Catalyst Hedged Commodity Strategy Fund

CFHAX, CFHCX & CFHIX

2017 Q4

Catalyst Funds
Intelligent Alternatives

About Catalyst Funds

Intelligent Alternatives

We strive to provide innovative strategies to support financial advisors and their clients in meeting the investment challenges of an ever-changing global market environment.

From our founding in 2006, Catalyst Funds set out to be decidedly different. We understood that the market did not need another traditional family of mutual funds. At Catalyst, we endeavor to offer unique investment products to meet the needs of discerning financial advisors and their clients. We offer a broad range of distinctive funds that offer specialized strategies seeking to produce income- and equity-oriented returns while limiting risk and volatility. We offer these exclusive strategies through a team of in-house portfolio managers and boutique institutional investment management partners.

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Catalyst Hedged Commodity Strategy Fund Overview

- Investors in the Catalyst Hedged Commodity Strategy Fund (**CFHAX**) may be seeking:
  - A low correlation to both equity and commodity markets
  - A way to hedge large commodity fluctuations
  - Return opportunities across a wide variety of market conditions
  - Access to dynamic option strategies on physical commodity futures contracts
  - A way to gain exposure to commodity markets within their portfolio
  - Absolute returns
  - A commodity product that is not based on tracking commodity index returns.

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. Using derivatives like commodity futures and options to increase the Fund's combined long and short exposure creates leverage, which can magnify the Fund's potential for gain or loss and, therefore, amplify the effects of market volatility on the Fund's share price.

Investment Strategy: Overview

CFHAX invests in *option spreads on physical commodity futures* contracts in agricultural products, energy and metals. This market neutral strategy is reactive in nature and does *not* depend on a prediction of price direction in these markets.

CFHAX may:

- Employ option strategies on commodity based futures.
- Enter options positions that are tailored to volatility and seasonal conditions in each market
- Use long and short option positions – spreads - to hedge initial positions as well as overall portfolio risk

The Fund employs options as a key component of the Fund's investment strategy. The Fund is subject to the risk that option prices change in ways not expected by the Adviser. Because the Fund both buys and sells options, there is a risk that changes in volatility assumptions are not consistent or correlated for options of various terms to expiration.

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The Fund Seeks to Provide Investors

A **Risk Management Strategy** explicitly focused on capital preservation that seeks to limit losses by hedging individual positions at initiation, adjusting positions on an ongoing basis and implementing overall portfolio hedging measures.

The Fund also strives to provide:

Consistent Returns from options strategies that are structured to potentially profit across a broad range of market and volatility environments.

Enhanced Returns from yield bearing instruments.

Diversification through use of multiple option strategies across multiple commodity markets and products.

Interest and dividends are not assured. The success of the Fund's hedging strategy will be subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged.

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Investment Strategy: Multiple Ways to Generate Returns

- *Volatility Trading* -- the Fund may enter options positions designed to hedge or seek profit from an increase in commodity volatility.
- *Trend Following* – the Fund may enter options spreads in an attempt to profit from an established price trend.
- *Seasonality:* the Fund may enter positions based on seasons which can provide indications of price and volatility movements.
  - Options Examples: Diagonal calendar spreads, butterflies, broken butterflies, ratio spreads and capped ratios spreads above and below the market.

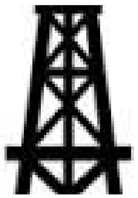
Additionally, when options premiums are historically rich, the Fund may enter net short options positions to potentially generate returns by capturing time decay. Option Premium Collection techniques are used to mitigate options time decay and to take partial profits on open positions.

The Fund is subject to the risk that option prices change in ways not expected by the Adviser. Because the Fund both buys and sells options, there is a risk that changes in volatility assumptions are not consistent or correlated for options of various terms to expiration.

Investment Strategy: Sector Allocations

- The Fund's sector allocations are based on options volatility, seasonal dynamics, technical indicators and fundamental analysis.

- Intermarket relationships and other factors may affect commodity pricing beyond simple supply and demand:

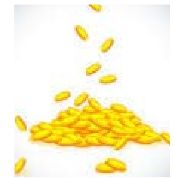


Crude Oil

- Geo-Political Events
- Weather
- Seasons
- Demand for other Fuels
- OPEC

Corn

- Weather
- Seasons
- Global Marketplace
- Feed Stock Demand
- Competition with other Agricultural Commodities
- Energy Alternative



Gold

- Currencies
- World Equities
- Interest Rates
- Monetary Policy Decisions
- Physical Demand

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Investment Strategy Example: Opportunity Analysis

Each Commodity Market Macro View

- Is the commodity overbought or oversold?

- Is volatility historically high or low?

- Is volatility in contango or backwardation?

Determine Which:

-Commodities to trade

-Side of market to trade

-Option strategies to use

Start Daily Investment Process

Investing in the commodities markets may subject the Fund to greater volatility than investments in traditional securities.

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Investment Strategy: Daily Investment Process Example

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Investment Strategy: Seeking Portfolio Diversification By…

Low Correlation

Employing option spreads with the goal of generating returns not correlated to the global equity markets.

Commodity, not Equity Markets

Focusing the investment strategy on non-financial, physical commodity markets such as agricultural products, energy, and metals.

Yield Collection

Supplementing returns with interest bearing instruments.

Hedging

Hedging individual positions and the overall portfolio with options.

Wide Range of Trading Opportunities

Rotating trading opportunities based on agricultural calendars, worldwide money flows, macroeconomic events and supply & demand forces.

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. ***Diversification does not ensure profit or prevent losses.***

Risk Management

- **The Fund employs a distinct Risk Management Strategy** – In addition to the strategy and tactics used to earn profits, we use a specific set of rules and tactics focused on limiting losses. This is not common among public mutual funds.

- The **Risk Management** includes:

Optimized position sizing	Trade entry scaling	Diversification of time and price exposure
Dynamic hedging of option structures	Limiting overall portfolio risk	

- The Fund's **diversification** of capital across multiple commodity sectors, expiration months & strikes, and the option strategies implemented may reduce overall portfolio volatility.

The Fund employs options as a key component of the Fund's investment strategy. The Fund is subject to the risk that option prices change in ways not expected by the Adviser. Because the Fund both buys and sells options, there is a risk that changes in volatility assumptions are not consistent or correlated for options of various terms to expiration.

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

Key Reasons to Invest

- The Fund participates in **multiple commodity markets**:
  - Offers exposure to a broad range of market conditions and potential opportunities
  - May provide diversification and reduce portfolio volatility

Hedged Strategy

The strategy involves trading option spreads which focus on trades based on volatility, seasonality, price and technical analysis.

Non-Correlated

The Fund seeks returns that are uncorrelated to equity and commodity markets.

Strict Risk Control

The Fund is dynamic and implements strategies that incorporate strict risk control, focusing on hedging positions.

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

Differentiated from Peers

The Fund offers a distinctive approach that is **differentiated from other commodity and futures funds**:

Implements direction **neutral option strategies** and does not rely on the manager's prediction of market direction.

A **focus** on a limited number of non-financial, physical commodity based markets.

Hedges with Options – Options spreads on commodity futures are used to achieve returns for the Fund.

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

Fund Information

- **Inception:** September 30, 2015
- **Management:**
  - **Edward Walczak**, Senior Portfolio Manager
    - Senior Portfolio Manager of the Catalyst Hedged Futures Strategy Fund
    - B.A. in Physics and Economics from Middlebury College
    - MBA from the Harvard University Graduate School of Business
  - **Kimberly Rios, CFA, CMT**, Portfolio Manager
    - Chartered Financial Analyst (CFA) & Chartered Market Technician (CMT)
    - Assistant Portfolio Manager of the Catalyst Hedged Futures Strategy Fund
    - BSBA in Economics and Finance from the University of Arizona
- **Category:** Commodities Broad Basket

Definitions

Option Spread: A type of option that derives its value from the difference between the prices of two or more assets.

Backwardation: Backwardation is a theory developed in respect to the price of a futures contract and the contract's time to expire. Backwardation says that as the contract approaches expiration, the futures contract will trade at a higher price compared to when the contract was further away from expiration. This is said to occur due to the convenience yield being higher than the prevailing risk free rate.

Contango: A situation where the futures price of a commodity is above the expected future spot price. Contango refers to a situation where the future spot price is below the current price, and people are willing to pay more for a commodity at some point in the future than the actual expected price of the commodity. This may be due to people's desire to pay a premium to have the commodity in the future rather than paying the costs of storage and carry costs of buying the commodity, today.

Definition Source: Investopedia

Disclosures

Investors should carefully consider the investment objectives, risks, charges and expenses of the Catalyst Funds. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 866-447-4228 or at www.CatalystMF.com. The prospectus should be read carefully before investing. The Catalyst Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Catalyst Capital Advisors, LLC is not affiliated with Northern Lights Distributors, LLC.

Investing in the Fund carries certain risks. The Fund will invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives and the resulting high portfolio turnover may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives. The Fund may experience losses that exceed those experienced by funds that do not use futures contracts, options and hedging strategies. Investing in commodities markets may subject the Fund to greater volatility than investments in traditional securities. Changes in interest rates and the liquidity of certain investments could affect the Fund's overall performance. The Fund is non-diversified and as a result, changes in the value of a single security may have significant effect on the Fund's value. Other risks include U.S. Government securities risks and investments in fixed income securities. Typically, a rise in interest rates causes a decline in the value of fixed income securities or derivatives owned by the Fund. Furthermore, the use of leveraging can magnify the potential for gain or loss and amplify the effects of market volatility on the Fund's share price. The Fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with an investment in the Fund. These factors may affect the value of your investment.

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