



# An Option for Commodity Investing



## Catalyst Hedged Commodity Strategy Fund CFHAX, CFHCX, CFHIX



Rated 5-stars by Morningstar for the period ending 9/30/2020, based on 3 year risk-adjusted returns, out of 101 funds in the Commodities Broad Basket category.

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# Catalyst Hedged Commodity Strategy Fund

## What makes CFHIX different?

- CFHIX is a commodity fund that trades option spreads rather than futures which helps it obtain its “Below Average Risk” Morningstar rating and low standard deviation. Spreads contribute to hedging the portfolio.
- Reactive to absolute levels and changes in volatility.
- A commodity based fund that trades option spreads on futures of oil, gold, and corn.
- Focuses on a limited amount of commodities rather than a broad basket or trying to format a system that attempts to “fit” all market types.
- CFHIX is not required to be equally invested in all 3 commodities. It is a neutral fund which does not force positioning to maintain neutrality.
- Not dependent on predicting price movements or volatility levels in order to achieve positive returns.
- Additional income to portfolio includes interest from short term instruments.
- Enhanced risk measures include: drawdown metrics using sigmas, limiting position sizes, using formalized trade entry parameters, and reducing risk when opportunities arise.
- Able to trade both low volatility and high volatility option strategies.
- It is not a “long only” commodity fund.
- Gives the average investor access to commodity markets trading within a publicly traded fund.

## CFHIX is *NOT*

- Trend following, yet can potentially benefit from trends.
- Invested in any VIX ETP components, indexes, or their derivatives.
- A delta neutral fund.
- Dependent on commodity prices rising over time.
- Forced to allocated capital across all three commodities.

## Investment Strategy: Sector Allocations

- The Fund’s objective is capital appreciation largely independent from global equity markets.
- The Fund’s sector allocations are based on options volatility, technical indications, and seasonal dynamics.
- Intermarket relationships and other factors may affect commodity pricing beyond simple supply and demand.

Crude Oil	Corn	Gold
<ul style="list-style-type: none"> <li>• Geo-Political Events</li> <li>• Weather</li> <li>• Seasons</li> <li>• Demand for other Fuels</li> <li>• OPEC</li> </ul>	<ul style="list-style-type: none"> <li>• Weather</li> <li>• Seasons</li> <li>• Global Marketplace</li> <li>• Feed Stock Demand</li> <li>• Competition with other Agricultural Commodities</li> <li>• Energy Alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• Currencies</li> <li>• World Equities</li> <li>• Interest Rates</li> <li>• Monetary Policy Decisions</li> <li>• Physical Demand</li> <li>• Flight to Safety</li> </ul>

## How Does CFHIX Seeks to Provide Portfolio Diversification?

**Low Correlation:** Targeting price neutral option spreads with the goal of generating returns independent from global equity markets.

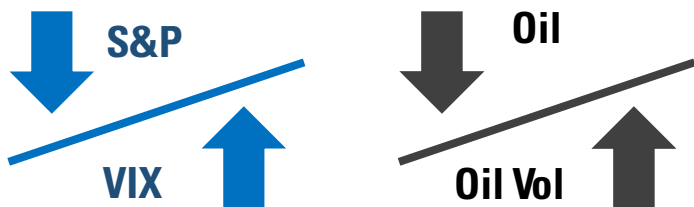
**Commodity, not Equity Markets:** Focusing the investment strategy on non-financial, physical commodity markets such as agricultural products, energy, and metals.

**Hedging:** Using option spreads allows for position hedging from trade initiation.

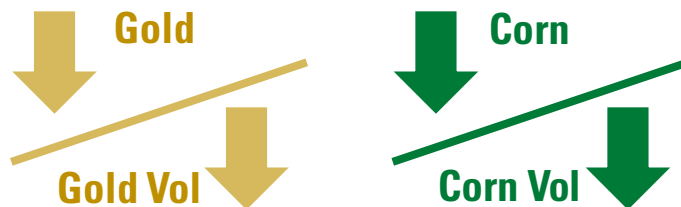
**Wide Range of Trading Options:** Rotating trading opportunities based on agricultural calendars, worldwide money flows, macroeconomic events and supply & demand forces.

## Commodity Market Relationships

### Typical, Fairly Steady Market Relationships



### Not as Steady Market Relationships



Volatility is unpredictable and as a result the relationships between commodities and volatility is unpredictable.

## Risk Management

- The Fund employs a distinct Risk Management Strategy – In addition to the strategy and tactics used to earn profits, the strategy uses a specific set of rules and tactics focused on portfolio risk and hedging strategies.
- The Fund's diversification of capital across multiple commodity sectors, expiration months & strikes, and the option strategies implemented may reduce overall portfolio volatility.
- The Fund employs options as a key component of the Fund's investment strategy. The Fund is subject to the risk that option prices change in ways not expected by the Adviser. Because the Fund both buys and sells options, there is a risk that changes in volatility assumptions are not consistent or correlated for options of various terms to expiration.

Dynamic hedging of option structures

Diversification of time and price exposure

Limiting overall portfolio risk

Optimized position sizing

Reducing risk at opportune times

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

## Experienced Portfolio Manager

### Kimberly Rios, Portfolio Manager

Kimberly Rios started her career as a currency trading assistant then trader for an international FOREX company. In 1997, Mrs. Rios became a member of the currency team at Brandes Investment Partners, an international value fund investment company. During her career at Brandes, Mrs. Rios moved onto the equity team to trade domestic and international securities and maintained nearly \$1B in accounts. In late 2000, Mrs. Rios became an Assistant Portfolio Manager and Trader for the largest directed relationship at Roxbury Capital Management which focused on growth companies. In 2002, Mrs. Rios became an Investment Analyst at Northern Capital Management where she was also a member of the Investment Committee. In 2010, Mrs. Rios joined the RIA firm of RMR Financial Advisors as a Portfolio Specialist, Researcher, and member of the Investment Committee. In 2014, she joined Catalyst Capital Advisors as a Portfolio Manager. She carries the Series 3 license, the Chartered Financial Analyst (CFA) Designation, the Chartered Market Technician (CMT) designation and is a member of the National Futures Association. Mrs. Rios graduated with degrees in Economics and Finance from the University of Arizona.



## Performance (%): Ending September 30, 2020

Annualized if greater than a year

Share Class/Benchmark	3 Months	6 Months	YTD	1 Year	3 Year	Since Inception*
Class A	-2.11	-5.83	-6.49	-5.41	-0.45	1.89
Class C	-2.35	-6.23	-7.07	-6.15	-1.19	1.14
Class I	-2.11	-5.73	-6.39	-5.15	-0.21	2.15
S&P 500 TR Index	8.93	31.31	5.57	15.15	12.28	14.15
Bloomberg Commodity Index TR	9.07	14.62	-12.08	-8.20	-4.18	-3.09
Class A w/ Sales Charge	-7.71	-11.24	-11.90	-10.87	-2.39	0.69

\*Inception: 9/30/2015

## Important Risk Information

The Fund's maximum sales charge for Class "A" shares is 5.75%. Gross expense ratios for the fiscal year are 2.53%, 3.28%, and 2.28% for the A, C and I shares respectively. Investments in mutual funds involve risks. Performance is historic and does not guarantee future results. Investment return and principal value will fluctuate with changing market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month end performance information or the funds prospectus please call the fund, toll free at 1-866-447-4228. You can also obtain a prospectus at [www.CatalystMF.com](http://www.CatalystMF.com).

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

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Please note that the Morningstar ranking is for the I share class only; other classes will have different performance characteristics due to different expense ratios.

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

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