

# Catalyst Financial Planning & Investment Management Corporation

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This brochure provides information about the qualifications and business practices of Catalyst Financial Planning & Investment Management Corporation. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Catalyst Financial Planning & Investment Management Corporation is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Catalyst Financial Planning & Investment Management Corporation is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing.

Please contact us if you would like a copy of our updated Part 2.

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## ITEM 4: ADVISORY BUSINESS

### Who we Are

Catalyst Financial Planning & Investment Management Corporation (referred to as “we,” “our,” “us,” or “Catalyst”) has been registered as an investment advisor since February 2005. Our principal officer and sole shareholder is Madelyn Mallory, CEO.

### Services We Offer

#### Financial Planning

Customized financial planning is provided to individuals and families; seminars are offered to business groups. Our financial planning services are as follows:

- A. Comprehensive Financial Plan - Catalyst financial planners assist clients in organizing financial data and articulating current and long-term goals and areas of concern. Our analysis and subsequent recommendations encompass several areas of an individual's or family's finances, including, but not limited to:

Ø Taxes	Ø Cash Flow
Ø Investments	Ø Asset Allocation
Ø Debt Management	Ø Retirement Planning
Ø Education Funding	Ø Estate Planning
Ø Insurance	Ø Charitable Gifting
Ø Employment Issues	Ø Business Agreements

A *Comprehensive Financial Plan* is written for each client's specific situation and includes: a multi-year proforma balance sheet, cash flow, tax liability, and estate tax projections. The contents of the *Financial Goal Analysis and Asset Allocation Report* (described below) are included with a multiple goal approach.

The *Comprehensive Financial Plan* also looks prospectively to retirement and the eventual death of the client in order to provide a realistic financial approach toward achieving the stated goals (i.e., early retirement, career change, charitable gifting, etc.). The projections show the "before and after" impact of the financial recommendations made.

- B. Targeted Planning - Many clients prefer to receive financial planning services that target specific issues. For these clients we offer the following services:

1. Financial Goal Analysis and Asset Allocation Report - We combine a client's cash flow requirements, investment assets and liabilities with our assumptions regarding future inflation and tax rates in order to identify the *minimum rate of return*, or benchmark return, that is needed to achieve a specific financial goal (i.e., retirement, college funding, starting a business, etc.).

This *minimum rate of return* is then measured against the risk tolerance level of the client and the performance characteristics of various asset classes (i.e., stocks, bonds, real estate) in order to create a customized asset allocation model. The asset allocation model

recommends up to nine specific asset classes; within each asset class up to 3 investment styles may be suggested.

Catalyst will then be engaged to select and manage a group of money managers and/or mutual funds on an ongoing basis. This service is described in **Investment Management**, below.

2. **Investment Policy** - Working with trustees, retirement plan sponsors and others, we assist in the creation of a written Investment Policy Statement (IPS) in order to assist in the fulfillment of their fiduciary duties. The IPS articulates the intended asset allocation and the risk and return objectives. It identifies the minimum qualifications a money manager or mutual fund must possess to be considered for an investment management position and it establishes performance measurement benchmarks for ongoing evaluation. Finally, it identifies what actions or underperformance would prompt a change in the existing management of the funds.
3. **Performance Measurement of Investment Accounts** - Individuals, families, trustees and retirement plan sponsors are sometimes concerned that their existing money managers are not keeping up with the market or performing competitively against their peers. We independently calculate the past performance of investments, taking into consideration all deposits and withdrawals, to arrive at a time-weighted rate of return. This rate of return is compared, or benchmarked, against appropriate stock market indices and peer group investment managers for the period being analyzed and observations are made.
4. **Estate Planning** - The potential financial and tax impact of certain estate planning alternatives are analyzed. Recommendations are made to meet each client's stated objectives. If appropriate, outside legal counsel is consulted.
5. **Seminars** - Senior Financial Planners are available to present 1 hour, 1 day or a series of personal financial planning classes to employee or business groups. Seminars can be tailored to comply with investment education requirements under ERISA Section 404(c).
6. **Consulting** - Catalyst provides general consulting services for clients looking for independent or third party investment advice.

## **Investment Management**

You may retain us to provide ongoing investment management services. We implement the investment recommendations made in the financial planning reports by selecting and managing a group of money managers and/or mutual funds for the client.

Our investment management and advisory services are offered on both a discretionary and non-discretionary basis. For discretionary accounts, the financial decision-making and implementation of recommendations are solely the responsibility of Catalyst. For non-discretionary investment advisory accounts, the client is advised by us of a recommended course of action. It is your responsibility to decide whether or not to follow Catalyst's advice and to instruct the appropriate individual, broker or other entity to implement the recommendation.

## **Fiduciary Auditing Services**

### Overview

Trustees, investment committees, and family offices can contract with Catalyst for fiduciary auditing services. The purpose of the audit is to provide an independent and objective review of the fiduciary's investment practices and procedures. Upon completion of the audit, the fiduciary is presented with a report which addresses compliance with investment fiduciary industry standards of care and relative performance to industry best practices.

### Scope of Services

The audit will cover six major areas:

1. A review of the fiduciary's investment policy statement (IPS).
2. A review of the procedures that were followed in developing the fiduciary's asset allocation.
3. A review of:
  - (1) the due diligence procedures that were followed to select money managers and/or mutual funds
  - (2) the appropriateness of the managers/funds relative to the fiduciary's asset allocation, and
  - (3) a snapshot of current performance of each of the managers/funds against their appropriate peer group and relevant industry benchmark
4. A review of expenses associated with the management of the portfolio and procedures followed by the fiduciary in accounting for those investment expenses. The review would include:
  - (1) the fiduciary's and/or money manager's soft dollar policies
  - (2) use of 12-b-1 fees and/or other fee-splitting arrangements with mutual funds
  - (3) the money manager's procedures for seeking "best price and execution", and
  - (4) proxy voting procedures by either the fiduciary or money manager
5. A review of the fiduciary's monitoring procedures of money managers and other investment-related vendors, including:
  - (1) composition and relevancy of quarterly performance reports
  - (2) composition of custodial reports, and

- (3) termination procedures for money managers
6. A review of the overall investment activities for possible conflicts of interests or prohibited transactions by the fiduciary, money managers, and/or consultants. The review will also examine, when applicable, the socially responsive investment initiatives of the fiduciary.

#### Benefits to the Fiduciary

1. Fiduciaries will be able to document that their investment practices were reviewed by an objective, independent third party.
2. For most fiduciaries, the audit should increase long-term investment performance by improving
  - (1) the asset allocation strategy that best reflects the fiduciary's goals, objectives, and risk/return profile
  - (2) the roster of managers/funds being utilized
  - (3) the overall fee and expense structure by identifying cost-saving procedures, and
  - (4) the level of discipline and rigor applied throughout the investment process
3. The audit may uncover investment or procedural risks not previously identified and/or understood by the fiduciary.
4. For fiduciaries that are held to a higher level of public or private scrutiny, the audit establishes evidence of stewardship. Or, for fiduciaries that are anticipating accusations of or possible litigation for mismanagement, the audit sends a pre-emptive warning as to the level of prudence being followed by the fiduciary.
5. The audit process provides fiduciaries with an excellent educational forum to ensure that all involved parties are familiar with their duties and responsibilities.
6. For fiduciaries that have had a large increase in assets, the audit may uncover more appropriate procedures, pricing venues, and investment vehicles.
7. The audit enables fiduciaries to compare their practices and procedures against their peers.
8. An audit may uncover procedural omissions or shortcomings, which can assist the fiduciary in prioritizing investment management projects. Likewise, an audit can help benchmark the progress of an investment committee (or consultant).
9. An audit may enable the fiduciary to negotiate a lower premium for E&O coverage.

## Assets Under Management

As of December 31, 2010, we have \$112.8 million in discretionary and \$32.4 million in non-discretionary assets under management.

## ITEM 5: FEES AND COMPENSATION

### Financial Planning

Financial planning services are charged on an hourly basis, in 15 minute increments, according to the following schedule:

Senior Financial Planner	\$400 per hour
Financial Planner	\$175 per hour
Research Assistant	\$ 85 per hour
Bookkeeper/Clerical	\$ 60 per hour

In situations where the number of hours involved in a particular project can be reasonably estimated, a fixed fee is quoted. Travel time to and from the Catalyst office may be charged to the engagement.

Payment Schedule: For new clients, a partial retainer is requested in advance with the balance due as the work is completed. Financial planning services may be canceled by either party on written notice to the other of such intent. Fees paid for the period after the effective cancellation date will be refunded. Lower fees for comparable services may be available from other sources.

### Investment Management

Annual fees are charged based on the net asset value of the portfolio on the first day of each quarter of management. Fees are payable quarterly, in advance, and are generally based on the following annual schedule:

1.25% of the first \$1,000,000 of assets, plus  
0.75% of the next \$1,000,000 of assets, plus  
0.50% of the next \$8,000,000 of assets.  
Negotiated fee for balances above \$10,000,000

Minimum annual fee is \$12,500.

Minimum account size: \$1,000,000  
Discounts are offered to non-profit organizations.

Exceptions to the minimum account size may be made on a case-by-case basis. Accounts of related parties may be aggregated in determining the fee schedule.

Investment management services may be canceled by either party on written notice to the other of such intent. We will prorate the advisory fees received through the termination date and send you an invoice for the advisory fees due.



## Fiduciary Auditing

Fiduciary Auditing services are charged on an hourly basis, in 15 minute increments, according to the following schedule:

Senior Auditor	\$400 per hour
Analyst	\$125-250 per hour
Research Assistant	\$85-150 per hour
Bookkeeper/Clerical	\$60 per hour

Travel time for meetings or research conducted away from the Catalyst office will be charged according to the above schedule. Extraordinary travel or other expenses will be charged to the engagement at cost. In situations where the number of hours and costs involved in a particular project can be reasonably estimated, a fixed fee is quoted.

Payment Schedule: A partial retainer is requested in advance with the balance due as the work is completed. Fiduciary Auditing Services may be canceled by either party on written notice to the other of such intent. Fees that are paid for the period after the effective cancellation date will be refunded.

## Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- management fees for ETFs, annuities, separate account managers and mutual funds. These are fees charged by the managers of the ETF, annuities or mutual fund and are a portion of the expenses of the ETF, annuity or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.
- wire fees and check reorder fees may be charged by the custodian.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

## General Disclosures

We generally request that you provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to pull fees by initialing the appropriate section of our contract.

- You will receive a detailed invoice each quarter which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than having payment deducted directly from your account.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not receive performance fees for managing accounts.

## ITEM 7: TYPES OF CLIENTS

Our clients are typically high net worth individuals, profit sharing plans, pension plans and charitable trusts. Generally we require that clients maintain \$1,000,000 for our investment management services. However, we may waive that minimum at our sole discretion.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

After an appropriate asset allocation model is determined for the client during the initial IPS creation (see Item 4, Section B), mutual funds are then screened for selection based on the following factors:

- 3 Year Minimum Data Requirement – Funds and/or managers must have a minimum of 3 years of performance data
- Asset Size Screen – Fund advisor must manage at least \$75 million in a like style
- Style Classification – Funds must exhibit a high correlation to the style in question; at least 80% of the screened fund's securities must be consistent with the peer group's asset class
- Performance Screens – Funds must remain in the top half of like-style managers over 1, 3, and 5 year trailing periods, and all available annual periods
- Risk Measurement Screen – Alpha and Sharpe ratios must be above the group median
- Management Tenure Screen – the same portfolio management team must have at least a 2 year tenure
- Expense Ratio Screen - Fund cannot be in the top quartile (most expensive) of peer group
- Qualitative Analysis – Subjective analysis is conducted to determine potential problems not previously identified

The main risk in Catalysts' strategy is underperformance to the benchmark due to suboptimal sector weighting in the selected asset allocation model, and/or underperformance of selected mutual funds due to poor qualitative screening of mutual funds and/or separate account managers. The majority of our clients are taxable investors and we are tax sensitive in our trading of securities for these accounts. Achieving high risk adjusted, net after tax returns is our goal.

We primarily recommend and invest in mutual funds due to their diversification benefits. Separate account managers are employed when cost and tax efficiencies can be realized by the client.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Copperhead Properties LLC, a firm wholly owned by Ms. Mallory, president and CEO of Catalyst is the managing member of Copperhead Properties Fund I LLC, a pooled investment vehicle (the "Fund"). Catalyst will offer interests in the Fund to its clients as part of their investment portfolio, if appropriate. Any investments in the Fund will be made on a non-discretionary basis, and Catalyst will not charge a fee or receive other remuneration for these investments. When a client invests in the Fund, the customary fees, as disclosed in the Fund's documents, will be due to Copperhead Properties LLC.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Catalyst and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

## Personal Trading for Associated Persons

We may buy or sell some of same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed after client trades have been completed. We may receive a better or worse price than that received by the client.

All persons associated with us are required to report all personal securities transactions to us quarterly.

## ITEM 12: BROKERAGE PRACTICES

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We have chosen National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, “Fidelity”) and Charles Schwab & Co., Inc. (“Schwab”) to act as custodian and broker/dealer for our client accounts.

We seek to recommend custodians/brokers who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

Additional information about the services offered by Fidelity and Schwab is provided below.

## Fidelity Brokerage Services LLC

Fidelity provides Catalyst with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist Catalyst in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help Catalyst manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom Catalyst may contract directly.

Catalyst is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

## Charles Schwab & Co., Inc.

### **The Custodian and Brokers We Use**

We may recommend that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs").

### **Schwab Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab may charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay

the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

## **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide Catalyst and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

### Services That Benefit You.

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

### Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

### Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. We have \$86.6 million in client assets under management, and we do not believe that recommending that our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with Catalyst. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

### Directed Brokerage

You may instruct us to execute any or all securities transactions for your account with or through one or more broker/dealers designated by you. In these cases, you are responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by the broker/dealers and you are satisfied with the terms and conditions. We have no responsibility for obtaining the best prices or any particular commission rates for transactions with or through the

broker/dealer in these situations. You recognize that you may not obtain rates as low as you might otherwise obtain if we had discretion to select broker/dealers other than those chosen by you. If you would like us to cease executing transactions with or through the designated broker/dealer you must notify us in writing.

### ITEM 13: REVIEW OF ACCOUNTS

Quarterly reviews are performed to ensuring that allocation model assigned is still appropriate to the client, then rebalancing as appropriate. More frequent reviews are triggered by significant market turmoil or client request. Madelyn Mallory, Director of Investments and Chuck Baird, VP Investments are responsible for all reviews.

Clients receive Portfolio Statements of value marked to market at quarter end as well as time weighted return calculations on investment performance.

A review and update of a client's financial plan is suggested every few years in our periodic meetings with the client. We recommend immediate review if there are significant changes to their cash flow and/or net worth or changes in their personal lives (e.g. divorce, marriage, birth of a child). However, in order to complete the review, the client must submit updated cash flow and tax information to our office. Financial planning reviews are performed by Madelyn Mallory, CFP®, Director of Financial Planning.

### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We regularly attend Schwab and Fidelity conferences and utilize their research, education and negotiated discounts to various industry related products and services.

We receive an economic benefit from Schwab and Fidelity in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts with them. These products and services, how they benefit us, and the related conflicts of interest are described above (see "Item 12: Brokerage Practices"). The availability to us of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not directly or indirectly compensate anyone for client referrals.

### ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation." You will also receive quarterly statements directly from the custodian of the account that details all transactions in the account. They will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodian's account statements to the periodic portfolio reports you will receive from us.



## ITEM 16: INVESTMENT DISCRETION

You may provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

Clients can elect to bar Catalyst from electronically withdrawing management fees from their accounts and pay via check from an external checking account instead. Clients can also elect to restrict Catalyst from selling specific legacy securities that they want to hold for personal reasons. Further, should we direct part or all of a client's assets to a separate account manager, our firm's access to that custodial account(s) may be limited to viewing transactions and processing deposit and withdrawal requests.

## ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on your behalf. You will receive proxies and other related paperwork directly from your custodian. Upon request we will provide guidance about voting a specific proxy solicitation.

## ITEM 18: FINANCIAL INFORMATION

We do not charge or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.

**BROCHURE SUPPLEMENT**  
**ITEM 1: COVER SHEET**

**Madelyn Mallory**  
**Catalyst Financial Planning &  
Investment Management Corporation**  
1255 Treat Blvd., Suite 300  
Walnut Creek, CA 94597  
(888) 610-1777

March 31, 2011

This Brochure Supplement provides information about Madelyn Mallory that supplements the Catalyst Financial Planning & Investment Management Corporation Brochure. You should have received a copy of that Brochure. Please contact Madelyn Mallory, President at (888) 610-1777 or Madelyn@catalystim.com if you did not receive Catalyst Financial Planning & Investment Management Corporation's Brochure or if you have any questions about the content of this supplement.

Additional information about Madelyn Mallory is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Madelyn Mallory was born in 1955. She received a BS in Political Economy of Natural Resources in 1977 and a MBA in Finance from Golden Gate University in 1994.

### Employment Background

President/CEO Madelyn founded Catalyst Financial Planning & Investment Management, Inc.(a California S Corporation) in 1996 and has been responsible for oversight of all financial planning, investment management, administrative and compliance activities for the firm, and its successor organizations. Ms. Mallory sold the firm in February 2007 to MCF Corporation, an investment bank holding company. MCF reorganized Catalyst under the corporate laws of the state of Delaware and renamed the firm, Catalyst Financial Planning & Investment Management Corporation. Mallory continued as the President/CEO until buying the firm back in January 2007. As part of the repurchase, the Delaware corporation was dissolved and the firm was reorganized as a California S Corporation; it kept the same name.

### **Employment Background (continued)**

From January 1995 to May 1996, she worked for KPMG/Peat Marwick LLC as a Senior Manager. She was hired to set up and manage the investment consulting practice for the Pacific Northwest region of the firm. Duties included fee-only financial planning and investment consulting.

From January 2003 to December 2005, Ms. Mallory was an Assistant Professor and Director of Financial Planning Programs at Golden Gate University. She was responsible for the Masters of Financial Planning Degree, graduate and undergraduate certificate programs in personal financial planning. Duties included curriculum development, faculty recruiting and teaching.

### **Professional Designations**

Certified Financial Planner (CFP) - 1993

The CFP designation is issued by the Certified Financial Planner Board of Standards, Inc. In order to receive a CFP designation, the candidate must have a bachelor's degree or higher from an accredited college or university and have 3 years of full-time personal financial planning experience. In addition, the candidate must complete a CFP board-registered program or hold one of the following: CPA, ChFC, Chartered Life Underwriter (CLU), CFA, Ph.D. in business or economics, Doctor of Business Administration or attorney's license. Once the designation is earned, the CFP must complete 30 hours of continuing education every 2 years.

### **ITEM 3: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

### **ITEM 4: OTHER BUSINESS ACTIVITIES**

Ms. Mallory is the Managing Member of Copperhead Properties LLC which in turn is the managing member of Copperhead Properties Fund I LLC, a pooled investment vehicle (the "Fund"). The Fund acquires, renovates, rents and will eventually sell distressed real estate. Many of the investors in the Fund are clients of Catalyst who are looking for exposure to real estate. Further disclosure regarding this relationship and the associated conflicts of interest is provided in Part 2A, Item 10.

### **ITEM 5: ADDITIONAL COMPENSATION**

Ms. Mallory does not receive any economic benefit from any non-client for providing advisory services.

### **ITEM 6: SUPERVISION**

Ms. Mallory, President, is the President and sole person responsible for managing Catalyst's advisory personnel. Her telephone number is (888) 610-1777.

**BROCHURE SUPPLEMENT**  
**ITEM 1: COVER SHEET**

**Charles M. Baird**

**Catalyst Financial Planning &  
Investment Management Corporation**

1255 Treat Blvd., Suite 300  
Walnut Creek, CA 94597  
(888) 610-1777

March 31, 2011

This Brochure Supplement provides information about Charles M. Baird that supplements the Catalyst Financial Planning & Investment Management Corporation Brochure. You should have received a copy of that Brochure. Please contact Madelyn Mallory, President at (888) 610-1777 or Madelyn@catalystim.com if you did not receive Catalyst Financial Planning & Investment Management Corporation's Brochure or if you have any questions about the content of this supplement.

Additional information about Charles M. Baird is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Charles M. Baird was born in 1966. He received a BA in English Literature from Saint Mary's College of California in 1996.

**Employment Background**

Employment Dates: 9/2004 - Present  
Firm Name: Catalyst Financial Planning & Investment Management Corporation  
Type of Business: Investment Advisor  
Job Title & Duties: Vice President, Investments/Investment research, analysis and trading.

**ITEM 3: DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

#### ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Baird is not involved in any other business activities.

#### ITEM 5: ADDITIONAL COMPENSATION

Mr. Baird does not receive any economic benefit from any non-client for providing advisory services.

#### ITEM 6: SUPERVISION

Madelyn Mallory, President, is responsible for the supervision of Mr. Baird. Her telephone number is (888) 610-1777.