

# **Catalyst Financial Partners LLC**

## **Wrap Fee Brochure**

Effective: February 2019

This wrap fee brochure provides information about the qualifications and business practices of Catalyst Financial Partners LLC. If you have any questions about the contents of this brochure, please contact us at 617-585-4543. 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 Catalyst Financial Partners LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Catalyst Financial Partners LLC  
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## Item 2 – Material Changes

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Catalyst believes that communication and transparency are the foundation of its relationship with its Clients and will continually strive to provide Clients with complete and accurate information. Catalyst encourages all current and prospective Clients to read this Wrap Fee Brochure and to discuss any questions you may have with us. Your feedback is always welcome and encouraged.

### Material Changes

There has been a material change to the business arrangement by and between Catalyst and MML Investors Services, LLC ("MMLIS") since the filing of the initial Form ADV Part 2A in November 2018. Specifically, the relationship has changed from a co-advisory relationship to a solicitor's relationship. See the description in Item 4, Advisory Services, Fees and Compensation "Solicitor Relationship With MML Investors Services, LLC ("MMLIS")."

### Future Changes

From time to time, we may amend this Wrap Fee Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Fee Brochure, or a Summary of Material Changes, will be provided or offered to each Client annually and if, as and when a material change occurs.

At any time, you may view the current Wrap Fee Brochure on-line at the SEC's Investment Adviser Public Wrap Fee website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 299335. You may also request a copy of this Wrap Fee Brochure at any time, by contacting us at (617) 585-4543.

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## Item 4 – Advisory Services, Fees and Compensation

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### A. Firm Information

Catalyst Financial Partners LLC (“Catalyst” or the “Advisor”) is a registered investment advisor with the United States Securities and Exchange Commission (File No. 801-114398). Catalyst is organized as a limited liability company under the laws of the Commonwealth of Massachusetts. Catalyst was founded in August 2018.

Catalyst is a fiduciary to its Clients, as defined under applicable laws and regulations. As a fiduciary, Catalyst upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest.

### B. Advisory Services Offered

Catalyst offers investment supervisory/wealth management services to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, trusts, and other entities. (each referred to as a “Client”).

#### Investment Management Services

Catalyst furnishes its services to Clients on a discretionary and a non-discretionary basis. However, Clients that determine to engage Catalyst on a non-discretionary investment advisory basis must agree that Catalyst cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the Client. Thus, in the event of a market correction during which the Client is unavailable, Catalyst will be unable to effect any account transactions (as it would for its discretionary Clients) without first obtaining the Client’s verbal consent.

The strategies we offer are listed below. Additionally, we may manage client portfolios in accordance with specialized or hybrid strategies not listed. In managing accounts, we consult at the outset with the Client to establish investment objectives and goals, and to determine an appropriate investment strategy suited to the Client’s investment goals and objectives.

- Catalyst Diversified Model Portfolios – Global\*
  - Global 125
  - Global 100
  - Global 75
  - Global 60
  - Global 50
- Catalyst Diversified Model Portfolios – Domestic Biased\*
  - Domestic 125
  - Domestic 100
  - Domestic 75
  - Domestic 60
  - Domestic 50

\*The numbers constitute the assigned maximum relative volatility of the portfolio measured by the trailing 12-month standard deviation of the portfolio divided by the trailing 12-month standard deviation of the MSCI All Country World Index (“ACWI”)

- Catalyst Virtus Relative Strength Portfolios
  - Tactical
  - Strategic

- Yield
- Index
- Tactical Income

Catalyst also provides customized investment advisory solutions for its Clients. This is achieved in consultation with the Client while providing discretionary investment management and related advisory services. Catalyst works closely with each Client to identify appropriate investment goals and objectives and risk tolerance to create a suitable portfolio strategy. Catalyst will then construct an investment portfolio, consisting primarily of exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), index funds and some mutual funds to achieve the Client's investment goals and objectives. Catalyst may also utilize individual stocks, bonds, municipal bonds or options contracts to meet the needs of its Clients. Certain types of investments may be retained based on a Client's legacy portfolio construction.

Catalyst may recommend the purchase or sale of alternative investments, which are investment vehicles that are neither stocks nor bonds. Examples include Real Estate Investment Trusts ("REITs"), master limited partnerships ("MLPs"), commodities, hedge fund replicator strategies and the like. Catalyst will provide the specific risks that are associated with types of investments to each Client in advance of investing Client accounts.

Catalyst's investment strategies are primarily long-term focused. However, Catalyst may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Catalyst will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by Catalyst.

Catalyst evaluates and selects investments for inclusion in Client portfolios after applying its due diligence process. Catalyst may recommend one or more of the following;

1. redistributing investment allocations to diversify the portfolio;
2. increases or decreases to sector or asset class weightings;
3. selling positions for reasons that include but are not limited to: harvesting capital gains or losses; business, sector or asset class risk exposure; overvaluation, overweighting or underweighting of the position[s] in the portfolio; change in risk tolerance of the Client; generating cash to meet Client needs; or any risk deemed unacceptable for the Client's risk tolerance; or
4. employing cash or short term fixed income positions as a possible hedge against market movements.

At no time will Catalyst accept or maintain custody of a Client's funds or securities. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the agreement.

#### Use of Independent or Sub-Advisory Managers

Catalyst may recommend that a Client utilize one or more unaffiliated investment managers, sub-advisors or investment platforms (collectively "Independent Managers") for all or a portion of a Client's investment portfolio. In such instances, the Client may be required to authorize and enter into an advisory agreement with the Independent Manager[s] that defines the terms pursuant to which the Independent Manager[s] will provide investment management and related services. Catalyst may also assist in the development of the initial policy recommendations and managing the ongoing Client relationship. Catalyst will perform initial and ongoing oversight and due diligence over the selected Independent Manager[s] to ensure the Independent Managers' strategies and target allocations remain aligned with its

clients' investment objectives and overall best interests. The Client, prior to entering into an agreement with unaffiliated investment manager[s] or investment platform[s], will be provided with the Independent Manager's Form ADV 2A (or a brochure that makes the appropriate disclosures).

#### Solicitor Relationship With MML Investors Services, LLC ("MMLIS")

For Clients introduced to Catalyst through a financial representative or an advisor registered with MMLIS, Catalyst has entered into a solicitor's agreement with MMLIS, pursuant to which investment advisor representatives ("IARs") of MMLIS introduce clients to Catalyst for investment advisory services. Pursuant to the terms of the Solicitor Agreement, IARs of MMLIS are responsible for the initial relationship with the Client, the introduction of the client to Catalyst, and some ongoing services provided to the Client. Catalyst is responsible for the initial and ongoing determination of Client suitability for Catalyst's asset allocation strategies and managing the Client's assets consistent with the engagement letter and/or other agreements signed by the Client.

#### Financial Planning/Non-Investment Consulting Services

Catalyst does not currently hold itself out as providing financial planning or related consulting services. However, Catalyst may do so in the future.

To the extent requested by a Client, Catalyst may recommend the services of other professionals for certain non-investment implementation purposes (*i.e.* attorneys, accountants, insurance agents, etc.), including, as disclosed below, investment advisor representatives in their separate capacities as registered representatives or licensed agents of MMLIS. *The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Catalyst. Catalyst does not receive any compensation for such recommendations. If the Client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from the engaged professional.*

In performing its services, Catalyst is expressly authorized to rely on any information given by the Client or the Client's professionals and Catalyst is not required to verify any information received from the Client or from the Client's other professionals. Each Client is advised that it remains the Client's responsibility to promptly notify Catalyst and MMLIS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Catalyst's previous recommendations and/or services.

### **C. Client Account Management**

Prior to engaging Catalyst to provide advisory services, each Client is required to enter into one or more agreements with Catalyst that define the terms, conditions, authority and responsibilities of Catalyst and the Client. The agreements include, without limitation, an engagement letter, an Investment Policy Statement and Risk Questionnaire ("IPS"), a fee agreement and the appropriate paperwork required by the co-advisor and the custodian. The services covered by these agreements may include:

- Establishing an Investment Strategy – Catalyst, in connection with the Client, may develop a strategy that seeks to achieve the Client's goals and objectives. The strategy is designed to address the Client's personal goals, investment goals, and both long-term and short-term objectives.
- Asset Allocation – Catalyst will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance of risk for each Client.

- Portfolio Construction – Catalyst will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Catalyst will provide investment management and ongoing oversight of the Client's investment portfolio.
- Custodial Arrangements – Catalyst has agreements with one or more custodians that will custody the assets in the portfolios created by Catalyst for the Client.

#### **D. Fees and Compensation**

The following paragraphs detail the wrap fee structure and compensation methodology for services provided by Catalyst. The Client and Catalyst will enter into a written agreement detailing the fee for each account.

##### **1. Fees for Advisory Services**

###### Investment Management Services

Investment advisory fees are paid quarterly, in advance, pursuant to the terms of the engagement letter executed by the Client and Catalyst. Investment advisory fees are paid at the beginning of each calendar quarter based on the market value of assets under management on the last business day of the preceding calendar quarter as calculated by the Custodian. Investment advisory fees cannot exceed 2.5% annually. The investment advisory fee is based on several factors, including, without limitation: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with Catalyst. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the discretion of Catalyst. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by Catalyst will be independently valued by the designated Custodian. Catalyst will not have the authority or responsibility to value portfolio securities.

Catalyst's fee is exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third-party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the investment advisory fee, and we do not receive any portion of these fees and costs.

###### Fees Under Solicitor Agreement with MMLIS

For Clients introduced to Catalyst as a result of an introduction by a MMLIS IAR, the billing arrangement is called "Advisory One." The Advisory One fee is the sum of a "platform fee" paid to Catalyst to manage the assets, a fee paid to the IAR for the introduction to Catalyst and for ongoing services to the Client and a fee paid to MMLIS for marketing and other support.

Under Advisory One, the IAR and/or Catalyst will pay the transactional costs from the Advisory One fee paid by the Client. Thus, the Client will only pay one total fee to Catalyst, the IAR and MMLIS. The Client will not have to pay the transactional costs charged by the Custodian under Advisory One. Advisory One may meet the definition of a "wrap fee program" under the Investment Advisers Act of 1940 ("the Act") and other

applicable rules and regulations.

Catalyst makes no representation that the Advisory One fee paid by the Client is the same as or lower than that charged to other Clients who engage Catalyst, or that the Advisory One fee is the same as or lower than the fees charged by other sponsors or advisers of comparable programs for accounts of comparable size or comparable investment objectives.

As noted above, the nature and extent of the services provided by the IARs and by Catalyst may have an impact on the total fee charged to a particular Account. Please Note: When managing a Client's account on an Advisory One fee basis, the IAR receives a payment for his/her services, MMLIS receives a payment for its services and Catalyst receives its platform fee. Accordingly, Catalyst has a conflict of interest because Catalyst could have an economic incentive to maximize its compensation by seeking to minimize the number of transaction/total costs in a Client's account.

#### Fees Under Direct Relationship with Catalyst

For Clients who enter into a direct relationship with Catalyst alone (i.e. not through an IAR registered with MMLIS or another broker-dealer), the fees charged will be the amount agreed to in the agreement with the Client. The fees may or may not be a wrap fee program as described above.

### **2. Fee Billing**

Investment advisory fees are calculated by Catalyst or its delegate and deducted from the Client's account[s] at the Custodian. Catalyst shall provide written notice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of each quarter. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total market value of the assets under management with Catalyst at the end of each preceding calendar quarter. Clients will be provided with a statement, at least quarterly, reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Catalyst to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

### **3. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Catalyst, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian and executing broker-dealer. The fees charged by Catalyst are separate and distinct from these custodial and execution fees.

In addition, all fees paid to Catalyst for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of Catalyst, but would not receive the services provided by Catalyst which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Catalyst to fully understand the total fees to be paid. Please refer to "Item 12 – Brokerage Practices" for additional information.



#### **4. Advance Payment of Fees and Termination**

##### Investment Management Services

Catalyst is compensated for its services quarterly in advance. The Client or Catalyst may terminate the investment advisory agreement at any time, effective on thirty (30) days' written notice. If the Client did not receive a copy of Catalyst's Brochure within forty-eight (48) hours prior to the time of executing the investment advisory agreement, the Client may terminate within five (5) days of establishing an Account with a full rebate of fees.

Termination will not affect the validity of any action previously taken by Catalyst under the investment advisory agreement, liabilities or obligations of the parties from transactions initiated before termination, or the obligation of the Client to pay fees and expenses incurred through the date of termination.

Termination will not automatically result in the redemption or sale of any positions held in the Account, and the Client may choose to continue holding the securities in a standard brokerage account or move the holdings to an advisor or broker/dealer of the Client's choosing. However, should the Client not provide instructions to Catalyst on or before the effective date of termination, then Catalyst has the right to liquidate the account and send the cash proceeds to the Client.

On the effective date of termination, Catalyst shall no longer have an investment advisory relationship with the Client and will have no further obligation towards the Client for investment advisory services up to the date of termination.

Upon termination, the Client will receive a refund of a pro-rata portion of any pre-paid, but unearned, fee paid in the current quarter. The amount refunded to the Client will be based on the number of days remaining in the quarter on the first business day after the effective date of termination. However, a portion of the fee may be retained in the Client's account sufficient to cover any open or unsettled transactions and to pay for any unpaid Program Fees, account debit balances, and other charges owed by the Client.

The Client is responsible to pay for all services rendered, and all transactions effected, up through the date of termination.

Prior to the effective date of termination, the Client is obligated to provide written instructions to Catalyst as to where the Account or the cash proceeds therefrom should be transferred. If the Client does not provide such written instructions on a timely basis, or in the event of no instructions from the Client, the Account assets will be sold and the cash proceeds (less any outstanding fees or charges) will be sent to the Client's address of record. This sale of Account assets may result in certain tax and other liabilities for which the Client is responsible.

#### **5. Compensation for Sales of Securities**

Catalyst does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

Catalyst does not charge performance-based fees for its investment advisory services (fees based on a share of capital gains on, or capital appreciation of, the assets of a Client).

Catalyst does not manage any proprietary investment funds or limited partnerships and has no financial incentive to recommend any particular investment option to its Clients.

## **Item 5 – Account Requirements and Types of Clients**

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Catalyst offers investment supervisory/wealth management services to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, trusts and other U.S. entities. The amount of each type of Client is available on Catalyst's Form ADV Part 1A. These amounts may change over time and are updated at least annually by Catalyst.

Subject to exceptions made at the discretion of the Company, the minimum account size for Catalyst is \$250,000.

## **Item 6 – Portfolio Manager Selection and Evaluation**

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It is the policy of Catalyst to permit only Approved Portfolio Managers ("APMs") to manage portfolios on behalf of Clients. APMs must have sufficient education, background and experience to manage assets for others, which may include an MBA education, a CFA or CIMA designation, at least 2 years of asset management experience, or some combination of the above, as well as participation in continuing education. APMs may work directly for Catalyst, or for a firm or entity that provides advisory and sub-advisory services to Catalyst.

Catalyst utilizes the expertise of outside APMs either by licensing the technology and intellectual property of third-party managers or by utilizing research and software programs designed by third-party managers. For example, Catalyst uses the intellectual property developed by Baystate Wealth Management LLC in managing its "Diversified" group of portfolios and it utilizes certain software and other programs created by Dorsey-Wright in the management of its "Virtus" relative strength portfolios. Please refer to Catalyst's Form ADV Part 2A, Item 4B for further information.

APMs and the managers are reviewed continuously and are formally reviewed on an annual basis. If Catalyst determines that the APM is no longer qualified, or the manager is providing unsuitable or sub-standard performance, Catalyst reserves the right to terminate the APM, the manager and/or the relationship with the advisor or sub-advisor. The portfolios managed by a terminated or suspended APM, manager or sub-manager will be reassigned to another APM, manager or sub-manager until a suitable replacement is found.

Performance of the portfolios is judged by the return of the portfolios adjusted by risks taken. Since each Client portfolio is individually managed according to the IPS and Client-imposed restrictions (if any), and may differ from the portfolios, performance information may not be calculated on a uniform and consistent basis.

Black Diamond Performance Reporting, a third-party vendor, is used to produce performance reports for individual Client portfolios to ensure accuracy and compliance with presentation standards.

## **Item 7 – Client Information Provided to Portfolio Managers**

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All information disclosed through the IPS and the account opening forms is shared with and communicated to the APMs, the manager and/or sub-manager. This includes the name, address, telephone number and other personal information; all financial information pertaining to the Client as disclosed in the IPS; tax information such as tax brackets and past and futures taxes to be paid; employment history; financial goals and objectives; experience with investments; and risk profile. To the extent a Client wants to change or update any information on the IPS and the Client profile, Catalyst has a policy that such amendments, changes or updates must be in writing and signed by the Client. Accordingly, the APM, the manager and/or the sub-manager should be updated on all pertinent Client information at all times.

## **Item 8 – Client Contact with Portfolio Managers**

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There are no restrictions on contacting APMs, managers or sub-managers. However, Catalyst recommends that all such contacts should be made through Catalyst. Clients are provided the name, address, telephone number and email address of the APMs, managers and/or sub-managers upon request.

## **Item 9 – Additional Information**

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### **ADV Part 2A, Item 9 and Item 10**

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. Catalyst is not aware of any disciplinary action taken against any the Company or its management. Thus, Catalyst has no information applicable to this Item.

Catalyst participates in a brokerage-based platform offered by MMLIS that supports certain investment management programs offered by registered investment advisory firms like Catalyst and other asset managers. Investment Advisor Representatives of MMLIS who offer Catalyst portfolios to Clients do so independent of MMLIS, even though they are registered with MMLIS.

MMLIS is a registered broker-dealer and member firm of FINRA and SIPC, and an SEC registered investment adviser. MMLIS makes Catalyst portfolios available to its IARs and to clients of the IARs.

Fidelity acts as the Custodian for assets held in Catalyst portfolios. Through the Custodian, Clients of Catalyst are provided broker-dealer, custodial, clearing and administrative services including but not limited to, account set-up, invoicing, trading services and preparation of periodic reports associated with the advisory services. Fidelity and Catalyst, and Catalyst and MMLIS, are not affiliated with one another.

Catalyst is affiliated through cross-ownership with Baystate Financial Services, LLC ("Baystate Financial Services") and Baystate Wealth Management LLC ("Baystate Wealth"). David C. Porter is affiliated with Baystate Financial Services. While Baystate Financial Services has no ownership interest in Catalyst, Mr. Porter is affiliated with both companies. In addition, Thomas N. O'Connor, who is a principal of Baystate Wealth, is also a principal of Catalyst. Catalyst pays Baystate Wealth a fee to license its intellectual property, portfolios and administrative and operations costs.

Baystate Financial Services offers securities and investment advisory products through MMLIS. Baystate Financial Services offers insurance products through Massachusetts Mutual Life Insurance Company and/or affiliated or unaffiliated insurance companies (MML). MML is unaffiliated with Catalyst.

Thomas N. O'Connor is a founding partner of the law firm, O'Connor, Carnathan and Mack, LLC ("OCM"). Mr. O'Connor assumed an "Of Counsel" status with OCM as of December 31, 2013. Therefore, as of that date, he is no longer a member of OCM, although he is Of Counsel and thus remains affiliated with OCM. Other than Mr. O'Connor, there is no cross ownership or affiliation by and between OCM, on the one hand, and Catalyst, on the other hand.

Certain of the Company's employees may be licensed to practice law. However, no such persons provide legal services to any of the Company's Clients, and no corresponding Attorney-Client relationship is established.

#### **ADV Part 2A, Item 11, 13, 14 and 18**

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

###### **A. Code of Ethics**

Catalyst has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with Catalyst (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Catalyst and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Catalyst's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code.

The Code of Ethics includes provisions relating to our duties to Clients, confidentiality of Client information, prohibited acts, conflicts of interest, and personal securities transactions, among other things. All Supervised Persons are expected to strictly adhere to these guidelines, as well as the procedures for approval and reporting established in the Code of Ethics. They must acknowledge the terms of the Code of Ethics annually, or as amended. To request a copy of our Code, please contact us at (617) 585-4543.

Catalyst has instituted, as a deterrent, a policy of disciplinary actions to be taken with respect to any Supervised Person who violates the Code of Ethics. The Company has a privacy policy ensuring that personal information of Clients is not disclosed to third parties. However, certain personal information may be disclosed to the broker-dealer, the IARs, to the Custodian and to certain third-party providers of services to Catalyst and its Clients, but only as needed to conduct investment advisory services related to the services provided by Catalyst to its Clients. A copy of the Privacy Policy is available on request and will be sent to the Client on a yearly basis.

## **B. Personal Trading with Material Interest**

Catalyst allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, but only under certain defined circumstances. This is particularly true if our Supervised Persons have accounts at Catalyst.

Supervised Persons (or family/household members of Supervised Persons) having beneficial ownership or control of an account may not buy or sell a security within one (1) day before or after executing a transaction in the same security in a Client's Account unless the market capitalization of that Security is \$500 million or more. In addition, Supervised Persons (or family/household members of Supervised Persons) having beneficial ownership or control of an account may not buy or sell the same Security on the same day as a Client Program Account unless;

- 1) Block Trading is utilized where the Clients' Account(s) and the Supervised Person's account get the same price (may only be used in discretionary accounts); or
- 2) If not using Block Trading, the Client order is entered prior to the Supervised Person's personal trade and the Client receives an equal or a better price.

Catalyst does not act as principal in any transactions. In addition, Catalyst does not act as the general partner of a fund or advise an investment company. Catalyst does not have a material interest in any securities traded in Client accounts.

## **C. Personal Trading in Same Securities as Clients**

As noted above, Catalyst allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients under certain circumstances. Owning the same securities we recommend to you (purchase or sale) presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted certain policies and procedures and our Code of Ethics to address insider trading (material non-public information controls); gifts and entertainment; outside business activities; and personal securities reporting. When trading for personal accounts, Supervised Persons may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by the policies and procedures outlined above and by Catalyst requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate/OR by conducting a coordinated review of personal accounts and the accounts of the Clients. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

## **D. Personal Trading at Same Time as Client**

While Catalyst allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades must be aggregated with Client orders or traded afterwards. **At no time will Catalyst, or any Supervised Person of Catalyst, transact in any security to the detriment of any Client.**

### Item 13 – Review of Accounts

#### **A. Frequency of Reviews**

Generally, accounts are reviewed and monitored on a regular basis by the portfolio managers. Accounts that are to a model (i.e. invested in a Model Portfolio) are reviewed on a continuous basis as Model portfolios are reviewed and analyzed by the portfolio managers and the Investment Committee. Unique Accounts (i.e. accounts that contain one or more securities not found in a Model portfolio) are reviewed on an as need basis or as

market conditions or tax considerations dictate. In addition, during some Investment Committee meetings, accounts are reviewed to ensure that the portfolios are being managed to the guidelines set forth in the IPS. Specific Account holdings are reviewed when changing market conditions warrant.

The Compliance department also reviews accounts periodically, when circumstances warrant review, often in conjunction with a portfolio manager or as an adjunct to the Investment Committee.

#### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Catalyst if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan.

Additional reviews may be triggered by material market, economic or political events.

#### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s].

In addition, Catalyst provides Clients with quarterly performance reports.

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

#### **A. Compensation Received by Catalyst**

##### **Participation in Institutional Advisor Platform**

Catalyst has established an institutional relationship with Fidelity to assist Catalyst in managing Client account[s]. Access to the Fidelity platform is provided at no charge to Catalyst. Catalyst receives access to software and related support without cost because Catalyst renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit Catalyst, but not its Clients directly. There is no commitment made by Catalyst to Fidelity, or any other entity, to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as a result of this arrangement. In fulfilling its duties to its Clients, Catalyst endeavors to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence Catalyst's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

The following benefits are also received from Fidelity: reimbursement to Clients for transfer costs to the platform/custodian; financing services, receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

#### **B. Client Referrals from Solicitors**

If a Client is introduced to Catalyst by either an unaffiliated or an affiliated solicitor, Catalyst

may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the total investment management fee and shall not result in any additional charge to the Client. If the Client is introduced to Catalyst by any unaffiliated solicitor, the solicitor at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship and shall provide each prospective Client with a copy of Catalyst's written Brochure and a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between Catalyst and the solicitor, including the compensation to be received by the solicitor from Catalyst.

In addition, Catalyst may on occasion act as a solicitation agent for other investment advisory firms. In those circumstances, Catalyst will comply with Rule 206(4) -(3) of the Investment Advisers Act of 1940.