

Mach-1 Financial Group, Inc.

CRD No. 298195

408 North Walton Boulevard
Bentonville, AR 72712

Telephone: 479-876-2100

Email: david@mach-1financial.com

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PART 2A - APPENDIX 1 WRAP FEE PROGRAM BROCHURE

This wrap fee program brochure provides information about the qualifications and business practices of Mach-1 Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 479-876-2100. 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. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Mach-1 Financial Group, Inc. also available on the SEC's website at www.adviserinfo.sec.gov.

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 the approval of our firm's registration on February 28, 2019, we have had no material changes to our Appendix 1. We have made the the following material changes to our Form ADV Part 2A:

We revised Item 5 to lower our maximum fee to 1.95%. We removed the requirement for a minimum portfolio size in Item 7.

We added a disclosure in Item 12 regarding directed brokerage which notes that, since we typically recommend TD Ameritrade as custodian for clients' funds and securities and to execute securities transactions on our clients' behalf, we may not be able to achieve the most favorable execution of client transactions. This practice may cost clients more money. Not all advisers require their clients to direct brokerage. However, as noted below you may, on occasion, direct us to use other broker-dealers of your own choosing.

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Item 4 Services, Fees, and Compensation

A. Mach-1 Financial Group

Mach-1 Financial Group, Inc. ("Mach-1 Financial" and/or "the firm") is an Arkansas S corporation owned by David A. Lee. Mach-1 Financial is a newly formed investment adviser and has not previously provided investment advisory services.

A.1. Advisory Services Offered

Mach-1 Financial is an independent investment advisory firm that may utilize one or more third party sub-advisers ("Sub-advisers") or managers ("Managers") for asset management services. Mach-1 Financial's portfolio management services are generally offered through third-party sub-adviser(s) on a sub-advised basis. Either Sub-advisers or Managers appointed by Sub-adviser provide access to various portfolios ("Portfolios"), Mach-1 Financial or its client determines which Portfolios the client assets are to be invested in, and thereafter Sub-adviser or the Manager, as firm's sub-adviser, implements all trades necessary to cause such assets to be invested in the Portfolios. Clients only have a direct relationship with Mach-1 Financial, and not any Sub-advisers or Managers, and therefore clients are considered clients of Mach-1 Financial. For the avoidance of doubt, neither Sub-advisers nor Managers provide a client with any investment advice based on the client's financial circumstances. Neither Sub-adviser or Manager has the ability to determine if any Portfolio is appropriate for the need of any client. Each client must authorize Sub-adviser and the Managers to direct trades for clients' accounts at the custodian. The custodian will have custody of assets and execute transactions for the accounts. Neither Sub-adviser nor Manager will have responsibility for the selection of or actions or inactions by any custodian.

Sub-advisers or Managers selected by Sub-advisers generally retain complete discretion to formulate, monitor, and revise the Portfolios. By electing to allocate client assets to a Portfolio, subject to any restrictions communicated to Sub-adviser or Manager, Mach-1 Financial grants the Sub-adviser or Manager limited authority to effect trades consistent with its direction with respect to the accounts - but in all cases Sub-adviser's and Manager's discretion is limited to implementing transactions necessary to allocate assets among Portfolios as directed by Mach-1 Financial. Neither any Sub-adviser nor any Manager will have possession or custody of cash and/or securities in any accounts, nor any responsibility or liability for custody, which will remain solely with custodian. Sub-advisers will not be liable to a client for any losses, decreases in value, or adverse tax consequences that may result from the termination of a Manager, the appointment of a new Manager, and any resulting transactions effected to changes in the composition of any Portfolio.

Currently, Mach-1 Financial has agreements with AE Wealth Management, which is our trading/billing platform, as well as Sub-adviser agreements with third-party investment advisers to provide Mach-1 Financial with access to Portfolios to recommend to its clients. Responsibility for determining whether services from a particular Sub-adviser are appropriate for a particular client is vested exclusively with Mach-1 Financial. Sub-advisers will deliver their disclosure brochures to each client and will deliver or otherwise make each Manager's disclosure brochure available to such client.

Sub-advisers and the Managers, or their respective affiliates, perform investment advisory and other services for other clients, and Sub-adviser, the Managers and their affiliates may buy, sell, or trade, or recommend any securities for its or their respective accounts in compliance with all applicable federal and state securities laws. Sub-adviser, the Managers, and their affiliates may give advice and take action with respect to any of its other clients, which may differ from the advice given, the timing or nature of action taken, or recommendations provided to Sub-adviser with respect to the accounts that are a part of the Portfolios. Sub-advisers and Managers and their respective affiliates may from time to time come into possession of confidential and privileged information ("Nonpublic Information") about

clients and their assets and financial matters as a result of their other activities. Sub-advisers will not be free to divulge or act upon Nonpublic Information in connection with management of client portfolios.

A.2. Fees and Compensation

A.2.a. Fee Schedule

Mach-1 Financial will charge a fee for its advisory services based on the value of the account at the annual percentages below. Fees are negotiable.

| <u>Account Asset Value</u> | <u>Annual Management Fee</u> |
|----------------------------|------------------------------|
| \$0 - \$1,000,000 | 1.95% |
| \$1,000,001 - \$3,000,000 | 1.80% |
| \$3,000,001 - \$5,000,000 | 1.65% |
| Above \$5,000,001 | Negotiable |

Third-party Sub-advisers and third-party Managers will normally be paid out of the fee the client pays to Mach-1 Financial, as reflected in each client's investment advisory agreement with the firm. Sub-advisers may impose a minimum portfolio size, minimum fee, or otherwise condition the firm's use of portfolios. Please refer to such Sub-adviser's ADV Part 2A Brochure for specific information. As may be provided in a client's advisory agreement, a client may incur technology or other fees, and Mach-1 Financial's advisory fee may vary among different Portfolios, and therefore Mach-1 Financial has a conflict of interest in selecting Portfolios for which it receives a higher advisory fee than for Portfolios with lower advisory fees.

Asset-based fees are always subject to the investment advisory agreement between the client and Mach-1 Financial. Such fees are payable monthly in arrears. The fees are based on the market value of the assets in the account(s) on the last day of the immediately preceding month or the average daily balance dictated by the Sub-adviser's billing protocol subject to the custodian having this capability. If the applicable custodian does not offer average daily pricing, then we will continue to bill in arrears based upon the closing month's portfolio value. No adjustments for significant contributions or withdrawals will be made. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month.

These fees include charges for all transaction costs such as commissions on purchase and sales of stocks, bonds, exchange-traded funds and options, trade-away fees on bonds and mutual fund transactions fees. Except as otherwise provided below, client will incur no charges other than Mach-1 Financial's fee described above in connection with the maintenance of and activity in client's account. The wrap fee does not include annual account fees, technology fees, or other administrative fees, such as wire fees, charged by Managers or brokerage firms; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the Client's account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in Client's account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where Manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$100 to \$1000 per account per year.

A.2.b. Important Disclosure - Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered by our custodian that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' Portfolios. Nonetheless, if the firm decides to take these 12b-1 fees in the future, please note the following: There are certain programs offered by our custodian in which the firm may participate in that limit the types of mutual funds and mutual fund share classes to those in which our custodian has negotiated the receipt of 12b-1 and/or other revenue sharing fee payments from the mutual fund issuer or sponsor. As such, a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending Portfolios containing such mutual funds to the client. Such fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation - such compensation creates an incentive for the investment adviser representative to recommend Portfolios which utilize funds that pay such additional compensation; and (ii) where the broker-dealer receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: In addition, our custodian offers certain wrap fee programs that (i) allow us to select or recommend Portfolios with mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "IShares," depending on the mutual fund sponsor). Our wrap fee program offers investment services and related transaction services for one all-inclusive fee (except as may be described elsewhere in this Brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within Portfolio, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for us to select or recommend Portfolios using such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees borne by the client. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees in the Portfolios. Should a client prefer an A-Share class or mutual fund share class that has embedded 12b-1 and/or revenue sharing fees, then the utilization of such funds within a Portfolio requires specific written client consent acknowledging the

conflict. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the Portfolios and the basis for using one share class over another in accordance with their individual circumstances and priorities.

B. Disclosure of Cost Difference if Services Purchased Separately

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the firm. As a result, higher trading costs in a bundled fee account have a negative impact on the firm's profitability.

C. Additional Client Fees and Terms of Payment

C.1. Client Payment of Fees

Mach-1 Financial does not require the prepayment of its investment supervisory fees. Mach-1 Financial is paid directly by the client, and Mach-1 Financial will pay the Sub-advisers' fees.

Mach-1 Financial is authorized to direct each custodian to deduct all client fees directly from accounts and remit the same to Mach-1 Financial, and therefrom Mach-1 Financial will remit to the Sub-advisers' fees as applicable. Sub-advisers will normally separately pay any Manager fees, if applicable, directly out of the fees paid by Mach-1 Financial to the Sub-adviser.

The custodian will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is encouraged to review the quarterly custodian statement to verify the accuracy of the fee calculation, as the client's custodian will not verify the calculation. Both Mach-1 Financial and the third-party Sub-advisers have internal control procedures to verify the accuracy of the advisory account billing.

Termination provisions may vary by the third-party Sub-adviser. Please refer to such Sub-adviser's ADV Part 2A Brochure for specific information. Clients may terminate any advisory agreement any time as provided therein, or otherwise terminate that client's participation in any Portfolio; Mach-1 Financial or Sub-advisers may terminate their sub-advisory agreements at any time on 30 days' notice, or immediately in specified cases. Upon any such termination, client's assets will no longer be invested in the relevant Portfolios.

C.3. Additional Fees

The fees charged by Mach-1 Financial do not include fees charged by exchange-traded funds or mutual funds, which are disclosed in the respective fund's prospectus. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Mach-1 Financial may be precluded from using certain mutual funds because they may not be offered by the client's custodian. Please refer to the Brokerage Practices section (Items 9.B.2 and 9.B.3) for additional information regarding the firm's brokerage practices.

D. External Compensation for the Sale of Securities to Clients

Mach-1 Financial's advisory professionals are compensated primarily through a salary and bonus structure and through asset-based fees generated from client accounts. Mach-1 Financial's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 9.A.2. for detailed information and conflicts of interest.

E. Client Assets Under Management

As of December 31, 2019, we provide continuous management services for \$126,008,773 in client assets on a discretionary basis.

Item 5 Account Requirements and Types of Clients

Mach-1 Financial is an independent investment management firm providing asset management services to various types of clients including individuals, trusts, corporations, partnerships, and other legal entities.

Item 6 Portfolio Manager Selection and Evaluation

A. The Firm Acts as Both a Wrap Fee Sponsor and Portfolio Manager

The Mach-1 Financial Wrap Fee Program is a proprietary product. We use money managers and third-party sub-advisors in the management of the Portfolio at our direction.

Mach-1 Financial is an independent investment advisory firm that utilizes third-party Sub-advisers and Managers for asset management services. Mach-1 Financial's portfolio management services are generally offered through Sub-adviser(s) on a sub-advised basis. Either Sub-advisers or Managers appointed by Sub-advisers provide access to various Portfolios, Mach-1 Financial or its client determines which Portfolios the client assets are to be invested in, and thereafter Sub-adviser or the Manager, as firm's sub-adviser, implements all trades necessary to cause such assets to be invested in the Portfolios. Clients only have a direct relationship with Mach-1 Financial, and not any Sub-advisers or Managers, and therefore clients are considered clients of Mach-1 Financial. For the avoidance of doubt, neither Sub-advisers nor Managers provide a client with any investment advice based on the client's financial circumstances. Neither Sub-advisers nor Managers have the ability to determine if any Portfolio is appropriate for the need of any client. Each client must authorize the Sub-advisers and the Managers to direct trades for the client's accounts at the custodian. The custodian will have custody of assets and execute transactions for the accounts. Neither Sub-advisers nor Managers will have responsibility for the selection of or actions or inactions by any custodian.

Sub-advisers or Managers selected by Sub-advisers generally retain complete discretion to formulate, monitor, and revise the Portfolios. By electing to allocate client assets to a Portfolio, subject to any restrictions communicated to Sub-adviser or Manager, Mach-1 Financial grants the Sub-adviser or Manager limited authority to effect trades consistent with its direction with respect to the accounts—but in all cases the Sub-adviser's and Manager's discretion is limited to implementing transactions necessary to allocate assets among Portfolios as directed by Mach-1 Financial. Neither any Sub-adviser nor any Manager will have possession or custody of cash and/or securities in any accounts, nor any responsibility or liability for custody, which will remain solely with custodian. Sub-advisers will not be liable to a client for any losses, decreases in value, or adverse tax consequences that may result from the termination of a Manager, the appointment of a new Manager, and any resulting transactions effected to changes in the composition of any Portfolio.

Currently, Mach-1 Financial has agreements with AE Wealth Management, which is our trading/billing platform, as well as Sub-adviser agreements with third-party investment advisers to provide Mach-1 Financial with access to Portfolios to recommend to its clients. Responsibility for determining whether services from a particular Sub-adviser are appropriate for a particular client is vested exclusively with Mach-1 Financial, though clients may elect to decide which Portfolios they wish to invest in. Sub-advisers will deliver their disclosure brochures to each client and will deliver or otherwise make each Manager's disclosure brochure available to such client.

Sub-advisers and the Managers, or their respective affiliates, perform investment advisory and other services for other clients, and Sub-advisers, the Managers and their affiliates may buy, sell, or trade, or recommend any securities for its or their respective accounts in compliance with all applicable federal and state securities laws. Sub-advisers, the Managers, and their affiliates may give advice and take action with respect to any of its other clients, which may differ from the advice given, the timing or nature of action taken, or recommendations provided to Sub-advisers with respect to the accounts that are a part of the Portfolios. Sub-advisers and Managers and their respective affiliates may from time to time come into possession of confidential and privileged information ("Nonpublic Information") about clients and their assets and financial matters as a result of their other activities. Sub-advisers will not be free to divulge or act upon Nonpublic Information in connection with management of client portfolios.

B. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

C. Performance-Based Fees and Side-by-Side Management

Mach-1 Financial does not charge performance-based fees.

D. Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

D.1. Sub-Advisers

Mach-1 Financial may assist the client in selecting one or more Sub-advisers for all or a portion of the client's portfolio. Such advisers will typically manage assets for clients who commit a minimum amount of assets established by that Sub-adviser - a factor that Mach-1 Financial will take into account when recommending Sub-advisers to clients.

Through Mach-1 Financial's selection of Sub-advisers, clients will have access to securities Portfolios consisting of stocks, bonds, mutual funds, exchange-traded funds, and other securities and/or contracts relating to the same that are developed, maintained, and modified by the Sub-advisers or by Managers separately engaged by the Sub-adviser. Sub-advisers may outsource the construction, monitoring, or modification of the portfolios to third party Managers at their expense and in their discretion.

A description of the criteria to be used in formulating an investment recommendation to invest in certain Sub-advisers is set forth below.

Mach-1 Financial has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform trading
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

Mach-1 Financial may utilize additional independent third parties to assist it in recommending and monitoring Sub-advisers to clients as appropriate under the circumstances.

Mach-1 Financial reviews certain quantitative and qualitative criteria of Sub-advisers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of an adviser evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the adviser's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the adviser's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending Sub-advisers include their investment objectives and/or management style and philosophy; a Sub-adviser's consistency of investment style; and employee turnover and efficiency and capacity.

Sub-advisers' quantitative and qualitative criteria are reviewed by Mach-1 Financial on a quarterly basis or such other interval as appropriate under the circumstances. In addition, Sub-advisers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their Portfolios no longer accurately reflect the particular asset category attributed to the Sub-adviser by Mach-1 Financial (both of which are negative factors in implementing an asset allocation structure).

Account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine Portfolio weighting, which can have an impact on fees given the funds or Managers utilized. Mach-1 Financial will endeavor to obtain equal treatment for its clients with Sub-advisers, but cannot assure equal treatment.

Mach-1 Financial will regularly review the activities of Managers utilized for the client. Clients that engage Sub-advisers should first review and understand the disclosure documents of those Sub-advisers, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest.

D.2. Security-Specific Material Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one Manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

D.3. Material Risks of Investment Instruments

Please refer to the Sub-advisers' ADV Part 2A Brochures for information on material risks of investment instruments.

E. Investment Discretion

Clients may grant a limited power of attorney to Mach-1 with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Mach-1 will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, Mach-1 may be granted discretionary authority for the retention of independent third-party sub-advisers. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

F. Proxy Voting

The firm does not take discretion with respect to voting proxies on behalf of its clients. The firm will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of the firm supervised and/or managed assets. In no event will the firm take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, the firm will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. The firm also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 7 Client Information Provided to Portfolio Managers

The firm is the sole portfolio manager in the Mach-1 Financial Wrap Fee Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

Item 8 Client Contact with Portfolio Managers

The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.

Item 9 Additional Information

A. Disciplinary and Other Financial Activities and Affiliations

A.1. Disciplinary

There are no current or pending disclosure items to report on behalf of the firm's advisors.

A.1.a. Criminal or Civil Actions

There is nothing to report for this item.

A.1.b. Administrative Enforcement Proceedings

There is nothing to report for this item.

A.1.c. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report for this item.

A.2. Other Financial Activities and Affiliations

A.2.a. Broker-Dealer or Representative Registration

Neither Mach-1 Financial nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

A.2.b. Futures or Commodity Registration

Neither the firm nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

A.2.c. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

A.2.c.1. AE Wealth Management, LLC

AE Wealth Management, LLC provides certain back office support and may serve as either a Sub-adviser or wrap fee sponsor for strategies selected or recommended by Mach-1 Financial.

A.2.c.2. Fusion Capital, LLC

Fusion Capital may serve as either a Sub-adviser or wrap fee sponsor for strategies selected or recommended by Mach-1 Financial.

A.2.c.3. Sub-Advisory Relationships

Mach-1 Financial offers its own proprietary wrap fee program and has also entered into agreements with independent third-party managers whereby the third-party managers will serve as Sub-adviser to Mach-1 Financial and offer various portfolio strategies to clients. Clients are not obligated to utilize such third-party sub-advisory services. Although Mach-1 Financial identifies Sub-advisers that are in the best interest of the clients, please be advised that there is an economic incentive to recommend Sub-advisers that engage Managers that have lower management fees and lower portfolio turnover.

A.2.c.4. Insurance Sales

Certain principals and employees of Mach-1 Financial are licensed insurance agents and may recommend insurance products offered by such carriers for whom he functions as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that Mach-1 Financial strives to put its clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

A.2.d. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Mach-1 Financial does not receive any additional remuneration from advisers, investment managers, or other service providers that it recommends to clients. However, the firm engages sub-advisers to manage Mach-1 Financial client accounts. The compensation arrangements are described in Item 4.A.2.

B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters

B.1. Code of Ethics Description

In accordance with the Advisers Act, the firm has adopted policies and procedures designed to detect and prevent insider trading. In addition, the firm has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of the firm. The firm will send clients a copy of its Code of Ethics upon written request.

The firm has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates and its employees. For example, there are policies.

in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B.1.a. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

The firm does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, the firm does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

B.1.b. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in their Portfolios in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits. The firm has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

B.1.c. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other the firm clients by Sub-advisers or Managers. The firm will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. It is the policy of the firm to place the clients' interests above those of the firm and its employees.

B.2. Factors Used to Select Broker-Dealers for Client Transactions

B.2.a. Custodian Recommendations Mach-1 Financial participates in the institutional customer program of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance, and settlement of transactions. Mach-1 Financial receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item B.5 of this Brochure.)

Mach-1 Financial considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

B.2.a.1. Soft Dollar Arrangements

As a result of the firm's recommendation to clients to custody assets with a specific custodian, the firm is deemed to be in receipt of soft dollar benefits from said custodian. These soft dollar benefits are in the form of institutional trading and custody services, other products and services, and additional compensation received from custodians. Please refer to the following Items B.2.a.2. through B.2.a.5. for disclosure of such benefits.

B.2.a.2. Institutional Trading and Custody Services

The custodians provide the firm with access to their institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

B.2.a.3. Other Products and Services

Custodians also make available to the firm other products and services that benefit the firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of the firm's accounts, including accounts not maintained at custodian. The custodian may also make available to the firm software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of the firm's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help the firm manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of the firm personnel. In evaluating whether to recommend that clients custody their assets at the custodian, the firm may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

B.2.a.4. Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to the firm. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to the firm.

B.2.a.5. Additional Compensation Received from Custodians

The firm may participate in institutional customer programs sponsored by broker-dealers or custodians. The firm may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between the firm's participation in such programs and the investment advice it gives to its clients, although the firm receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving the firm participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)

- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to the firm by third-party vendors

The custodian may also pay for business consulting and professional services received by the firm's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for the firm's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit the firm but may not benefit its client accounts. These products or services may assist the firm in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help the firm manage and further develop its business enterprise. The benefits received by the firm or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

The firm also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require the firm to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, the firm will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by the firm's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for the firm's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the firm's recommendation of broker-dealers for custody and brokerage services.

B.2.b. Brokerage for Client Referrals

The firm does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

B.2.c. Directed Brokerage

B.2.c.1. Firm Recommendations

The firm typically recommends TD Ameritrade as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

B.2.c.1. Client-Directed Brokerage

Occasionally, clients may direct Mach-1 Financial to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Mach-1 Financial derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Mach-1 Financial loses the ability to aggregate trades with other Mach-1 Financial advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B.3. Aggregating Securities Transactions for Client Accounts

B.4. Review of Accounts

B.4.a. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Accounts are reviewed by Mach-1 Financial's Manager. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, changes in macro-economic climate, or for any reason deemed appropriate by Mach-1 Financial or the client.

B.4.b. Review of Client Accounts on Non-Periodic Basis

The firm may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how the firm formulates investment advice.

B.4.c. Content of Client-Provided Reports and Frequency

Mach-1 Financial does not provide any performance or other reports to third-party investment advisers or any subscribing sub-adviser firm. To the extent Mach-1 Financial may manage an individual client account, the client will receive no less frequently than quarterly a statement from the custodian indicating holdings, transactions, and cash balance. The custodian is the official record of the client's account.

B.5. Economic Benefits

Provided to the Advisory Firm from External Sources and Conflicts of Interest

B.5.a. TD Ameritrade

As disclosed above, Mach-1 Financial participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade Institutional to clients for custody and brokerage services. There is no direct link between Mach-1 Financial's participation in the program and the investment advice it gives to clients, although the firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided either without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research related products and tools
- Consulting services

Access to a trading desk serving our clients' accounts ^{â-a} Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts)

- The ability to have advisory fees deducted directly from our client's
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees, and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors

TD Ameritrade may also have paid for business consulting and professional services received by Mach-1 Financial's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Mach-1 Financial but may not benefit its clients' accounts. These products or services may assist Mach-1 Financial in managing and administering client

accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Mach-1 Financial manage and further develop its business enterprise. The benefits received by Mach-1 Financial or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Mach-1 Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Mach-1 Financial or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Mach-1 Financial's choice of TD Ameritrade for custody and brokerage services.

B.5.b. Third-Party Managers

Mach-1 Financial may from time to time receive additional economic benefits from third-party managers in the form of sponsorship or subsidizing of events held by Mach-1 Financial. Although receipt of such sponsorship is not predicated upon specific quotas, the sponsorship by such third-parties is typically made by those sponsors to whom referrals have been made or it is anticipated referrals will be made. This creates a conflict of interest in that there is an incentive to recommend third-party managers based on the receipt of such sponsorship instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

B.5.c. Advisory Firm Payments for Client Referrals

Mach-1 Financial does not pay for client referrals.

B.6. Financial Information

B.6.a. Balance Sheet

Mach-1 Financial does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B.6.b. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm does not have any financial issues that would impair its ability to provide services to clients.

B.6.c. Bankruptcy Petitions During the Past Ten Years

There is nothing to report for this item.

Item 10 Requirements for State-Registered Advisers

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