CASTLEBERRY FINANCIAL SERVICES GROUP, LLC
"Your World of Opportunity"

QUARTERLY NEWSLETTER

JANUARY 2018

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CASTLEBERRY IN THE NEWS

Castleberry Financial Services Group, LLC is a leading Alternative Investment Manager. We are contrarian, value-oriented investors in local companies, with significant distressed expertise. We operate our businesses in an integrated manner and are nimble in our purchases, which we believe distinguishes us from other Alternative Investment Managers. We have applied this investment philosophy over our 5-year history, deploying almost $200 million in capital across the balance sheets of leading local businesses, and seeking to create principal-protected 'equity-like' fixed income returns for our investors throughout economic cycles. We raise, invest and manage these surety-bond protected funds on behalf of over 800 individual investors across the country.

Moving forward in 2018, Castleberry will be focused on acquiring businesses and real estate in all 50 states, Canada and Puerto Rico.

We are currently in negotiations to purchase additional retail, manufacturing and distribution assets along with a major wholesaler of building products, servicing major retailers nationwide.

Along with additional residential real estate, we will focus on purchasing a large portfolio of commercial real estate as well as expanding our land company.

You may have struggled to generate income safely from your investment portfolio in this stage of the yield cycle. As this is our raison d'etre, please afford us the opportunity to address this need. We are at your service.

by

IN THIS ISSUE

Scott P. Strochak
Senior Executive Vice President/Director of Alternative Investments offers more than 35 years of experience in financial and fiduciary services.

Mainstar Trust

Castleberry Financial Services Group, LLC offers you the opportunity to be involved in our Alternative Investment Program by utilizing your IRA or other tax deferred investments.

The New York Times

By Carla Fried January 12, 2018

CASTLEBERRY FINANCIAL SERVICES GROUP, LLC
"Your World of Opportunity"

A year in review 2017
Alternative Investment Program

CNA SURETY

Financial Guarantee Bond

CASTLEBERRY WELCOMES

SCOTT P. STROCHAK

Sr. Executive Vice President
Director of Alternative Investments

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SCOTT P. STROCHAK, Senior Executive Vice President/Director of Alternative Investments offers more than 35 years of experience in financial and fiduciary services.

Mr. Strochak received his Bachelor of Business Administration from Emory University.

Mr. Strochak also holds a Master of Business Administration from The Wharton School from the University of Pennsylvania.

Mr. Strochak honed his investment experience working with individual and institutional clients at EF Hutton & Co. and SunTrust Equitable Securities.

Mr. Strochak also partnered with two economic Nobel Laureate candidates to develop BIRR Portfolio Analysis, an emerging software company that provides sophisticated risk management research.

Prior to joining **Castleberry Financial Services Group**:

Mr. Strochak served as Vice President & Senior Wealth Director at BNY Mellon.

Mr. Strochak served as Vice President & Wealth Advisor at Morgan Stanley and Merrill Lynch.

Mr. Strochak served as Regional Vice President & Wealth Advisor at Neuberger Berman.

Mr. Strochak actively supports the Jewish Federation of Palm Beach County, The Scripps Research Institute of Florida, The Connections School, FoundCare, and both Florida Atlantic University and his Alma Matters' mentorship programs.

FINANCIAL GUARANTEE BOND

DEFINITION: A non-cancellable indemnity bond, backed by an insurance company, which guarantees that principal and interest will be paid in compliance with the underlying contractual agreement or promissory note. **Financial guarantee bonds** are used by debt issuers as a way of attracting investors. The guarantee provides said investors with an additional level of security that the investment will be repaid/obligation will be fulfilled in the event that the securities issuer is unable to do so. The bond may benefit the principal by enhancing the principal's creditworthiness thereby lowering the cost of financing. The guarantee "wraps" the security/promissory note with the insurer's indemnity. Because the bond represents an UNCONDITIONAL GUARANTEE of compliance/repayment, a preferred interest rate is often offered.

SERVICING CLIENTS, ONE BOND AT A TIME

CNA Surety services over 2.2 million bonds annually, while supporting our agents with long-term stability. Our market leadership is built on our genuine care for the interest of our agents, brokers, and customers. We welcome open lines of communication to foster relationships and provide a foundation for profitable business.

CNA Surety provides a full range of surety and fidelity bonds in all 50 states, Canada and Puerto Rico. Through a combined network of approximately 40,000 appointed agencies, CNA Surety has the capacity, experience and dedication to serve a full range of bonding needs, from the smallest commercial bonds to multi-million-dollar contract bonds. CNA Surety is known for its expert underwriting, solid financial strength, market leadership and creative solutions to all bonding requirements. With a highly diverse product line, one of the broadest underwriting capabilities in the industry, and an unparalleled distribution system, the CNA Surety group of companies ranks as one of the largest writers of surety bonds in the United States. Backed by the financial strength of the CNA Insurance Group, we have one of the highest US Treasury Underwriting Limitations in the surety industry. The Commercial surety market includes numerous types of bonds categorized as court judicial, court fiduciary, public official, license and permit, and many miscellaneous bonds that include **guarantees of financial performance.**

CORPORATE COMMERCIAL BONDS

Corporate commercial surety underwriters offer responsive and comprehensive programs. Commercial bonds are critical to a business' operations and we strive to understand each business in order to provide a flexible commercial surety bond program. For qualified risks, we support public and private companies with surety needs of $1,000,000 to $500,000,000.

CASTLEBERRY YEAR IN REVIEW 2017

Business	Offer Price	Purchase Price	Sales	Adj Net	Net % of Purchase	Purchase Payback Yrs	Cash Infusion	New Sales	New Adj Net	Net % of Purchase	Purchase Payback Yrs
Automotive	$ 550,000	$ 385,000	$ 1,023,280	$ 238,495	62%	2.3	$ 46,200	$ 1,330,264	$ 385,777	100%	1.4
Retail	$ 3,994,999	$ 2,911,324	$ 6,052,584	$ 1,349,115	46%	3.0	$ 277,425	$ 6,998,709	$ 2,188,915	75%	1.8
Cleaners/Laundry	$ 1,710,000	$ 1,231,500	$ 2,428,241	$ 580,790	47%	2.9	$ 147,860	$ 3,010,208	$ 893,780	73%	1.9
Contractors	$ 1,038,000	$ 732,560	$ 2,330,233	$ 411,865	56%	2.5	$ 87,907	$ 2,796,265	$ 646,880	88%	1.6
Convenience Stores	$ 640,000	$ 448,350	$ 2,928,000	$ 389,305	87%	1.6	$ 57,280	$ 3,659,570	$ 910,572	203%	0.7
Restaurants	$ 3,120,500	$ 2,234,260	$ 5,504,057	$ 1,109,561	50%	2.8	$ 227,301	$ 6,331,281	$ 1,824,799	82%	1.7
Sign Companies	$ 1,098,999	$ 776,249	$ 1,396,152	$ 651,324	84%	1.7	$ 93,150	$ 1,694,305	$ 961,485	124%	1.1
Landscape	$ 7,475,000	$ 5,524,250	$ 10,614,720	$ 3,143,641	57%	2.4	$ 433,073	$ 13,268,386	$ 5,323,080	96%	1.4
Postal/Shipping	$ 499,000	$ 362,290	$ 883,035	$ 193,750	53%	2.6	$ 18,115	$ 1,015,509	$ 274,016	76%	1.8
	$ 20,126,498	$14,605,783	$ 33,160,302	$ 8,067,846	55%	2.5	$ 1,388,311	$40,104,497	$13,409,304	92%	1.5
DENOTES ORIGINAL PURCHASE							DENOTES RESULTS AFTER OPERATIONAL CHANGES OVER 24 MONTHS				

REAL ESTATE

RESIDENTIAL PROPERTIES 510
MARKET VALUE $206,175,000
PURCHASE PRICE $ 84,532,500

COST OF RENOVATIONS $10,200,000
PROPERTY TAXES 1ST YR $2,465,531
CLOSING COSTS/FEES (LENDING INSTITUTIONS WAIVED/ABSORBED)

SALE OF 300 PROPERTIES $110,520,000
RENTAL INCOME OF 210 $4,914,000 PER YEAR

The sale of 300 properties covered our cost of first year taxes, title insurance, renovations and total purchase price.

The rental income, after property taxes and maintenance, gives us a gross income of $2,819,355 per year, and assets of $77,574,000.

Having acquired a local construction company/builder and a landscaping group, we are able to consolidate market share and control a higher volume of new business by offering a new line of services to benefit the existing customer base, while expanding both companies' market share in the immediate geographic area. The acquisitions and mergers also enable our entry into servicing the renovated housing market and to initiate custom and tract residential housing in Planned Urban Developments $5,400,000

Projects Currently under Negotiation:

Castleberry is currently in negotiations to acquire a global specialty boat manufacturing enterprise which offers an existing entry into government and private contracts, not only for recreational purposes but for environmentally friendly maintenance of waterways, lakes, canals and streams as well as for rescue of residents, animals and property in storm-damaged areas of the globe. $20,000,000

Castleberry is currently in negotiations with a worldwide flooring distributor to acquire and expand into other areas of distribution to service the public and its wholesale distributors and open 384 stores. $85,000,000

Castleberry is pleased to announce its Grand Opening of its latest sports memorabilia and collectibles store in the Original Wellington Mall located at 12794 Forest Hill Blvd Suite 8A Wellington, Florida from 9:00 a.m. to 7:00 p.m.

Castleberry is acquiring three new memorabilia comic stores to expand its operation in the area, for a total of five stores to further compliment plans for a 200,000 square foot mega-store, making them the "go-to place" in memorabilia. $17,500,000

Castleberry is currently looking to acquire a real estate firm to handle its property management and sales of real estate as they purchase foreclosure portfolios from banks and other financial institutions.

Castleberry is pleased to announce its renovation of its corporate offices, which will be completed approximately by February 15th 2018.

Castleberry is very pleased to announce Marshall D. Platt P.A. as General Counsel/Executive Committee/Director bringing years of experience and knowledge to fulfill our team to proceed in our visions and make them a reality. We welcome him and are proud to have him as part of our family.

The New York Times

By Carla Fried

January 12, 2018

The prospect of a strong economy in the United States and a strengthening one in much of the rest of the world is good news for workers and for many companies. But for bond investors, it is a headache.

"We're not of the view that there is any sector that stands out as extremely cheap on a valuation basis," said Ashok Bhatia, senior portfolio manager in Neuberger Berman's Fixed Income Multi-Sector Group.

Yet in 2017, many investors turned to bonds anyway. Nearly $380 billion found its way into bond funds, nearly double the flow into stock funds, according to the Investment Company Institute.

That makes a certain amount of sense in Year 9 of a bull market that has lifted the Standard & Poor's 500-stock index more than 370 percent since the 2009 low. When stocks seem risky, core bonds are safer havens.

But despite a recent surge, bond yields are still fairly low and don't scream opportunity, either. The Vanguard Total Bond Index, the largest index portfolio, has a yield of about 2.5 percent. The actively managed Dodge & Cox Income fund had a recent yield of 2.75 percent And investors are getting paid less to take on risk. The 5.6 percent yield of the SPDR Bloomberg Barclays High Yield Bond E.T.F. is nearly half a percentage point lower than a year ago.

What's worse, if the economy remains strong, there is a good chance that yields will move higher. That is a problem for fixed-income investors because rising bond yields mean falling bond prices. For people holding bond mutual funds and exchange-traded funds, total return is a combination of yield and price. It all makes it less likely that core bond funds — those that focus on high-quality securities — will be able to match the 3.7 percent average gain for 2017, which was 1.5 percentage points ahead of the inflation rate. "We are in a transition market," Mr. Bhatia said.

As evidence, consider that the difference between short and long-term rates is less than it has been since 2007. In bond market parlance, the yield curve has flattened. Why has this happened? Shorter rates are being pulled upward by the Federal Reserve from the near-zero level that the Fed instituted during the financial crisis. Longer term rates, on the other hand, are constrained by the expectation that inflation will remain very low in 2018.

Rick Rieder, global chief investment officer of Fixed Income at BlackRock, says inflation could surprise the market next year. It is possible that a falling unemployment rate at a time of solid economic growth could put ample pressure on wages that would, in turn, raise inflation off the floor. "I think we can get to 2 percent," Mr. Rieder said. The Federal Reserve's preferred inflation measure has crawled along below 1.5 percent since the financial crisis.

A 2 percent inflation rate would most likely just nudge long-term rates higher, he said, adding that he expects a "slow and low trajectory" for long-term rates. His base case is that the 10-year Treasury rate, now at about 2.5 percent, won't rise much beyond 2.7 percent.

Unless inflation surges unexpectedly, a 3 percent yield for the 10-year Treasury note may not be likely. Julien Scholnick, a fixed income manager at Western Asset Management, which manages $435 billion in global bond portfolios, notes that a year ago, the 10-year Treasury bill rose briefly to 2.6 percent. And that was after the surprise election of Donald J. Trump spurred an expectation of quick stimulus materializing through tax changes, infrastructure spending and regulatory easing. "We don't see higher inflation as probable," in 2018, Mr. Scholnick said. With an expectation that long-term rates will not venture far from current levels, the Western Asset Core Plus Bond fund currently has an average duration — a measure of risk to changing interest rates — that is slightly higher than the six-year norm for the benchmark Bloomberg Barclays U.S. Aggregate Bond index. Shifting economic and market dynamics in 2018 may raise the value of small tweaks to basic bond portfolios. The high-quality United States bonds in the aggregate bond index will deliver on their main purpose in your 401(k): When stocks falter, these bonds will hold their ground, and they may even rally. But the aggregate index will also be very sensitive to Federal Reserve interest rate increases, as 37 percent of the index is invested in Treasuries and another 27 percent in government agency bonds.

Mr. Bhatia at Neuberger Berman recommends adding high-quality corporate bonds, which will not be as sensitive to rising rates as government bonds. The flattening yield curve makes short-term issues attractive; you get a solid yield without the higher volatility of a fund invested in longer-term bonds. Vanguard Short-Term Corporate Bond Index fund is about half a percentage point more than the yield for comparable short-term Treasuries. The recently enacted tax package could also be a moderate benefit for corporate bonds. With a lower corporate tax rate, businesses are expected to bring more foreign earnings home, increasing the cash available to pay for dividends and share repurchases. That could mean the supply of new corporate bonds will shrink a bit, as companies lose some appetite for issuing debt to bolster shareholder returns. Basic math suggests that there is less reason to invest in lower quality corporate bonds. Kathy A. Jones, chief fixed income strategist at Charles Schwab, points out that high-yield bonds pay about 3.4 percentage points more than similar maturity Treasury issues, in contrast to the 5.4-percentage-point spread investors have typically been paid for taking on the risk of junk bonds. That's not much compensation, given that junk bonds tend to behave a lot like stock in bad markets. Investors who enjoyed the strong 6 percent return for multisector bond funds in 2017 should take note that on average, more than one-third of the assets of these go-anywhere bond funds is invested in junk bonds, according to Morningstar. Mr. Scholnick says Western Asset Management has reduced its high-yield holdings and increased its investment in bank loans. These securities are a form of low-quality corporate bonds with two compelling value propositions over standard junk bonds. In the event of a default, bank loan investors are paid before regular bond investors. In addition, the interest rate on bank loans fluctuates along with a benchmark index, such as the London Interbank Offer Rate, or Libor, and prospects for an increase are viewed as good. Emerging market bonds may be the best relative value for bond investors these days, considering that in many countries, economies are growing, inflation is low and central bank policy is reasonably strong "In the past, it was emerging markets that held all the debt, but now all the debt is in Japan, Europe and the U.S.," said Mr. Rieder of BlackRock. In 2018, the best opportunities for positive returns after accounting for inflation could be in emerging markets. Emerging markets also are often more volatile. So for less adventuresome investors, money market funds may be appealing. The Federal Reserve's rate increases are slowly pushing these yields off zero. Mr. Bhatia says such funds will probably pay 1.5 to 2 percent by the end of this year. Even if the returns in money market funds are low, you are paid something to park your money on the sidelines while waiting for sell-offs in bonds and stocks to present better prices to reinvest. "Suddenly, it's an asset class to consider," he said.

by

Your **Principal** is **Bonded, Insured** and **No Fees** therefore **Reducing** your **Risk**

	1 YEAR	3 YEAR	5 YEAR	INVESTMENT
Castleberry Alternative Investment Fund I	7.93%	8.53%	9.23%	100K-4.99M
Castleberry Alternative Investment Fund II	8.43%	8.93%	9.76%	5M-9.99M
Castleberry Silver Alternative Investment Fund	8.93%	9.53%	10.23%	10M-14.99M
Castleberry Gold Alternative Investment Fund	9.43%	9.93%	10.76%	15M-24.99M
Castleberry Platinum Alternative Investment Fund	9.93%	10.53%	11.23%	25M-49.99M
Castleberry Premium Alternative Investment Fund	10.43%	10.93%	11.76%	50M-99.99M
Castleberry SuperMax Alternative Investment Fund	10.93%	11.53%	12.23%	100M+

TAXABLE INCOME

PAID
MONTHLY, QUARTERLY
OR ANNUALLY

EARN ADDITIONAL .76%
IF PAID ANNUALLY

Mainstar Trust

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Our Mission

Mainstar Trust is an innovative leader in specialized retirement custodial services that diversify and maximize long-term objectives for IRA account holders and financial advisors.

Who We Are

Mainstar Trust is centered on Trust, Innovation, and Flexibility.
Mainstar Trust reflects nearly 40 years' experience of specializing in providing retirement, custodial services by delivering confidence, wisdom, and quality to its customers.

Innovation

Mainstar Trust exudes a visionary stance in the industry, always looking for new and progressive ways to utilize emerging opportunities in the retirement wealth accumulation scene and offering solutions for forward thinking individuals.

Flexibility

Mainstar Trust offers unique and dynamic services that easily adapt to individual choices with alternative investments. The team is dedicated to providing services that are accessible, personable, and reliable.

Why Mainstar Trust

Mainstar Trust is the trusted guide for individuals looking for help navigating through investment waters, offering alternative, cost-effective retirement solutions, excellent services, and prompt, personal client contact.
Since our business is providing custodial service for your self-directed retirement accounts, you can count on us to provide specialized services designed to allow you to diversify and maximize your long-term objectives. Account holders gain more control over their future and know where they're headed and are not limited to traditional investment options.

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