

**Donald L. Hagan, LLC  
dba Day Hagan Private Wealth  
dba Day Hagan Asset Management**

**1000 S. Tamiami Trail  
Sarasota, FL 34236**

**Telephone: 941.330.1702  
Facsimile: 941.684.0723**

**Websites:**

**[www.dayhagan.com](http://www.dayhagan.com)**

**[www.dayhaganprivatewealth.com](http://www.dayhaganprivatewealth.com)**

**[www.dhfunds.com](http://www.dhfunds.com)**

**February 8, 2024**

**FORM ADV PART 2  
BROCHURE**

This brochure provides information about the qualifications and business practices of Day Hagan Private Wealth and Day Hagan Asset Management. If you have any questions about the contents of this brochure, please contact us at telephone number 941.330.1702. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Day Hagan Private Wealth and Day Hagan Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Donald L. Hagan, LLC is 139671.

Donald L. Hagan, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment, dated January 31, 2023 we have made the following material changes to our Form ADV:

- In Item 5, 10, and 14, we no longer utilize inside wholesalers for marketing the Day Hagan ETFs.

### Item 3 Table Of Contents

Item 2 Summary of Material Changes .....	2
Item 3 Table Of Contents .....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	7
Item 6 Performance-Based Fees and Side-By-Side Management .....	11
Item 7 Types of Clients .....	11
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9 Disciplinary Information .....	21
Item 10 Other Financial Industry Activities and Affiliations .....	21
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	23
Item 12 Brokerage Practices .....	23
Item 13 Review of Accounts .....	24
Item 14 Client Referrals and Other Compensation .....	25
Item 15 Custody .....	25
Item 16 Investment Discretion .....	25
Item 17 Voting Client Securities .....	26
Item 18 Financial Information .....	26
Item 19 Requirements for State-Registered Advisers .....	26
Item 20 Additional Information .....	26

## Item 4 Advisory Business

We are a registered investment adviser based in Sarasota, Florida. Donald L. Hagan, LLC, organized under the laws of the State of Florida and doing business as Day Hagan Private Wealth and Day Hagan Asset Management, has been providing investment advisory services since 2004. Donald L. Hagan and Arthur S. Day are our principal owners. Linda Brown is a minority owner. Currently, we offer the following investment advisory services:

- Portfolio Management Services
- Financial Planning/Consulting Services
- Selection of Third Party Advisers
- Sub-Advisory Services
- Pension Consulting Services
- Adviser to Mutual Funds
- Adviser to ETFs

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for more information. As used in this brochure, the words “we”, “our” and “us” refer to Day Hagan Private Wealth and Day Hagan Asset Management and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Portfolio Management Services**

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients’ needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio’s performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms, as applicable. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

As part of our portfolio management services, we may use one or more sub-advisers to manage a

portion of your account on a discretionary basis. Depending on the arrangements made with the sub-adviser, we may either use the sub-adviser's recommendations, in whole or in part, to manage a portion of your portfolio, with the trades being placed by Day Hagan personnel or the sub-adviser(s) may use one or more of their model portfolios to manage your account and place the trades themselves. We will regularly monitor the performance of your accounts managed by sub-adviser(s) and may hire and fire any sub-adviser without your prior approval. We may pay a portion of our advisory fee to the sub-adviser(s) we use. (See the *Fees and Compensation* section below for more information).

### **Financial Planning/Consulting Services**

We offer financial planning and/or consulting services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad, comprehensive, financial planning to consultative or single subject planning. The process typically begins with an initial consultation during which the various services provided by us are explained to you. If you wish to retain our services, we will enter into a financial planning/consulting agreement with you. You may elect to have us prepare a financial plan for a set fee and then manage your assets under one of the asset management programs described below. Alternatively, you may decide to engage us for financial planning/consulting services for a set fee and refrain from making a decision as to management services until a future time.

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

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

### **Selection of Third Party Advisers**

As part of the services we offer we can, based on your needs, recommend that you utilize the services of a Third Party Money Manager ("MM") to manage a portion of, or your entire, portfolio. All MMs that we recommend must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). The programs that are available to you can include wrap fee programs sponsored by a MM.

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

**Sub-Advisory Services**

We offer sub-advisory services to unaffiliated third parties such as other advisers, financial firms, and investment managers (the "Primary Investment Adviser"). As part of these services, we may provide model portfolios, which the Primary Investment Adviser may utilize for its clients. We may directly place the trades for the Primary Investment Adviser's individual client accounts or we may give the model readings to the Primary Investment Adviser, who then places the trades for their clients. The Primary Investment Adviser will be responsible for selecting the appropriate model for its clients.

**Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

**Adviser to a Mutual Fund**

Our firm serves as the investment adviser to the Day Hagan Smart Value Fund (formerly the Day Hagan Logix Smart Value Fund) (the "Smart Value" or the "Mutual Fund"). This Mutual Fund is a series of the Mutual Fund Series Trust ("Trust"), a registered investment company.

The Smart Value Fund's primary objective is to achieve long-term capital appreciation with current income as a secondary objective. The Smart Value Fund seeks to achieve its investment objectives by investing in a portfolio of individual securities.

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

**Adviser to ETFs**

Our firm serves as the investment adviser to the Day Hagan / Ned Davis Research Smart Sector ETF (the "Smart Sector ETF"), the Day Hagan / Ned Davis Research Smart Sector Fixed Income ETF (the "Fixed Income ETF"), and the Day Hagan / Ned Davis Research Smart Sector International ETF (the "International ETF"). These Funds are a series of Strategy Shares, a registered investment company. The Smart Sector ETF's investment objective is to seek long-term capital appreciation and preservation of capital. The Fixed Income ETF's and the International ETF's investment objective is total return, consisting of income and capital appreciation.

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

**Types of Investments**

We primarily offer advice on mutual funds, ETFs and individual equities. Additionally, we may advise you on any type of investment that we deem appropriate. We may also provide advice on any type of investments held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

**Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$ 860,512,090 in client assets on a discretionary basis, and \$828,784 in client assets on a non-discretionary basis. In addition, we monitor and advise on \$683,863,723 in assets on a non-continuous basis for third-party advisers.

**Item 5 Fees and Compensation****Portfolio Management Services**

The annual fee for portfolio management services is billed quarterly in advance based on the value of assets on the last day of the previous quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. Our fee is based on a percentage of your assets under management and is negotiable. The annualized fee for portfolio management services ranges from 0.25% to 1.25% of assets under management and is based on the size, asset composition and complexity of your account as well as whether we use a sub-adviser. In recognition of the fact that we share our fee with sub-advisers when they are utilized, you will generally pay a higher fee when we use a sub-adviser. The fees and terms will be clearly set forth in the executed agreement for services.

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

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

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

### **Financial Planning/Consulting Services**

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

- **Fixed Fees:** The fee for financial planning or consulting services ranges between \$250.00 and \$8,000.00 depending on the scope and complexity of the services requested. Fees are due and payable upon completion of the contracted service. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200.00.

Factors that are considered when determining the cost of planning or consulting services, include but are not limited to:

1. the scope of the plan/consulting service. (For example, covering multiple aspects of your financial situation such as business succession, estate planning, retirement needs, education planning, and successor trusts, among others, may warrant a higher fee than a more simplistic plan or consultations that only covers a specific aspect of your financial needs).
  2. the complexity of your financial situation. (For example, trusts, estates, business ownership, tax brackets and other personal needs may warrant a higher fee).
- **Hourly Fees:** For those clients who request specific or very limited consulting related services, our fees start at \$250 an hour and increase depending on the complexity of your financial situation. These fees are calculated and payable at the completion of each session. Specific consulting services may be in the form of general advice given on retirement needs or education planning, among others. In these cases you would not be charged for a written financial plan, but instead will only be billed for hourly consultation with an Associated Person of our firm. The hours required for these services will vary from client to client. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, we will notify you and we may request that you pay us an additional fee.

After a consultation has been conducted, the fee will not be refundable. We may, in our sole discretion, waive some or all of the financial planning fees if you choose to engage our firm for asset management services.

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

### **Selection of Third Party Advisers**

Our firm may share in the fee paid by you to the MM. If you are referred to a MM, you will receive full disclosure including services rendered and fee schedules at the time of the referral by delivery of a copy of the relevant MM's Form ADV Part 2 or equivalent disclosure document. In addition, if the

investment program recommended to you is a wrap fee program, you will also receive an Appendix 1 or equivalent wrap fee brochure provided by the sponsor of the program. Our firm or the MM will provide to you all appropriate disclosure statements, including disclosure of solicitation fees paid to us and our Associated Persons.

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

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

### **Sub-Advisory Services**

We offer sub-advisory services to unaffiliated third parties such as other advisers, financial firms, and investment managers ("Third Parties"). We have various revenue sharing arrangements with these Third Parties where we may either charge a fee separate and apart from the fee charged by the Third Party, or we may share in the fee that the Third Party charges or we may share our fee with the Third Party. For example, for certain clients of other investment advisers that use our Smart Value Strategy, we collect a management fee which we share with Gries Financial. Similarly, for our ETFs, we collect a management fee which we share with Ned Davis Research. However, for other clients Ned Davis Research will collect a management fee which they share with us. The fee and payment arrangements will be negotiated on a case by case basis with the Third Party and the arrangements we have with such Third Parties will be disclosed separately.

### **Pension Consulting Services**

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

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

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

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

The Smart Value Fund is authorized to pay our firm a fee equal to 1.00%, based on the Mutual Fund's average daily net assets. We have contractually agreed to waive fees and/or reimburse expenses but only to the extent necessary to maintain total annual operating expenses (excluding brokerage costs, borrowing costs, such as (a) interest and (b) dividends on securities sold short, taxes, costs of investing in underlying funds, 12b-1 distribution fees and extraordinary expenses) at 1.48%, 2.23%, and 1.23% for the Class A, C, and I shares respectively, of the Smart Value Fund. Each waiver or

reimbursement by us is subject to repayment by the Fund within the three fiscal years following the fiscal year in which that particular expense is incurred, if the Fund is able to make the repayment without exceeding the expense limitation in effect at the time of the waiver and the repayment is approved by the Board of Trustees. This creates a conflict of interest; however, you are not obligated to invest in our mutual fund.

### **Adviser to ETFs**

The Smart Sector ETF, the Fixed Income ETF, and the International ETF are authorized to pay our firm a fee equal to 0.68% based on the ETF's average daily net assets. The management fee is structured as a "unified fee," out of which the Fund's adviser pays all routine expenses of the Fund, except for the Fund's management fee; payments under any 12b-1 plan; taxes; brokerage commissions and trading costs; interest (including borrowing costs and overdraft charges); short sale dividends and interest expenses; acquired fund fees and expenses; and non-routine or extraordinary expenses of the Fund (such as litigation or reorganizational costs), each of which is paid by the Fund.

We directly compensate outside entities (i.e., "wholesalers") for marketing the Day Hagan ETFs to other registered investment advisers and broker dealers. If you are an investor in our ETFs, your investment adviser may have been solicited by one of these entities. These entities are compensated by our firm with a set fee for their services. They are not compensated per transaction. You will not pay additional fees because of this compensation arrangement. This creates a conflict of interest; however, you are not obligated to invest in our ETFs."

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

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

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

We use outside entities to help sell our ETFs. These entities are compensated by our firm with a set fee for their services. They are not compensated per transaction. This creates a conflict of interest; however, you are not obligated to invest in our ETFs.

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

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

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

## Item 7 Types of Clients

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

In general, we require a minimum of \$500,000.00 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

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

- **Charting Analysis** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends.
- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Qualitative Analysis** – involves the evaluation of factors, which cannot be precisely measured, such as experience and caliber of management style and investment philosophy.
- **Quantitative Analysis** - involves the evaluation of fund managers based on quantitative (measurable) factors such as performance.
- **Long Term Purchases** - securities purchased with the expectation that the value of

those securities will grow over a relatively long period of time, generally greater than one year.

- **Option Writing** – selling, for the payment of a premium, options giving the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Trading** - involves selling securities within 30 days of purchasing the same securities as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. Rather than always using a "first in-first out" cost basis method, we will use the method that we believe will maximize your tax benefits. While we cannot always guarantee that the method we select will result in the most tax advantage, we will use our best efforts to determine the right method for your account. If your tax adviser believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Investment Strategies**

#### *Day Hagan Global Asset Allocation Strategy*

The Day Hagan Global Asset Allocation strategy utilizes a quantitative framework to evaluate business and financial conditions, price trends, sentiment, economic trends, and valuations to determine which asset classes and areas of the market have—what the models deem to be—the highest probability of success. Our quantitative models allow us to overweight or underweight the benchmark's target allocations based on these conclusions.

There are currently 3 variations of the Day Hagan Global Asset Allocation strategy:

- The Growth variation that benchmarks around 80% Equity and 20% Fixed Income
- The Moderate variation that benchmarks around 60% Equity and 40% Fixed Income
- The Conservative variation that benchmarks around 40% Equity and 60% Fixed Income

The different model variations will shift overall equity and fixed income allocations around their respective benchmarks when the quantitative modeling deems appropriate. The goal is to have above-benchmark equity weighting when the models show a high probability of stocks outperforming bonds and a below-benchmark weighting when the opposite holds true.

In addition to the overweights and underweights at the stock and bond level, the strategy is further refined by shifting allocations between different regions and asset classes within the equity and fixed income sleeves.

The equity portion utilized the ACWI ETF (MSCI All Country World Index) as its benchmark. Specifically, the equity portion of the strategy focuses on U.S. sectors, along with international regional and individual country ETFs. The strategy will have exposure to a certain region in excess of its benchmark when the modeling shows that it has a high probability of success relative to the other regions and less exposure when the opposite holds true.

The fixed income portion utilizes the AGG ETF (Bloomberg Barclays Global Aggregate Float Adjusted Composite bond index) as its benchmark. Specifically, the fixed income portion of the strategy invests in U.S. long-term treasury, U.S. corporate investment-grade and high-yield, U.S. mortgage-backed, TIPs, international developed market, and emerging market bond ETFs. Allocations to each segment of the fixed income markets will vary as determined by the strategy's quantitative modeling. An allocation to a specific segment will be greater than the benchmark's target allocation when the modeling determines there is a higher probability of success for that segment relative to the others.

The strategy uses dynamic models to overweight and underweight based on the time-tested, quantitative modeling as a form of risk management. The strategy utilizes a dynamic risk management tool as well through the Day Hagan Catastrophic Stop model. The goal is for the strategy to utilize a dynamic risk management approach in a tax- and cost-efficient manner.

#### *Day Hagan Smart Value Investment Strategy (Non-Fund)*

The Day Hagan Smart Value Strategy's primary objective is to achieve long-term capital appreciation with current income as a secondary objective. The Strategy seeks to achieve its investment objectives by investing primarily in the equity securities of dividend paying domestic companies that the Adviser believes to be under-valued based on its proprietary equity selection model. While the Strategy may invest in companies of any market capitalization without limitation, the Adviser expects that, under normal market conditions, its equity selection model will create a portfolio focused on large capitalization companies. The equity securities in which the Strategy may invest include common stock and real estate investment trusts ("REITs"). To the extent the Strategy does not invest in equity securities, the Adviser may utilize money market funds and/or exchange-traded funds ("ETFs") that primarily hold investment grade, short term, fixed income securities to generate income and preserve capital.

The Adviser selects securities using its proprietary equity selection model. The Adviser believes that purchasing securities of strong companies within strong sectors provides a higher probability of success. The Strategy's holdings are determined by screening companies for measures of balance sheet strength and fundamental soundness.

The Adviser then classifies the companies selected by the screening process into sectors based on their primary business activities. The Adviser believes that stocks within the same sector often rise and fall as a group because similar overlying economic and valuation factors exist for all members of a sector. Additionally, the Adviser determines whether each sector has an adequate number of underlying companies that pass the screening process.

The Adviser next evaluates the relative attractiveness of those sectors by using its proprietary selection model which uses historical adjusted cash flow data. When a sector is paying a historically high adjusted cash flow yield, the sector, and the companies in that sector, are considered by the

Adviser to be priced at an attractive value. Conversely, when a sector has an historically low adjusted cash flow yield, the Adviser believes the sector, and the companies in that sector, are priced too high and are unattractive.

The Adviser's investment model is based on the belief that adjusted cash flow metrics provide a historically objective and controlled means of valuation. The research process utilizes a "weight-of-the-evidence" approach, which is designed to provide a historically-based perspective on current risks and rewards. The process provides the flexibility to seize opportunities in the marketplace in a rational, quantitative and un-emotional manner.

#### Day Hagan Smart Value Fund

The Smart Value Fund seeks to achieve its investment objectives by investing primarily in the equity securities of dividend paying domestic companies that the Adviser believes to be under-valued based on its proprietary equity selection model. While the Fund may invest in companies of any market capitalization without limitation, the Adviser expects that, under normal market conditions, its equity selection model will create a portfolio focused on large capitalization companies. The equity securities in which the Fund may invest include common stock and REITs.

#### Day Hagan Core Equity Strategy

The Day Hagan Core Equity Strategy's primary objective is to achieve long-term capital appreciation with current income as a secondary objective. Its benchmark is the SPDR S&P 500 ETF. The Strategy seeks to achieve its investment objectives by investing primarily in domestic equity securities that the Adviser believes to be under-valued based on its proprietary equity selection model. The equity securities in which the Strategy may invest include common stock and real estate investment trusts ("REITs"). To the extent the Strategy does not invest in individual equity securities, the Adviser may utilize money market funds and/or exchange-traded funds ("ETFs").

The strategy is an all-cap, individual equity strategy combining elements of growth and value. The strategy targets sector allocations tilted relative to S&P 500 weightings. The strategy is not constrained by a style box.

The Adviser evaluates securities based on measures of economic profitability, balance sheet sustainability, cash flow generation, valuation, economic trends, monetary liquidity, and market sentiment to make objective, rational decisions about how much capital to place at risk, as well as where to place that capital. From a risk-versus-reward standpoint, should our models begin to indicate that risk levels are continuing to rise relative to potential returns, the portfolio managers will not hesitate to react and move to more defensive positioning.

Core Equity Strategy

#### Day Hagan Defined Outcome Strategy

The Day Hagan Defined Outcome strategy utilizes ETFs that provide investors with equity appreciation, up to a cap, and reliable downside buffer levels over a specified period. The goal is to achieve moderate total returns over a full market cycle while always having protection in place to buffer against adverse markets environments. The strategy utilizes a variety of risk management techniques within in the portfolio.

The first risk management tool is that the portfolio is allocated across a variety of specified time periods to minimize the impact of unfavorable environments for the underlying securities. While the securities downside buffers (protection) are set, the upside cap on potential returns will vary based on the volatility backdrop at the beginning of the securities stated time period.

The second risk management tool is the selection of the underlying securities. There are three major risk profiles, each with different degrees of downside protection, that will populate the portfolio based on Day Hagan's proprietary modeling. The portfolio will allocate to securities with higher levels of downside protection when our models determine there are high levels of risk in the market. The opposite also holds true and the security selection will be more in favor of securities with higher upside caps, and a lesser degree of downside protection, when the models show lower levels of risk in the market.

After the time period and risk profiles are selected, the securities are monitored on an ongoing basis. After the defined outcome ETF's stated time period begins, the degrees of downside buffer and potential upside returns until the cap is reached will change as the market fluctuates. If the risk-to-reward profile for a security becomes unfavorable (not enough downside protection and too little upside potential) before the end of the stated time period that security will be replaced with a security that has more favorable terms based on our analysis.

Overall, the strategy incorporates a multitude of risk management techniques. The negative impact adverse markets have on the value of a portfolio is partially offset by the buffer levels of the underlying ETFs as well as the overall hedges that are used and the negative impact certain market environments have on potential upside caps is offset by utilizing ETFs with different stated time periods. The goal of the strategy is to mute the volatility a traditional portfolio with exposure to the S&P 500 might have while still participating in the index's appreciation in an efficient and liquid manner.

The underlying securities utilized in the strategy track the S&P 500 index to a varying degree. The underlying securities allow for the downside volatility to be muted, the degree to which depends on a multitude of factors like time and the magnitude of the underlying index's move, with a predefined buffer in place to mitigate a portion of the losses if held for the entire outcome period. Similar to the downside exposure, the securities the strategy utilizes will also track the S&P 500 index higher to varying degrees, depending on factors such as time and magnitude, up to a predefined cap.

This strategy is appropriate for investors who are willing to take on equity like risks in their portfolio.

#### Day Hagan / Ned Davis Research Smart Sector with Catastrophic Stop Strategy (Non-Fund)

The Day Hagan / Ned Davis Research Smart Sector with Catastrophic Stop strategy is actively managed using proprietary investment models developed by Ned Davis Research ("NDR"). The strategy, under normal market conditions, seeks to achieve its investment objective by principally investing in unaffiliated equity exchange traded funds ("ETFs") that track the performance of the individual sectors ("Sectors") of the S&P 500 Index ("Index"). The strategy will attempt to enhance returns relative to the Index by overweighting and underweighting its exposure to the Sectors relative to the Index and may reduce its overall exposure to ETFs as determined by its risk management model.

The strategy utilizes individualized NDR U.S. Sector Models to determine its allocation to each Sector. The models combine sector-specific price-based, economic, fundamental and behavioral indicators to form a composite for each Sector. By combining multiple and diverse indicators, which historically have been shown to add value in Sector allocation decisions, the model seeks to objectively assess the weight of the evidence and generate sector allocation recommendations. As of December 31, 2022, the Sectors are real estate, utilities, consumer staples, information technology, health care, financials, energy, consumer discretionary, materials, industrials, and communications services.

The strategy's allocation to a particular Sector may be greater than 25%. Conversely, the strategy's

allocation to a particular Sector may be reduced to 0% if the Sector's model composite is at low levels. The strategy's risk management model, a proprietary NDR U.S. Stock Market model composite, defines the strategy's overall equity allocation target. The model reading represents the net percentage of indicators that are bullish. By taking the weight of the evidence of technical, monetary, economic, valuation, and sentiment indicators, the model measures the potential risk level of factors the stock market faces. Under normal market conditions, the strategy intends to invest predominantly in ETFs but will reduce its exposure by as much as 50% of its assets during times that the model deems the market to have a low reward-to-risk ratio from a historical perspective. During these times, the strategy may hold up to 50% of its assets in cash and cash equivalents, including U.S. Treasury securities and money market funds, or utilize derivative securities designed to effectively reduce, or hedge, the strategy's overall equity exposure.

The strategy will increase its equity investments when the model returns to levels indicating that major risks have potentially subsided. The strategy's sector allocations are typically rebalanced monthly, although the Advisor may engage in intra-month trades if the models show substantial changes. The NDR Catastrophic Stop model is evaluated daily and changes in exposure that are recommended by the model will be enacted immediately. The strategy is "non-diversified", which means a relatively high percentage of the Fund's assets may be invested in the securities of a limited number of issuers (exchange traded funds). The strategy actively trades its portfolio securities in an attempt to achieve its investment objectives.

#### Day Hagan / Ned Davis Research Smart Sector ETF

This ETF (Symbol SSUS, traded on the NYSE) follows the Day Hagan / Ned Davis Research Smart Sector with Catastrophic Stop Strategy described above but in an ETF form. The Fund's investment objective is to seek long-term capital appreciation and preservation of capital. The Fund is considered a "fund of funds" that, under normal market conditions, seeks to achieve its investment objective by principally investing in unaffiliated equity exchange traded funds (ETFs) that track the performance of the individual sectors of the S&P 500 Index. The Fund will attempt to enhance returns relative to the Index by overweighting and underweighting its exposure to the Sectors relative to the Index and may reduce its overall exposure to ETFs as determined by its risk management model.

#### Day Hagan / Ned Davis Research Smart Sector Fixed Income Strategy (Non-Fund)

The Day Hagan / Ned Davis Research Smart Sector Fixed Income strategy is actively managed using proprietary models developed by Ned Davis Research ("NDR"). The strategy seeks to achieve its investment objectives of total return, consisting of income and capital appreciation, by investing in unaffiliated fixed income exchange traded funds ("ETFs") that invest in fixed income categories. These fixed income categories include:

- U.S. investment grade corporate
- U.S. long-term treasury
- U.S. mortgage-backed securities
- International investment grade bonds
- U.S. treasury inflation-protected securities
- U.S. high yield bonds
- Emerging market bonds
- U.S. floating rate notes
- U.S. cash

The strategy utilizes the Ned Davis Fixed Income Model developed by NDR to determine its allocation

to each Category. The model combines macroeconomic, behavioral, credit, currency, and technical indicators (among others) which evaluate the relative attractiveness of underlying ETFs across Categories, reallocate assets from Categories with unfavorable characteristics to areas providing the greatest opportunities, and seeks to protect capital by lowering duration and reducing credit risk during weak economic environments.

*Day Hagan / Ned Davis Research Smart Sector Fixed Income ETF*

This ETF (Symbol SSFI, traded on the NYSE) follows the Day Hagan / Ned Davis Research Smart Sector Fixed Income strategy but in an ETF form. The Fund's investment objective is total return, consisting of income and capital appreciation. The Fund is considered a "fund of funds" that, under normal market conditions, seeks to achieve its investment objective by principally investing in unaffiliated fixed income exchange traded funds that invest in fixed income categories.

*Day Hagan/Ned Davis Research Smart Sector International Strategy (Non-Fund)*

The Day Hagan/Ned Davis Research Smart Sector® International strategy's investment objective is total return, consisting of capital appreciation and income.

The strategy is actively managed using proprietary investment models co-developed with Ned Davis Research (NDR). The models seek to quantify the risk vs. reward profile for each region, as well as the broader markets.

Under normal market conditions:

- The strategy will invest, indirectly through ETFs, primarily in companies located in multiple countries outside the United States.
- The strategy utilizes NDR's region-specific models and rankings to determine its target allocation to each country and regional location.
- The models and rankings are designed to evaluate fundamental, technical, economic, and behavioral indicators for each region, such as a region's GDP growth, inflation levels, money supply, equity valuations, valuation, analyst's earnings expectations, technical market trends, and overall investor sentiment.
- The indicators for each region focus on the risk/reward characteristics for each region with the goal of investing in the regions that have the highest probability of maximizing total return.
- By combining multiple and diverse indicators, the composite models seek to objectively assess the weight of the evidence and generate geographic allocation recommendations.

The strategy's risk management model, the NDR Catastrophic Stop Model, defines the strategy's overall target equity allocation. The allocation to cash may be raised in the event the NDR Catastrophic Stop model generates a sell signal. The model seeks to gauge the equity market's risk profile, raise cash during periods of severe market stress, and stay invested when risks are defined as low to neutral. The NDR Catastrophic Stop model quantitatively defines the potential risk level of the factors influencing the equity markets.

- **Benchmark:** The strategy will attempt to exceed returns of the MSCI ACWI ex USA Index by overweighting and underweighting its exposure to geographic locations relative to the Index and may also invest in geographic regions not represented in the Index.
- **Risk Management:** The strategy may reduce its overall exposure to ETFs from time to time as determined by its risk management model.

*Day Hagan/Ned Davis Research Smart Sector International ETF*

This ETF (Symbol SSXU, traded on the NYSE), follows the Day Hagan/Ned Davis Research Smart Sector International strategy but in an ETF form. The Fund's investment objective is to seek total

return, consisting of income and capital appreciation. Under normal market conditions, the Fund will invest (indirectly through ETFs) primarily in companies located in multiple countries outside of the United States. The Fund utilizes Ned Davis Research's region-specific models and rankings to determine its target allocation to each country and regional location.

### **Risk Factors**

Investing in securities involves risk of loss that you should be prepared to bear. We do not guarantee the success of any investment decision, methodology, or strategy that we may use, or the success of our overall management. We invest client accounts in different types of securities and financial instruments, which are subject to risks. Therefore, using our advisory services involves various risks, including, but not limited to, the risk factors set forth below. While these risk factors should be reviewed carefully before engaging us for services, other risk factors ultimately may affect investment returns and performance in a manner and to a degree not now foreseen or not specifically identified in this Brochure (ADV Part 2) disclosure.

**Acquired Fund Risk.** Investing in securities issued by registered investment companies, such as ETFs or mutual funds, involves the paying of a portion of the operating costs of the investment companies. These costs include management, brokerage, shareholder servicing, and other operational expenses. Since these costs may involve the duplication of advisory fees and other expenses, you may indirectly pay higher operational costs than if you owned shares of the underlying investments of the investment company directly.

**Cash or Cash Equivalents Risk.** When holding cash or cash equivalents, there is the risk that the value of the cash account, including interest, will not keep pace with inflation, thus reducing purchasing power over time.

**Commodity Risk.** Investments which may be affected by commodity risks include equity investments in companies whose business relate to the value of commodities directly and indirectly, futures contracts tied to the price of particular commodities, and shares of investment pools that invest in commodity-related equities or futures contracts. Investments related to commodities may be more volatile and less liquid than alternative investments. The value of investments related to commodities may be materially and quickly changed by government regulation, natural disasters, technological innovation, wars and terrorist attacks, and other events outside the control of our control.

**Currency Risk.** Changes in the exchange rates between foreign currencies and the U.S. dollar may negatively affect the value of investments in foreign securities. For example, a U.S. investor will receive fewer dollars if foreign securities denominated in a foreign currency are sold, mature, or are liquidated after the foreign currency has weakened relative to the U.S. dollar. Domestic securities whose issuers conduct a significant portion of their business in foreign currencies may also be negatively affected by changes in the exchange rates between those foreign currencies and the U.S. dollar may negatively affect the value of those domestic securities.

**Derivatives Risk.** Even a small investment in derivatives (which include options, futures and other transactions) may give rise to leverage risk (which can increase volatility and magnify a portfolio's potential for loss), and can have a significant impact on the portfolio's performance. Derivatives are also subject to credit risk (the counterparty may default) and liquidity risk (it may be difficult to save or otherwise exit the contract in a timely manner.)

**Emerging Markets Risk.** Investing in emerging markets may include exposure to economic

structures and financial systems that are generally less diverse and mature, and to political and legal systems that can be expected to have less stability, than those of developed countries. The typically small size of the markets of securities of issuers located in emerging markets and the possibility of a low or nonexistent volume of trading in those securities may also result in a lack of liquidity and in heightened price volatility of those securities.

**Equity Security Risk.** Common and preferred stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Warrants and rights may expire worthless if the price of a common stock is below the conversion price of the warrant or right. Convertible bonds may decline in value if the price of a common stock falls below the conversion price. Investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction and global or regional political, economic and banking crises.

**ETF Structure Risk.** ETFs are subject to special risks, including the following: The Shares are not individually redeemable and may be redeemed by the Fund at NAV only in large blocks known as "Creation Units". Trading in Shares on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in Shares inadvisable, such as extraordinary market volatility. The market price of Shares will fluctuate in response to changes in NAV and supply and demand for Shares and will include a "bid-ask spread" charged by the exchange specialists, market makers or other participants that trade the particular security. There may be times when the market price and the NAV vary significantly.

**Foreign Exposure Risk.** Risks associated with investments in foreign markets may include less liquidity, greater volatility, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards.

**Hedging Risk.** Hedging is a strategy in which a derivative is used to offset the risks associated with other holdings (e.g., purchasing an S&P futures contract to offset a substantial short equities position). There can be no assurance that the hedging strategy will reduce risk or that hedging transactions will be either available or cost effective.

**Index Risk.** If the derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index.

**Inflation Risk.** Increases in real interest rates can cause the price of debt securities to decrease. Interest payments on debt securities can be unpredictable.

**Interest Rate Risk.** Fixed income securities and other instruments may decline in value because of a general increase in interest rates. As nominal interest rates rise, the value of certain fixed income securities is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

**Leverage Risk.** Using derivatives like commodity futures and options to increase a portfolio's combined long and short exposure creates leverage, which can magnify the potential for gain or loss and, therefore, amplify the effects of market volatility on the portfolio's value.

**Management Risk.** The portfolio manager's judgement about the attractiveness, value and potential appreciation of particular investments may prove to be incorrect and there is no guarantee that the portfolio manager's judgement will produce the desired results.

**Market Risk.** The value of securities may decline due to daily fluctuations in the securities markets. Performance of securities will vary daily, based on many factors that affect the stock market, including changes in interest rates, national and international economic conditions, and general equity market conditions. In a declining stock market, stock prices for all companies may decline, regardless of the long-term prospects of particular companies.

**Non-Diversification Risk.** A relatively high percentage of the assets in a portfolio may be invested in the securities of a limited number of companies that could be in the same or related economic sectors. Accordingly, your portfolio may be more susceptible to any single economic, technological or regulatory occurrence than the portfolio of a diversified portfolio.

**Options Risk.** There are risks associated with the sale and purchase of call and put options. The seller (writer) of a put option tends to lose money if the value of the reference index or security falls below the strike price. The seller (writer) of a call option tends to lose money if the value of the reference index or security rises above the strike price. The buyer of a put or call option risks losing the entire premium invested in the option if the value of the reference index or security is such that the option is not exercised before it expires.

**Real Estate Risk.** Real estate risk entails a wide variety of risks, including, but not limited to, changes in taxation, regulations and economic and political factors that negatively impact the real estate market and the direct ownership of real estate. Additional real estate risks include: overbuilding in a particular community or region (*i.e.*, surplus inventory), rising operating costs, rising mortgage interest rates, and increased property taxes. Some real estate related investments are not fully diversified and are subject to the risks associated with financing a limited number of projects. In addition, some real estate investments, such as real estate investment trusts, may be heavily dependent upon the management team and are subject to heavy cash flow dependency, defaults by borrowers and self-liquidation.

**Sector Risk.** When investments are concentrated in a sector or group of sectors, investment returns may be adversely impacted by events or developments in such sector or group of sectors. These events or developments might include additional government regulation, resource shortages or surpluses, changes in consumer demands or improvements in technology that make products or services of a particular sector less desirable.

**Small and Mid-Capitalization Stock Risk.** The earnings and prospects of small and mid-capitalization stocks are more volatile than larger companies. Smaller companies may experience higher failure rates than larger companies. Smaller companies normally have a lower trading volume than larger companies, which may tend to make their market price fall more disproportionately than larger companies in response to selling pressures. Smaller companies may also have limited markets, product lines or financial resources and may lack management experience.

**Turnover Risk.** The investment processes and tools we utilize may lead to higher portfolio turnover. Higher turnover may result in higher transactional, brokerage, and tax costs. Higher costs may negatively affect portfolio returns.

## Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this Brochure, we primarily recommend investing in individual equities, mutual funds and exchange traded funds. You should be advised of the following risks when investing in these types of securities:

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs associated in managing the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

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

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

Our firm serves as the investment adviser to the Day Hagan Smart Value Fund (the "Smart Value

Fund" or the "Mutual Fund"). This Mutual Fund is a series of the Mutual Fund Series Trust ("Trust"), a registered investment company.

The Smart Value Fund's primary objective is to achieve long-term capital appreciation with current income as a secondary objective. The Smart Value Fund seeks to achieve its investment objectives by investing in a portfolio of individual securities.

The Smart Value Fund is authorized to pay our firm a fee equal to 1.00%, based on the Mutual Funds' average daily net assets. We have contractually agreed to waive fees and/or reimburse expenses but only to the extent necessary to maintain total annual operating expenses (excluding brokerage costs, borrowing costs, such as (a) interest and (b) dividends on securities sold short, taxes, costs of investing in underlying funds, 12b-1 distribution fees and extraordinary expenses) at 1.48%, 2.23%, and 1.23% for the Class A, C and I shares respectively, for the Smart Value Fund. Each waiver or reimbursement by us is subject to repayment by the Fund within the three fiscal years following the fiscal year in which that particular expense is incurred, if the Fund is able to make the repayment without exceeding the expense limitation in effect at the time of the waiver and the repayment is approved by the Board of Trustees.

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

Our firm serves as the investment adviser to the Day Hagan / Ned Davis Research Smart Sector ETF (the "Smart Sector ETF"), the Day Hagan / Ned Davis Research Smart Sector Fixed Income ETF (the "Fixed Income ETF"), and the Day Hagan / Ned Davis Research Smart Sector International ETF (the "International ETF"). The Smart Sector ETF's investment objective is to seek long-term capital appreciation and preservation of capital. The Fixed Income ETF's and the International ETF's investment objective is total return, consisting of income and capital appreciation. The Smart Sector ETF, the Fixed Income ETF, and the International ETF are authorized to pay our firm a fee equal to 0.68% based on the ETF's average daily net assets. The management fee is structured as a "unified fee," out of which the Fund's adviser pays all routine expenses of the Fund, except for the Fund's management fee; payments under any 12b-1 plan; taxes; brokerage commissions and trading costs; interest (including borrowing costs and overdraft charges); short sale dividends and interest expenses; acquired fund fees and expenses; and non-routine or extraordinary expenses of the Fund (such as litigation or reorganizational costs), each of which is paid by the Fund.

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

We use outside entities to help sell our ETFs. These entities are compensated by our firm with a set fee for their services. They are not compensated per transaction.

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

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the telephone number found on the cover page of this brochure.

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

As noted above, we serve as the investment adviser to the Smart Value Fund which is part of the Mutual Fund Series Trust ("Trust"), a registered investment company. We also serve as the investment adviser to the Smart Sector ETF, the Fixed Income ETF, and the International ETF, all part of the Strategy Shares Trust. Persons associated with our firm may have significant investments in these Funds. If you are an investor in any of these Funds, please refer to the Funds' offering documents for detailed disclosures regarding these Funds. Additionally, individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by these Funds. This practice may create a conflict of interest because we have the ability to trade ahead of these Funds and potentially receive more favorable prices than these Funds will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over these Funds in the purchase or sale of securities.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Raymond James Financial Services ("Raymond James"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation, and of Charles Schwab & Company, Inc. ("Schwab"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority

and the Securities Investor Protection Corporation. We believe that Raymond James and Schwab provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Raymond James and Schwab, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Raymond James and Schwab provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar relationships with any broker-dealer.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

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

#### **Block Trades**

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

### **Item 13 Review of Accounts**

Donald Hagan, Managing Member, or other Associated Persons of our firm monitor your accounts on a continuous basis and will conduct account reviews at least annually and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The nature and frequency of reports provided by our firm are based on your specific needs. In addition,

you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

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

We do not receive any compensation from any third party in connection with providing investment advice to you.

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

We directly compensate outside entities (i.e., “wholesalers”) for marketing the Day Hagan ETFs to other registered investment advisers and broker dealers. If you are an investor in our ETFs, your investment adviser may have been solicited by one of these entities. These entities are compensated by our firm with a set fee for their services. They are not compensated per transaction. You will not pay additional fees because of this compensation arrangement. This creates a conflict of interest; however, you are not obligated to invest in our ETFs.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at the telephone number listed on the cover page of this brochure.

Custody is also disclosed in Form ADV because we have authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, we will follow the safeguards specified by the SEC rather than undergo an annual audit.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary Investment Advisory Agreement and the appropriate trading authorization forms as applicable.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the

*Advisory Business* section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

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

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

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

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

## **Item 18 Financial Information**

We are not required to provide a balance sheet or other financial information to our clients because we do not require the prepayment of fees in excess of \$500 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal

information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact us at the telephone number listed on the cover page of this brochure, if you have any questions regarding this policy.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you do not keep the profit.