

# **Day Hagan Asset Management**

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**FORM ADV PART 2**

**BROCHURE**

**This brochure provides information about the qualifications and business practices of Day Hagan Asset Management. If you have any questions about the contents of this brochure, please contact us at telephone number 941.330.1702. 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 Day Hagan Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Day Hagan Asset Management is 139671.**

**Day Hagan Asset Management 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 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.

Generally, Donald L. Hagan, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

We are a registered investment adviser based in Sarasota, Florida. Donald L. Hagan, LLC, organized under the laws of the State of Florida and doing business as Day Hagan Asset Management, has been providing investment advisory services since 2004. Donald L. Hagan and Arthur S. Day are our principal owners. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning Services
- Selection of Third Party Advisers
- Pension Consulting Services
- Adviser to a Mutual Fund

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Day Hagan Asset Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. 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.

### **Portfolio Management Services**

Our firm provides discretionary and non-discretionary portfolio management services where the investment advice provided is custom tailored to meet your needs and investment objectives. Where we enter into discretionary arrangements with you, and subject to any written guidelines, which you may provide, we will be granted discretion and authority to manage your account. Accordingly, you will be required to authorize us to perform various functions, at your expense, without further approval from you. Such functions include the determination of securities to be purchased/sold, the amount of securities to be purchased/sold, the broker/dealer to be used, and the commission rates to be paid. Once the portfolio is constructed, our firm will provide continuous supervision and re-optimization of the portfolio as changes in market conditions and your financial circumstances may require. Where we enter into non-discretionary arrangements with you, we will obtain your approval prior to the execution of a transaction.

The annual fee for portfolio management services is billed quarterly in advance based on the value of assets on the last day of the previous quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. Our fee is based on a percentage of your assets under management and is negotiable. The annualized fee for portfolio management services ranges from 0.25% to 2.75% of assets under management and is based on the size, asset composition and complexity of your account. The fees and terms will be clearly set forth in the executed agreement for services.

We generally impose a minimum of \$500,000 to open and maintain an advisory account. However, we may allow accounts of members of the same household to be aggregated for purposes of meeting the minimum account size. We may allow such aggregation, for example, where we service accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts.

Payment of our management fees will be made by the qualified custodian holding your funds and securities provided that you supply written authorization permitting the fees to be paid directly from your account. Our firm will not have access to your funds for payment of fees without your written consent. Further, the qualified custodian agrees to deliver a monthly (or at least a quarterly) account statement directly to you, showing all disbursements from your account. You are encouraged to review all account statements for accuracy. Our firm will receive an electronic duplicate copy of the statement that was delivered to you by your custodian.

Either party may terminate the portfolio management agreement by providing written or verbal notice to the other party.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

### **Financial Planning Services**

Our firm offers broad-based and structured financial planning. The process typically begins with an initial consultation during which the various services provided by us are explained to you. If you wish to retain our services, we will enter into a financial planning agreement with you. You may elect to have us prepare a financial plan for a set fee and then manage your assets under one of the asset management programs described below. Alternatively, you may decide to engage us for financial planning services for a set fee and refrain from making a decision as to management services until a future time.

During or after the initial consultation, if you decide to engage us, we will collect pertinent information about your personal and financial circumstances and objectives. Priorities are established, and dialog between you and an Associated Person of our firm will take place in order to assess your financial position and objectives. As required, we will conduct follow-up interviews with you for the purpose of reviewing and/or collecting financial data. Once such information has been studied and analyzed, a written financial plan designed to achieve your expressed financial goals and objectives is produced and presented to you.

Some of our clients may only require advice on a single aspect of the management of their financial resources. For these clients, we offer financial plans and/or general consulting services in a format that addresses only those specific areas of interest or concern, depending on each client's unique circumstances.

For those clients wishing to engage us for financial planning services, fees will be based on the negotiable schedules set forth below and as agreed upon between the you and our firm.

- **Fixed Fees:** The fee for a financial plan ranges between \$500.00 and \$8,000.00 depending on the scope and complexity of the financial plan. Fees are due and payable upon completion of the contracted service. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200.00. Factors that are considered when determining the cost of a financial plan, include but are not limited to:
  1. The scope of the plan, i.e., plans that cover all aspects of your financial situation such as business succession, estate planning, retirement needs, education planning, and successor trusts, among others, would warrant a higher fee than a more simplistic plan covering typical financial needs for current money management and retirement.
  2. Complexity of your financial situation, i.e., trusts, estates, business ownership, tax brackets and other personal needs.

- **Hourly Fees:** For those clients who request specific consulting related services; Our fees start at \$250 an hour and increase depending on the complexity of your financial situation. These fees are calculated and payable at the completion of each session. Specific consulting services may be in the form of general advice given on retirement needs or education planning, among others. In these cases you would not be charged for a written financial plan but instead will only be billed for hourly consultation with an Associated Person of our firm. The hours required for these services will vary from client to client. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, we will notify you and we may request that you pay us an additional fee.

If it is determined that you are only in need of an individual consultation, you will be obligated to pay the entire fee at the conclusion of the consultation. After a consultation has been conducted, the fee will not be refundable. We may, in our sole discretion, waive some or all of the financial planning fees if you choose to engage our firm for asset management services.

Either party may terminate the agreement by providing written or verbal notice to the other party. If you request termination verbally, we will send you a letter of confirmation evidencing the effective termination date of the planning process. Upon such termination, we will refund any unearned fees to you.

### **Selection of Third Party Advisors**

As part of the services we offer we may recommend that you utilize the services of a third party investment adviser ("TPA") to manage a portion of, or your entire portfolio. All TPAs that we recommend must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies).

After gathering information about your financial situation and objectives, an Associated Person of our firm will make recommendations regarding the suitability of a TPA or investment style based on, but not limited to, your financial needs, investment goals, tolerance for risk, and investment objectives. Upon selection of a TPA(s), we will monitor the performance of the TPA(s) to ensure their performance and investment style remains aligned with your investment goals and objectives. The TPA(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPA(s) and/or reallocate your assets to other TPA(s) where we deem such action appropriate.

Our firm may share in the fee paid by you to the TPA. If you are referred to a TPA you will receive full disclosure, including services rendered and fee schedules, at the time of the referral by delivery of a copy of the relevant TPA's Form ADV Part 2 or equivalent disclosure document. In addition, if the investment program recommended to you is a wrap fee program, you will also receive an Appendix 1 or equivalent wrap fee brochure provided by the sponsor of the program. Our firm or the TPA will provide to you all appropriate disclosure statements, including disclosure of solicitation fees paid to us and our Associated Persons.

Fees paid by you to the TPA are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided by each TPA to whom you are referred and these fees may or may not be negotiable. Such compensation may differ depending upon the individual agreement our firm has with each TPA. As such, a conflict of interest may arise where our firm or its Associated persons may have an incentive to recommend one TPA over another TPA with whom it has more favorable compensation arrangements or other advisory programs offered by TPAs with which it has less or no compensation arrangements.

You may be required to sign an agreement directly with the TPA(s) selected. You, our firm or the TPA, in accordance with the provisions of those agreements, may terminate the advisory relationship. If the TPA is compensated in advance, you will typically receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement.

### **Pension Consulting Services**

Our firm offers to provide pension-consulting services to employee benefit plans and their participants based upon an analysis of the needs of the plan. In general, these services may include the selection of the plan, an existing plan review, formation of the investment policy statement, asset allocation advice, and/or communication and education services where we will assist the plan sponsor in providing meaningful information regarding the retirement plan to its participants.

Fee-paying arrangements will be determined on a case-by-case basis with each client. Our firm may either be compensated on a basis of assets under management, a fixed fee or a combination of fee arrangements based on the complexity of the plan and the agreement with the client. In any case, we will not have access to Client funds for payment of fees without your written consent. The terms regarding payment of fees, termination and refund will typically be found in the related sections above.

All client plans are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as we recommend. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

Either party may terminate the agreement by providing 30 day written notice to the other party.

### **Adviser to a Mutual Fund**

Our firm serves as the investment adviser to the Day Hagan Tactical Asset Allocation Fund of ETFs (the "Mutual Fund") as a series of the Mutual Fund Series Trust ("Trust"), a registered investment company. The Fund's primary objective is to achieve long-term capital appreciation with current income as a secondary objective. The Fund seeks to achieve its investment objectives by investing in a portfolio of exchange traded funds ("ETFs") selected using our proprietary quantitative asset allocation models.

The Mutual Fund is authorized to pay our firm a fee equal to 1.00%, based on the Mutual Fund's average daily net assets. We have contractually agreed to waive fees and/or reimburse expenses but only to the extent necessary to maintain total annual operating expenses (excluding brokerage costs; borrowing costs, such as (a) interest and (b) dividends on securities sold short; taxes; costs of investing in underlying funds, 12b-1 distribution fees and extraordinary expenses) at 1.35 % through June 30, 2011. Each waiver or reimbursement by us is subject to repayment by the Fund within the three fiscal years following the fiscal year in which that particular expense is incurred, if the Fund is able to make the repayment without exceeding the expense limitation in effect at the time of the waiver and the repayment is approved by the Board of Trustees.

We may recommend that you invest in this Mutual Fund. The compensation arrangements we have with the Mutual Fund presents a conflict of interest because we may have a financial incentive to recommend that you invest in the Mutual Fund. While we believe that the compensation arrangements

that we have with the Mutual Fund is competitive, such compensation may be higher than the compensation charged by other firms providing the same or similar services. You are under no obligation to purchase shares in the Mutual Fund.

### **Types of Investments**

We primarily offer advice on Exchange Traded Funds (ETFs). Additionally, We may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment 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 30, 2011, we manage \$61,706,000 in client assets on a discretionary basis, and \$92,667,407 in client assets on a non-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, 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 Disclosure Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Some persons providing investment advice on behalf of our firm are registered representatives with Harbor Financial Services, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. When recommending mutual funds we primarily recommend "no-load" funds. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

We may recommend that you purchase variable annuities to be included in your investment portfolio(s). Persons providing investment advice on behalf of our firm may earn commissions on the sale of the variable annuities in his or her capacity as a registered representative of Harbor Financial



Services, LLC. Annuities will be purchased for your account only after you receive a prospectus disclosing the terms of the annuity. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

Some persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000.00 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**

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Quantitative Analysis - involves the evaluation of fund managers based on quantitative (measurable) factors such as performance and qualitative factors, which cannot be precisely measured, such as experience and caliber of management style and investment philosophy. Although quantitative and qualitative factors are distinguishable, they must be combined to arrive at sound business and financial judgment.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Trading - involves selling securities within 30 days of purchasing the same securities as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.
- Option Writing - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

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.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. 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.

**Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend investing in Mutual Funds and Exchange Traded Funds. You should be advised of the following risks when investing in these types of securities:

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 associated in managing 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.

**Item 9 Disciplinary Information**

Day Hagan Asset Management has been registered and providing investment advisory services since 2004. Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

Some persons providing investment advice on behalf of our firm are also registered representatives with Harbor Financial Services LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Our Associated Persons may suggest that you place your transactional business through Harbor Financial Services, LLC. If your transactions are executed through Harbor Financial Services, LLC, our Associated Persons, in their capacity as a registered representative of Harbor Financial services, LLC may receive customary and normal commissions, thus a conflict of interest exists between our/their interests and your interests. You are under no obligation to purchase products we may recommend through Harbor Financial Services, LLC.

Some persons providing investment advice on behalf of our firm are also licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

While these individuals endeavor at all times to put the interest of our clients first as part of our firm's fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Our firm serves as the investment adviser to the Day Hagan Tactical Asset Allocation Fund of ETFs (the "Mutual Fund") as a series of the Mutual Fund Series Trust ("Trust"), a registered investment company. The Fund's primary objective is to achieve long-term capital appreciation with current income as a secondary objective. The Fund seeks to achieve its investment objectives by investing in a portfolio of exchange traded funds ("ETFs") selected using our proprietary quantitative asset allocation models.

The Mutual Fund is authorized to pay our firm a fee equal to 1.00%, based on the Mutual Fund's average daily net assets. We have contractually agreed to waive fees and/or reimburse expenses but only to the extent necessary to maintain total annual operating expenses (excluding brokerage costs; borrowing costs, such as (a) interest and (b) dividends on securities sold short; taxes; costs of investing in underlying funds, 12b-1 distribution fees and extraordinary expenses) at 1.35 % through June 30, 2011. Each waiver or reimbursement by us is subject to repayment by the Fund within the three fiscal years following the fiscal year in which that particular expense is incurred, if the Fund is able to make the repayment without exceeding the expense limitation in effect at the time of the waiver and the repayment is approved by the Board of Trustees.

We may recommend that you invest in this Mutual Fund. The compensation arrangements we have with the Mutual Fund presents a conflict of interest because we may have a financial incentive to recommend that you invest in the Mutual Fund. While we believe that the compensation arrangements that we have with the Mutual Fund is competitive, such compensation may be higher than the compensation charged by other firms providing the same or similar services. You are under no obligation to purchases shares in the Mutual Fund.

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We may receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

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

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 us at the telephone number found on the cover page of this brochure.

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

We serve as the investment adviser to the Day Hagan Tactical Asset Allocation Fund of ETFs, as a series of the Mutual Fund Series Trust ("Trust"), a registered investment company. Persons associated with our firm may have significant investments in the Fund. If you are an investor in the Fund, please refer to the Fund's offering documents for detailed disclosures regarding the Fund. Additionally, individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by the Fund. This practice may create a conflict of interest because we have the ability to trade ahead of the Fund and potentially receive more favorable prices than the Fund will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over the Fund in the purchase or sale of securities.

### **Personal Trading Practices**

Our firm or persons associated with our firm 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 eliminate 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**

We recommend the brokerage and custodial services of Raymond James Financial Services, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that Raymond James Financial Services provides 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 by Raymond James Financial Services, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Raymond James Financial Services provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we may have a conflict of interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate.

Products and services that we may receive from broker-dealers may consist of research data and analysis, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Consistent with applicable rules, brokerage products and services consist primarily of computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. We use such products and services in our general investment decision making, not just for those accounts for which commissions may be considered to have been used to pay for the products or services.



Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products.

We do not exclude a broker-dealer from receiving business simply because the broker-dealer does not provide our firm with soft dollar research products and services. However, we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. In addition, we may not allocate soft dollar benefits to your accounts proportionately to the soft dollar credits the accounts generate. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

We routinely recommend that you direct our firm to execute transactions through Raymond James Financial Services. As such, while we believe Raymond James Financial provides execution services that are competitive with other firms, we may not always be able to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

Donald Hagan, Managing Member and Chief Compliance Officer, or other Associated Persons of our firm may monitor your accounts on an continuous basis and will conduct account reviews at least annually and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. 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.

The nature and frequency of reports provided by our firm are based on your specific needs. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## Item 14 Client Referrals and Other Compensation

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Raymond James Financial Services.

As disclosed under the "Fees and Compensation" section in this Brochure, some persons providing investment advice on behalf of our firm are licensed insurance agents, and some are registered representatives with Harbor Financial Services, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

We 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 Disclosure 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 one-time, flat referral fee upon your signing an advisory agreement with our firm. 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.

## 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 us at the telephone number listed on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary Investment Advisory Agreement, a power of attorney, and/or trading authorization forms.

You may 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 the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## Item 17 Voting Client Securities

### Proxy Voting

Generally, we will not take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client's assets may be invested; However, we will vote proxies for the Mutual Fund based on our reasonable judgment that our vote will most likely to produce a favorable financial result for the Mutual Fund and its shareholders.

Our firm and the Trust each have adopted proxy voting policies and procedures reasonably designed to ensure that proxies are voted in shareholders' best interests. As a brief summary, the Trust's policy delegates responsibility regarding proxy voting to our firm who, in turn, votes the Mutual Fund's proxies in accordance with its proxy voting policy, subject to the provisions of the Trust's policy regarding conflicts of interests.

Our proxy voting policy requires us to vote proxies received in a manner consistent with the best interests of the Mutual Fund and its shareholders. Our policy underscores our firm's concern that all proxy voting decisions be made in the best interests of the Fund shareholders. Our policy dictates that we vote such proxies in a manner that will further the economic value of each investment for the expected holding period. Each vote cast by our firm on behalf of the Mutual Fund is done on a case-by-case basis, taking into account all relevant factors.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.



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

We are an SEC registered investment adviser therefore this section does not apply.

## **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 us at the telephone number listed on the cover page of this brochure, 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. If a trade error results in a profit, you will keep the profit.