat dollar amount as a "prime broker" or "trade away" fee for each trade that Castlepoint has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Custodians account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize your trading costs, Castlepoint has Custodians execute most trades for client accounts. Castlepoint has determined that having Custodians execute most trades is consistent with the firm's duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, and not just cost alone.

### **Products and Services Available to Castlepoint from Custodians**

Custodians provide the firm and our clients with access to its institutional brokerage — trading, custody, reporting, and related services — many of which are not typically available to Custodians' retail customers. Schwab also makes available various support services. Some of those services help Castlepoint manage or administer client accounts, while others help the firm manage and grow the business. Custodians' support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to the firm.

Castlepoint may receive from Custodians without cost (and/or at a discount) compliance, marketing, technology and practice management products or services, certain of which assist Castlepoint to better monitor and service client accounts and assist Castlepoint in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Castlepoint to manage and further develop its business enterprise. The products and services Castlepoint do receive all qualify under the safe harbor section 28(e) of the Securities Exchange Act of 1934.

The availability of these services from Custodians benefits Castlepoint because we do not have to produce or purchase them. We don't have to pay for Custodians' services, and they are not contingent upon us committing any specific amount of business to Custodians in trading commissions or assets in custody.

There is no corresponding commitment made by Castlepoint, or its associated persons, to Custodians, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. Clients should be aware, however, that the receipt of economic benefits by Castlepoint or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Castlepoint's choice of Custodians for custody and brokerage services. In addition, Castlepoint may have a conflict of interest in recommending to its clients that their assets be held in custody with Custodians and in placing transactions for client accounts with Custodians, because Custodians consider the amount and profitability of the assets in, and trades placed for, Castlepoint's client accounts when determining



whether to provide or continue providing additional services to Castlepoint. Castlepoint's receipt of any additional services does not diminish Castlepoint's duty to act in the best interest of clients, including to seek best execution of trades for client accounts.

Castlepoint's Chief Compliance Officer, Melissa Ray, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

### **Directed Brokerage**

Some clients may instruct Castlepoint to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct Castlepoint to use a particular broker should understand that this may prevent Castlepoint from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Castlepoint from obtaining the most favorable net price and execution.

### **Aggregation of Client Trades**

To the extent that Castlepoint provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Castlepoint decides to purchase or sell the same securities for several clients at approximately the same time. Castlepoint may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Castlepoint's clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Castlepoint shall not receive any additional compensation or remuneration as a result of such aggregation

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Item 13 – Review of Accounts**

### **Periodic Reviews and Triggers**

For those clients to whom Castlepoint provides investment advisory or wealth management services, account reviews will be conducted on an ongoing basis by Castlepoint's Managing Member and/or Associated Persons. All investment advisory services clients are advised that it remains their

responsibility to advise Castlepoint in writing of any changes in their investment objectives and/or financial situation, or if they wish to impose any reasonable restrictions on Castlepoint's investment management services. All clients (in person or electronically) are encouraged to review investment objectives and account performance with Castlepoint no less than on an annual basis.

Castlepoint may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event such as a market correction, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, change in the client's investment objectives and client request.

### **Regular Reports**

The account custodian provides trade confirmation and statements to clients directly, no less than on a quarterly basis. For those clients to whom Castlepoint provides investment supervisory services, performance reports are provided as part of each client meeting. Additional reports are available and will be provided on an ad hoc basis.

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

As reference in Item 12 above, Castlepoint receives an economic benefit from Schwab, or Fidelity in the form of the support products and services it makes available to the firm and other independent investment advisors whose clients maintain their accounts at Schwab, or Fidelity. The availability to Castlepoint of Schwab, or Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Castlepoint periodically receives client referrals from websites where they may be listed. In no case will the client pay any additional fees to Castlepoint for services if the referral comes from any of these listings.

### **Item 15 – Custody**

Castlepoint does not maintain custody of client funds. In the event that client fees are deducted from client accounts this can be viewed as Castlepoint having constructive custody over client account(s); Castlepoint receives client authorization for direct fee deduction in the client services agreement and follows the safeguards in place to avoid the need for a surprise annual audit when directly debiting its fee from clients' accounts.

Clients will receive at least quarterly, statements from their broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Castlepoint urges their clients to carefully review custodial records to the account reports that we may provide to you. Castlepoint's reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The Firm also has constructive custody of assets to the extent it uses Standing Letters of Authorizations ("SLOAs") for third-party money movement. The Firm follows the SEC's No Action guidance and maintains records needed to avoid the need for a surprise annual audit in these accounts.

**Item 16 – Investment Discretion**

Castlepoint will execute the sale and/or purchase of investments where authorized to do so by the client on a discretionary basis. Clients may, at any time, impose restrictions, in writing, on our discretionary authority.

**Item 17 – Voting Client Securities**

Castlepoint will not vote proxies on behalf of advisory clients' accounts. Although, on rare occasions and only at the client's request, Castlepoint may offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Clients will receive their proxies or other solicitations directly from their broker-dealer/custodian.

**Item 18 – Financial Information**

Castlepoint does not require, nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore we have not included a balance sheet for our most recent fiscal year. We are unaware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Castlepoint has never been the subject of a bankruptcy proceeding.