

Catalyst Investors, LLC

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This brochure provides information about the qualifications and business practices of Catalyst Investors, LLC. If you have any additional questions about the contents of this brochure, please contact us at 212.863.4848. 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.

Catalyst Investors, LLC is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Catalyst Investors, LLC is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2. Material Changes

This brochure dated February 14, 2012 has been prepared according to the requirements and rules promulgated by the United States Securities and Exchange Commission (“SEC”). Catalyst Investors, LLC is a newly registered investment adviser and this brochure is the first such brochure that Catalyst Investors, LLC has been required to produce under the SEC Rules.

In the future, this Item will discuss only specific material changes that are made to the brochure and our business and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Pursuant to new SEC Rules, we will prepare a summary of any material changes to this brochure within 120 days of the close of our fiscal year.

Currently, our brochure may be requested by contacting Catalyst Investors, LLC at 212.863.4848 or emailing your request to info@catalystinvestors.com.

Additional information about our firm is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of Catalyst Investors, LLC.

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Item 4. Advisory Business

Catalyst Investors, LLC (“Catalyst”) is a federally registered investment adviser that provides investment advisory services to clients, as further described below. Catalyst is a Delaware limited liability company which has been in business since April, 2000. Catalyst’s President and Managing Member is Brian Rich. Ryan McNally and Christopher Shipman are also members of Catalyst.

The investment advisory services Catalyst provides (the “Services”) consist of portfolio management services for pooled investment vehicles. Affiliated entities of Catalyst serve as the general partner for each of the pooled investment vehicles to which Catalyst currently provides Services (each, a “Fund” and together the “Funds”). While Catalyst generally specializes in the investment and recommendation of securities within a particular industry, Catalyst does not hold itself out as specializing in a particular type of advisory service. The Services are discretionary in nature and consist of the ongoing and continuous review of each Fund’s investments.

Though Catalyst employs the same investment strategy for each Fund, Catalyst tailors its Services to the specific needs of each particular Fund by limiting the holdings of the particular Fund’s portfolio to address certain legal or tax purposes or as may be directed by a Fund’s governing documents. The Funds may communicate to Catalyst restrictions on securities, asset classes, custodians, mutual funds holdings or any other restriction they would like to impose on their portfolios.

As of February 2, 2012, Catalyst had \$355,764,240 in discretionary assets under management, and no assets on a non-discretionary basis.

Item 5. Fees and Compensation

Catalyst generally charges the Funds an asset management fee for its services, which fees are calculated and payable quarterly, in advance. During the investment period or until the closing of a successor Fund, the fee is generally 2.0% per annum of the total capital commitments of all limited partners. After the close of the investment period, the fee is generally 2.0% per annum of the funded capital commitments (reduced by the amount of any permanent write downs and the amount of distributions to investors in the Funds, which distributions constitute a return of invested capital). Additionally, distributions to investors in the Funds are typically subject to some form of carried interest or similar profit allocation for the benefit of one or more of Catalyst’s affiliates. For more information, please see Item 6 (Performance-Based Fees and Side-By-Side Management).

Fees are paid by each Fund as is provided in the governing documents for each Fund. Fees are generally paid by or on behalf of Funds by requiring the investors in the Funds to make

a capital contribution in respect of such fees or by withholding the amount of such fees from any investment proceeds that would otherwise be distributable to the investors in the Funds.

Funds that are not open for a full calendar quarter will be responsible for the pro-rata portion of the fee based on the number of days the account is open during the quarter. In the event that a Fund were to terminate Catalyst's Services prior to the end of a quarter for which fees have been paid, Catalyst would calculate the amount of any refund due and send a check or wire to the Fund. The amount of such refund would be calculated based on the number of days remaining in the applicable quarter. Refunds would generally be paid within thirty (30) days after the relationship ends.

In addition to the management fees and carried interest paid by the Funds, Funds will incur other expenses in connection with obtaining advisory services such as the third party expenses incurred in connection with the operation of the Funds or the investment portfolio. These fees include the costs and expenses related to the purchase, evaluation of, holding and sale of portfolio investments (to the extent not reimbursed); expenses of any agents, custodians, counsel and accountants (including audit, tax preparation and certification fees); any insurance, indemnity or litigation expenses, certain taxes, fees or other governmental charges levied against the Funds; out-of-pocket expenses and other extraordinary expenses associated with the management or offering of the Funds. All such fees are discussed in the governing documents for each of the Funds.

There may also be other fees and expenses depending upon the particular investments of each Fund. Investors and prospective investors in the Funds should review offering documents for any particular investment carefully before investing.

Catalyst does not typically invest in public companies or securities where brokerage costs apply to the purchases or sales of shares, and as a result, brokerage expenses are not typically imposed on Clients' transactions. In the event Catalyst does recommend such an investment, any brokerage, transactional, custodial, transfer-agent or other cost associated with such transaction will be paid by the Fund. Catalyst does not have any affiliated brokers or dealers.

Item 6. Performance-Based Fees and Side-By-Side Management

Performance-based fees or carried interest profit allocations are subject to regulation under Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Catalyst seeks to ensure that any Fund or investors in a Fund that are directly or indirectly assessed performance-based fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 and have been advised of such fees or allocations and their risks.

Funds may be charged performance-based fees or carried interest. The performance-based fees or carried interest allocations generally do not exceed 20% of profits, and are subject to certain preferred return hurdles or high water marks. The manner of calculation and the application of performance-based fees or carried interest profit allocations are disclosed in the offering documents for each of the Funds which are charged such fees.

In addition to managing Funds that are charged performance-based fees as described above, Catalyst also manages one Fund that is not charged performance-based fees ("No-Carry Fund"). The No-Carry Fund is a vehicle designed specifically to invest in parallel with particular other Funds. In such situations, the relevant Funds, including the No-Carry Fund, are generally required to co-invest alongside each other pro rata based upon their respective committed capital. This arrangement effectively mitigates the potential incentive that Catalyst may otherwise have to favor Funds that are charged performance-based fees or carried interest over the No-Carry Fund. Thus, Catalyst is contractually obligated to invest the parallel vehicles in a pro rata fashion based regardless of whether or not the parallel vehicles are charged performance based fees.

In theory, Catalyst may also have an incentive to take increased investment risk with respect to those Funds that are charged performance-based fees or carried interest. Catalyst has policies and procedures in place designed to address this and similar potential conflicts, and to ensure investment decisions are made consistent with the relevant Fund's size, investment objectives, risk tolerance, return targets, diversification considerations, and liquidity needs.

Each Fund has a specified investment objective. To the extent investment opportunities are identified that satisfy the investment parameters of more than one Fund, such opportunities are allocated in accordance with Catalyst's policies and procedures and in accordance with the provisions of the applicable Fund governing documents. Catalyst typically does not invest non-parallel Funds in the securities of the same portfolio companies because the offering documents for each Fund typically restrict Catalyst from such side-by-side investment portfolio companies. Catalyst's policies and procedures for allocation are monitored by Catalyst's Chief Compliance Officer and the applicable Funds' Limited Partner Advisory Committees.

Item 7. Types of Clients

Catalyst provides Services to pooled investment vehicles. Catalyst has the discretionary authority to select the securities to be bought or sold, and determine the amount of securities to be bought or sold, without the Funds' consent. Catalyst has no minimum requirements for opening or maintaining an account, however, each Fund may require that investors in the relevant Fund meet a minimum capital commitment. Such minimums are established by the governing documents of the relevant Fund, and the required minimum capital commitments for each Fund may differ. The offering documents for each Fund set forth a minimum fund size, however, Catalyst will begin to manage an account as soon as

minimum capital commitments are met and will continue to manage assets for the Fund until the Fund is terminated.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

As more fully described in each Fund's offering documents, Catalyst focuses on technology-enabled services companies whose growth is driven by the underlying expansion of networks, platforms and technologies. The Funds seek to make investments in high growth lower middle-market companies with enterprise values up to \$500 million, but generally less than \$150 million. Catalyst typically targets portfolio companies with revenues of \$10 - \$100 million and that are cash flow positive or, if not, will be investing capital in sales and marketing to drive growth. Catalyst focuses on making control and influential minority investments, typically as the first institutional investor, providing capital to finance buyouts, expansion and roll-ups of growth companies. Minority investments are typically structured with significant governance such as board representation and negative consent rights.

Catalyst employs the following specific strategies with respect to the particular industry sectors listed below:

Cloud Computing

Catalyst's primary area of focus is on Software as a Service. This area of focus relates to the significant move to migrate computing applications from standalone servers to the web, at which point the applications are provided as a "service" to enterprise and small and medium size businesses. Catalyst seeks out fast growing companies in industry verticals that have significant market potential (\$1+ billion). The target investment size is \$10 - \$25 million in this sector, and will generally be a minority interest in a business with an enterprise value of \$50 - \$100 million. In cases where the Fund acquires minority positions, Catalyst seeks to negotiate strong governance rights including board seats and negative consent rights. Generally, companies acquired in this sector do not accommodate leverage at inception. Purchase multiples will be between 2x - 4x revenues.

Digital Media

Catalyst also focuses on digital content providers as well as lead generation and advertising technology businesses. The Funds seek to take both majority and minority positions in such companies. In cases where the Funds have minority positions, Catalyst seeks to negotiate strong governance rights including board seats and negative consent rights. The average investment size in this sector will be \$10 - \$30 million. Some of the companies acquired in this sector can accommodate leverage.

Wired & Wireless Network Elements

Catalyst also seeks to identify opportunities in certain communications sectors, such as towers, data centers, last mile fiber providers, and managed hosting. Catalyst targets companies that are positioned to take advantage of opportunities to help traditional service providers (i.e. wireless, cable) meet expected continued growth in data traffic. Enterprise values for these typically capital intensive businesses are larger and can exceed \$100 million. The Funds seek to take minority and majority positions, and seek build-up and roll-up opportunities led by leading industry entrepreneurs. A Fund's investment size can be as large as \$40 million in this sector, and transactions in this section can accommodate leverage. The Funds may partner with Fund investors and/or other private equity funds if the investment size is larger than the target allocation, or may alternately partner with a strategic investor.

Wireless Spectrum

Additionally the Funds seek to capitalize on the growth of wireless data and anticipate associated increased spectrum requirements. Catalyst seeks opportunities to acquire spectrum on a secondary basis. The Fund may seek to enter transactions with entrepreneurs who possess specific industry expertise in bidding for significant government auctions of spectrum. Transactions in this sector tend to be quite large and can potentially provide significant co-investment opportunities.

Catalyst seeks to build diversified, balanced portfolios for its funds consisting of investments acquired at reasonable valuations. Prior to making a new investment, Catalyst evaluates its impact on an investment fund's overall portfolio with regard to sector diversification and risk exposure.

Catalyst devotes considerable attention to risk management when structuring investments. Catalyst uses limited amounts of leverage and seek to employ disciplined risk management strategies to limit an investment's downside risk, both at the investment-specific and portfolio levels. Catalyst employs a number of key risk management strategies. These techniques include typically limiting investments to companies which have a recurring revenue business model, employing conservative levels of debt financing, scaling investment size according to the risk level of the transaction, limiting investments to companies which are not principally reliant on new or unproven technology, and having multiple exit strategies for each investment.

Investing in securities, including in the Funds, entails a number of significant risks, including the potential loss of invested principal, that should be considered before making an investment. The possibility of a partial or total loss of capital will exist, and investors must be prepared to bear capital losses that might result from such investments. An investment in the Funds should be considered only by persons who can afford a loss of their entire investment. While certain strategies may offer the potential for greater growth, these same strategies may have greater potential volatility. While it is Catalyst's intent to reduce risk when possible, certain strategies may impose more risk than others. In

considering participation in the Funds, an investor should be aware of certain risk factors, which include, but are not limited to, the following:

Business Risks. The Funds' investment portfolios consist primarily, or entirely, of securities issued by privately held companies, some of which may have little or no operating history, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. Small and mid-capitalization companies may be subject to higher degrees of risk, because companies of this kind may have earnings which are less predictable, valuations which are more volatile, and liquidity less than that of large-capitalization companies.

Concentration of Investments. Catalyst invests in a particular market sector and in a limited number of investments. Thus, the performance of a few holdings may substantially affect the portfolio's aggregate return. As a result, there is greater risk that a Fund will be adversely affected by the unfavorable performance of even a single investment.

Illiquidity and Lack of Current Distributions. An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund, including management fees payable to Catalyst, may exceed the Fund's income, thereby requiring that the difference be paid from the Fund's capital.

Investment in Junior Securities. The investments recommended may be junior in the companies' structure and therefore subject to the greatest risk of loss. Generally, there is no collateral to protect an investment once made.

Leveraged Investments. Certain of the Funds' investments may be in portfolio companies with high levels of existing debt. Catalyst may also make use of leverage by having a portfolio company incur debt to finance a portion of a Fund's investment in such company. Leverage generally magnifies both opportunities for gain and the risk of loss from a particular investment. The cost and availability of leverage, and the restrictions which can be associated with leverage may impair a company's operations or a Fund's ability to achieve an exit as forecast. Moreover, the companies Catalyst recommends will generally not be rated by a credit agency.

Reliance on Business and Investment Acumen of Catalyst Personnel. Performance is largely dependent on the talents and efforts of certain individuals. There can be no assurance that Catalyst's principals and other investment professionals will

continue to be associated with Catalyst and the failure to retain such investment professionals could have an adverse effect on the value of an investment.

Investment Sector Risks. Investments in telecommunications companies are subject to federal and local laws and regulations governing, among other things, the operation, ownership and control of such companies. These regulations may restrict the manner in which investments and divestitures of the companies invested in may occur.

Fund assets may be invested in non-U.S. investments ("Non-U.S. Investments"). Investing in Non-U.S. Investments will subject the Funds and their investors to certain risks not typically associated with investing in securities in the United States. Non-U.S. Investments may be affected by changes in currency rates. A decline in an exchange rate of the foreign currency in which a portfolio security is quoted or denominated relative to the U.S. dollar would reduce the value of the portfolio security in U.S. dollars proportionately. The costs and expenses associated with investing in Non-U.S. markets are generally higher than in U.S. markets. There generally may be less publicly available information regarding Non-U.S. Investments than U.S. companies. In addition, certain Non-U.S. economies are less stable than the U.S. economy due to, among other things, volatile political environments and less stable monetary systems.

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 Catalyst or the integrity of Catalyst's management. There are no material legal or disciplinary events to disclose related to Catalyst's business or its management.

Item 10. Other Financial Industry Activities and Affiliations

Catalyst is not affiliated with any particular broker-dealer, nor does Catalyst have personnel who are registered representatives of a broker-dealer. Neither Catalyst nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

Catalyst does not recommend or select other investment advisers. It does not receive compensation from any advisers or third parties.

Certain of Catalyst's affiliates serve as sponsors or syndicators to the Funds advised by Catalyst (collectively, the Funds and their general partners are referred to as the "Catalyst Affiliates"). Please see Items 6 and 11 for a discussion of some of the potential conflicts

which may arise related to these Catalyst Affiliates and the policies and procedures Catalyst has adopted to address these conflicts.

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

Catalyst has adopted a Code of Ethics that complies with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all of Catalyst's supervised persons. The term "supervised person" includes any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of Catalyst, or other person who provides investment advice on behalf of Catalyst and is subject to Catalyst's supervision and control. Catalyst's supervised persons must certify on an annual basis that they have received, read and understood the Code of Ethics.

Catalyst's Code of Ethics includes procedures for personal securities transactions by certain supervised persons, and procedures for approval of investment in initial public offerings and private offerings. Catalyst will provide a copy of its Code of Ethics to any Client or prospective Client upon request. Please contact Catalyst at info@catalystinvestors.com for a copy.

Catalyst's Chief Compliance Officer, or his or her designee, is responsible for ensuring that Catalyst receives duplicate brokerage confirmations and brokerage account statements for the personal securities accounts of certain Catalyst supervised persons. A review of the trading activity of Catalyst personnel with such securities accounts will be conducted quarterly to ensure that the personnel comply with the personal trading policy of Catalyst.

As discussed in Item 6 (above), Catalyst advises Funds that have investment focuses which are similar to one another. In particular, certain Funds may be required to co-invest alongside each other pro rata based upon their respective committed capital. Such co-investments will be done in accordance with each Fund's governing documents, and the Funds' governing documents generally require that each Fund participate on comparable terms. This may not be practical in all circumstances however, and as a result, at times a particular Fund may not be able to participate or can only participate on different (and potentially less favorable) terms. Catalyst will allocate investment opportunities among the Funds in accordance with the Funds' limited partnership agreements or other governing documents, and in what Catalyst believes to be a reasonable and equitable manner. As provided in Item 6, Catalyst's policies and procedures for allocation are monitored by Catalyst's Chief Compliance Officer and the applicable Funds' Limited Partner Advisory Committees.

The limited partnership agreements and other governing documents of each Fund also address (i) limitations on investments and activities by the general partner of each Fund, Catalyst, and employees of Catalyst, (ii) provisions requiring that certain investment

opportunities must first be presented to the Fund, and (iii) restrictions on transactions between the Fund on the one hand and the general partner of the Fund and Catalyst and their affiliates (except for the Funds) on the other hand.

Item 12. Brokerage Practices

Typically, because the Funds' portfolio company investments generally involve private transactions in private companies, these investments do not involve brokers. To the extent Catalyst is required by applicable law, and in the event the Funds do invest in any marketable security where the involvement of a broker is required, Catalyst has a fiduciary duty to seek to obtain best execution on behalf of each Client. In such case, brokers will be selected with a view to obtaining best execution of transactions. Catalyst believes that best execution is typically achieved by seeking to obtain the best overall result, not necessarily by negotiating the lowest commission rate. Catalyst will consider all factors it deems relevant including execution capabilities, financial stability of the broker, responsiveness, confidentiality, promptness, clearance, settlement, and price.

Given the nature of investments made by the Funds (i.e., primarily in private companies, without the aid of a broker), Catalyst does not typically effect block trades (where a purchase of securities is made at an average price and is later allocated to individual client accounts). Because the Funds' investments are typically negotiated in a private transaction and do not occur on the open market, there is no need for Catalyst to block the trades to receive an average price for shares. Instead, Funds receive interests of ownership or shares at the prices set by and in transactions agreed to by the acquired company and Catalyst. In the event a transaction occurs which may be aggregated, each Fund will receive shares on a pro-rata basis. Catalyst has policies and procedures to address any potential conflicts which may arise as a result of aggregating trades.

Catalyst does not receive research, products or services other than execution from broker-dealers or third parties in connection with client securities transactions.

Catalyst does not recommend, request or require that a Client direct Catalyst to execute transactions through a specified broker-dealer.

Catalyst does not typically arrange for cross trades between Funds, where one Fund buys a security and another Fund sells the same security to the buying Fund (i.e., where such securities cross from one Client account to another Client account). To the extent that Catalyst does effect cross trades between Funds, it will do so only if the conditions are in the best interest of the impacted Funds. Catalyst will not receive any compensation for facilitating cross trades.

Item 13. Review of Accounts

Catalyst reviews Fund holdings on an ongoing basis, both informally and formally through periodically scheduled meetings of Catalyst's Investment Committee, which is composed of the firm's principals and members of its team of investment professionals. Investment models and capital markets are monitored on a continuous basis. Catalyst personnel prepare written quarterly reports regarding the Funds and their holdings which are reviewed by Catalyst's Investment Committee. The Investment Committee has responsibility to select and oversee the investments recommended by Catalyst.

Item 14. Client Referrals and Other Compensation

This Item requires an investment adviser to provide information relating to its arrangements with third-parties through which it: (a) receives compensation from a third-party for providing investment management services to the adviser's clients; or (b) it provides compensation to third-parties for client referrals. Catalyst does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to the Funds.

In certain circumstances, Catalyst may receive fees for serving on the boards of directors of, or for ongoing oversight of, companies that Catalyst recommends for investment. To the extent provided in the governing documents of the relevant Funds, such fees may be offset against carried interest or other performance related compensation paid to Catalyst or its affiliates. Serving on such boards (and the receipt of compensation as a board member) may give rise to conflicts to the extent that serving as a director creates a fiduciary duty to the portfolio company that could conflict with the interests of the Funds or the investors in the Funds. Catalyst has implemented policies and procedures to address this potential conflict.

Item 15. Custody

Catalyst and certain affiliates of Catalyst have custody of certain Funds assets. An independent public accountant annually audits each Fund and the audited financial statements are distributed to Fund's investors within 120 days of the end of the Fund's fiscal year. Cash and certain other assets are custodied with a Qualified Custodian, in accordance with the requirements of Rule 206(4)-2 under the Advisers Act. For those accounts held by a Qualified Custodian, the Qualified Custodian sends statement to the relevant Fund at least quarterly in accordance with Rule 206(4)-2.

Item 16. Investment Discretion

At the outset of an investment advisory relationship, Catalyst receives discretionary authority from each Fund to select the securities to be bought or sold, and determine the amount of securities to be bought or sold. Details of this relationship are fully disclosed to

investors in the Funds prior to investment in the relevant Fund. The Funds provide Catalyst with such discretionary authority through a limited power of attorney and such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Fund's account.

Investment guidelines and restrictions must be provided to Catalyst in writing. In most cases, a Fund's investment guidelines and restrictions will be set forth in the investment management agreement or in the Funds' governing documents.

Item 17. Voting Client Securities

The Funds seek opportunities to acquire majority and minority control positions in portfolio companies. As such, Catalyst actively seeks to influence the management the Funds' portfolio companies and exercises voting rights in such companies on behalf of the Funds. Investors in the Funds cannot direct Catalyst's vote with respect to any particular situation. The voting securities held by the Funds generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publically traded securities, the Funds generally have broad voting authority on a wide range of matters affecting these privately held issuers. Catalyst votes such interests, on behalf of the Funds, in the economic interests of the applicable Fund. Catalyst's investment professionals make the decisions with respect to proxies. When voting securities, Catalyst considers relevant factors, which include the impact of a particular vote on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices. There may be a conflict of interest when the best interests of the Fund differ from the best interests of the Fund's investors or when the proposal could impact other businesses or industries in which the Fund invests. Catalyst has adopted policies and procedures to address these and other conflicts which may arise. Catalyst may depart from its stated guidelines in order to avoid voting decisions believed to be contrary to the best interests of the Funds.

Item 18. Financial Information

This Item requires investment advisers to provide certain financial information or disclosures about their financial condition. Catalyst does not require prepayment of fees six months or more in advance. Therefore it is not required to include a balance sheet with this Brochure. Catalyst has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to Clients. Catalyst has not been the subject of a bankruptcy proceeding.