

**Form ADV Part 2A: *Firm Brochure***

**Item 1 – Cover Page**

**NextEdge, LLC**

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[www.nextedgeadvisors.com](http://www.nextedgeadvisors.com)

Date of Disclosure Brochure: February 2018

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This disclosure brochure provides information about the qualifications and business practices of NextEdge, LLC (also referred to as we, us and NextEdge throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Ken Pyle at 913-356-5504 or [ken.pyle@nextedgeadvisors.com](mailto:ken.pyle@nextedgeadvisors.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about NextEdge is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for NextEdge, LLC or our firm's CRD number 269961.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual filing, dated March 2017, Peter Mallouk acquired 100% ownership of the firm which is reflected at Item 4. The change of ownership required revisions to Item 10 listing the different Creative Planning companies as related companies.

Ken Pyle has replaced James DeWitt as the Chief Compliance Officer of NextEdge. We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

NextEdge is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). We provide investment management services through a web-based application to our clients.

- Peter Mallouk is the Managing Member of NextEdge and controls 100% of firm.
- NextEdge has been in business and registered as an investment adviser since July 2015.

Our investment advisory services are provided through appropriately licensed and qualified individuals licensed as investment adviser representatives with us.

#### **Description of Advisory Services**

NextEdge offers investment management services by providing you continuous and ongoing supervision over your specified accounts. Our services are provided through an interactive website using computer-based models and applications to collect your information and provide investment advice.

To determine your financial situation and investment objectives, we will need to obtain certain information from you through our interactive website. You will be responsible for providing any changes to your financial situation or investment objectives by updating your responses on our interactive website.

Each individualized portfolio is designed to be consistent with your investment objectives and risk tolerances. We create an investment plan and manage your portfolio by seeking to identify: 1) the optimal asset classes in which to invest, 2) efficient investments to represent each of those asset classes, 3) the ideal mix of asset classes based on your specific risk tolerance, 4) the most appropriate time to rebalance your portfolio to maintain intended risk tolerance and optimal return for your risk level. NextEdge will tailor its allocation and investment management strategies based on your risk tolerance.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name by TD Ameritrade, Inc. which serves as qualified custodian and broker/dealer. As qualified custodian, TD Ameritrade, Inc., maintains physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Please see Item 12 – Brokerage Practices for more information regarding TD Ameritrade, Inc.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public

information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

#### Administrative and Platform Services Provided by Trizic

NextEdge has contracted with and pays Trizic ([www.trizic.com](http://www.trizic.com)) to utilize its digital advisory, technology platforms. Trizic and NextEdge are not affiliated companies (as that term is defined by the SEC for investment adviser regulatory purposes). However, Peter Mallouk has a minority (less than 25%) ownership stake in Trizic which is not an investment adviser or broker/dealer, but works with investment advisory firms, like NextEdge, to develop, customize, and implement web based, interactive investment advisory services. Our decision to utilize Trizic is partially based on Mr. Mallouk's ownership interest in Trizic and therefore not based exclusively on our clients' interest of utilizing the most favorable digital platform.

Trizic supports our firm by providing a customized website, website administration, risk questionnaire, portfolio implementation and rebalancing. They also provide assistance with fee calculation, billing, and provide other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Trizic will have access to NextEdge client accounts, but Trizic will not serve as an investment advisor to NextEdge clients. The fees we pay to Trizic for their administrative and platform services come from the management fees we charge to client accounts. Please refer to Item 5 – Fees and Compensation for details about the fees charged for our services.

#### **Client Assets Managed by NextEdge**

NextEdge has no assets under management to report as of the date of this brochure (February 2018).

### **Item 5 – Fees and Compensation**

Fees charged for our web-based, investment management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

Investment management services continue until terminated by either party (i.e., NextEdge or you) by giving thirty (30) days written notice to the other party. NextEdge will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

Our annual fee is 0.25% of the total assets under management regardless of account size or total assets managed.

We impose a minimum account size of \$50,000.

NextEdge believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar

services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Our investment advisory fees will be deducted from your account and paid directly to our firm by TD Ameritrade. You will authorize TD Ameritrade to deduct fees from your account and pay such fees directly to our firm. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. TD Ameritrade will not verify the accuracy of the investment advisory fees deducted.

Brokerage expenses and/or transaction ticket fees charged by TD Ameritrade are billed directly to your account by TD Ameritrade. NextEdge does not receive any portion of such expenses or fees from you or TD Ameritrade. In addition, you may incur certain charges imposed by third parties other than NextEdge in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by TD Ameritrade. Management fees charged by NextEdge are separate and distinct from the fees and expenses charged by mutual funds that are held in your account. A description of these fees and expenses are available in each mutual fund prospectus. We do not receive any portion of such fees or expenses.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

#### **Item 7 – Types of Clients**

NextEdge provides web based investment management services to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with NextEdge specifying the particular advisory services in order to establish a client arrangement with NextEdge.

#### **Minimum Investment Amounts Required and Other Conditions**

NextEdge requires a minimum of \$50,000 in order to open an account.

Investors evaluating NextEdge's web based investment management service should be aware that NextEdge's relationship with clients is likely to be different from the "traditional" investment advisor relationship in several aspects:

1. NextEdge is a software based investment advisor which means each client must acknowledge her ability and willingness to conduct her relationship with NextEdge on an electronic basis. Under the terms of our agreement, each client agrees to receive all account information and account documents (including this Brochure), and any updates or changes to same, through their access to our website and NextEdge's electronic communications. Unless noted otherwise on the website or within this Brochure, NextEdge's

advisory service, the signature for our client agreement, and all documentation related to the advisory services are managed electronically. NextEdge does make individual representatives available to discuss servicing matters with clients.

2. To provide its advisory services and tailor its investment decisions to each client's specific needs, NextEdge collects information from each client, including specific information about their investing profile such as financial situation, investment experience, and investment objectives. NextEdge maintains this information in strict confidence subject to our Privacy Policy. When customizing our investment solutions, NextEdge relies upon the information received from a client. Although NextEdge contacts its clients periodically as described further in Item 13 below, a client must promptly notify NextEdge of any change in her financial situation or investment objectives that might require a review or revision of her portfolio.

3. The software based financial advisor service includes preselected mutual funds for each asset class within the plan recommended to a client. NextEdge does not allow Clients to select their own investments because each mutual fund and asset class is considered to be part of the overall investment plan. Investors with overly restrictive investment restrictions may not be permitted to become clients.

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

### **Methods of Analysis**

NextEdge uses the following methods of analysis in formulating investment advice:

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made

based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

### **Investment Strategies**

NextEdge uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

### **Primarily Recommend One Type of Security**

NextEdge primarily recommends Mutual funds. Different mutual fund categories have different risk characteristics and investors should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- Call Risk: A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- Default Risk: A bond issuer may fail to repay interest and principal.
- Income Risk: Dividends in a fixed income fund may decline due to falling interest rates.
- Geology Risk: Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- Industry Risk: Stocks in a single industry may decline due to developments in that industry.
- Inflation Risk: Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- Manager Risk: A manager may not execute the fund's investment strategy in a timely or effective manner.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities



(including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.

Additionally, there are certain risks associated with utilizing automated investment tools like the one offered by NextEdge.

- Our investment tool is programmed to use certain economic assumptions that may not be updated in a timely manner or shifts in the market.
- The output of the automated investment tool depends upon the accuracy of the information inputted into the tool.
- There may be certain factors or variables which have not been included in the automated investment tool. To the extent some questions are over-generalized, ambiguous or designed to fit a pre-determined option, the output may not be right for all investor's needs or goals.
- By only using the automated investment service, investors could lose out on the value of human judgment and oversight.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

### **Item 10 – Other Financial Industry Activities and Affiliations**

NextEdge is **not** and does **not** have a related person that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private

investment company or “hedge fund,” and offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) real estate broker or dealer, or (6) sponsor or syndicator of limited partnerships.

Our personnel are not affiliated (which means registered or employed) with a broker/dealer or commodities and futures trading firm.

**The following are brief descriptions of NextEdge affiliated companies. Please understand that clients of NextEdge are not referred to or offered the services provided by the following affiliated companies.**

**Affiliated Investment Adviser – Creative Planning, Inc.**

NextEdge is under common ownership with another investment advisor firm, Creative Planning, Inc. NextEdge is registered with the SEC, relying on Rule 203A-2(c) under the Investment Advisers Act of 1940, because NextEdge is under common control with Creative Planning, Inc., an investment advisor that is registered with the SEC, and the NextEdge principal office and place of business is the same as Creative Planning, Inc. Peter Mallouk is also the owner of and investment adviser representative with Creative Planning, Inc. Ken Pyle is an investment advisor representative and Chief Compliance Officer with Creative Planning, Inc. Creative Planning, Inc. is an investment advisor providing direct investment advice and management services to clients. Peter Mallouk and Ken Pyle participate in Investment Committee meetings and help formulate investment strategies for accounts managed by Creative Planning, Inc. Mr. Mallouk and Mr. Pyle generally spend significantly more of their time on Creative Planning, Inc. functions than they do on NextEdge responsibilities.

**Legal Activities – Creative Planning Legal, P.A.**

NextEdge is under common ownership with a law firm, Creative Planning Legal, P.A.

**Trust Services – Creative Planning Trust Company, LLC**

Creative Planning Trust Company, LLC is a Nevada trust company chartered and regulated by the Nevada Financial Institutions Division. It is governed and regulated by the State of Nevada and the Federal Reserve and is subject to the same statutes and regulations that apply to state bank trust departments and trust companies.

Specific services provided by Creative Planning Trust Company, LLC include, but are not necessarily limited to (1) corporate trustee services for personal trusts or retirement plan accounts, (2) corporate trustee for life insurance trusts, and (3) trustee services for charitable trust accounts. These services entail safekeeping of all trust assets. Creative Planning Trust Company, LLC also performs trust administration duties outlined in each trust document such as distributions, statement productions, tax reporting and bill paying. Principal and income trust accounting are also available. No assets are held in the name of Creative Planning Trust Company, LLC. All assets will be held via segregated trust accounts at qualified third-party custodians identifying the trust company as trustee.

**Accounting Services – Creative Planning Tax, LLC**

NextEdge is under common ownership with an accounting firm, Creative Planning Tax, LLC.

**Third Party Administration Services – Creative Planning TPA Services, LLC**

Administration and record keeping services for qualified retirement plans can be provided for by Creative Planning TPA Services, LLC.

**Insurance Activities – Creative Planning Risk Management, Creative Planning Benefits and Creative Planning Property & Casualty, LLC**

NextEdge has three related insurance agencies.

- Creative Planning Risk Management provides individual life, disability and long term care coverage through various insurance companies.
- Creative Planning Benefits provides group health benefits through various insurance companies.
- Creative Planning Property & Casualty, LLC provides property and casualty coverage.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. NextEdge has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. NextEdge requires its supervised persons to consistently act in your best interest in all advisory activities. NextEdge imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of NextEdge. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

NextEdge and its supervised persons may buy or sell securities that are also recommended to clients. Securities recommended by NextEdge are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, NextEdge and its supervised persons will place client interests ahead of their own interests. Finally, we have developed policies and procedures under our Code of Ethics that require our supervised persons to submit their personal securities holdings and transactions to our Firm. This is done so that we may monitor their investments to ensure compliance with our Code of Ethics and our general fiduciary duty to clients.

## **Item 12 – Brokerage Practices**

NextEdge requires that you establish brokerage accounts with TD Ameritrade through their Institutional Platform. TD Ameritrade, Inc. (“TD Ameritrade”) is a member of FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-registered broker-dealer and is utilized by NextEdge to maintain custody of clients’ assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

NextEdge is independently owned and operated and not affiliated with TD Ameritrade.

Our decision to utilize TD Ameritrade is based on the significance of Creative Planning's (our affiliated investment adviser firm) decision to use TD Ameritrade. Although NextEdge does not receive client referrals from TD Ameritrade, Creative Planning is a member of the TD Ameritrade AdvisorDirect program and actively receives client referrals directly from TD Ameritrade. Creative Planning pays TD Ameritrade an on-going fee for each successful client referral.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by NextEdge must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

TD Ameritrade, Inc. provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

TD Ameritrade does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

TD Ameritrade, Inc. also makes available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. NextEdge is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, NextEdge may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for

compliance and operational efficiencies, NextEdge has decided to require our clients to use broker/dealers and other qualified custodians determined by NextEdge.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when NextEdge believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

NextEdge uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. NextEdge will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which NextEdge or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed on daily by algorithms built into software to identify trades for investing cash, generating cash and rebalancing accounts.

NextEdge's software based financial advisor service assumes that a portfolio will not stay optimized over time and must be periodically rebalanced back to its original targets to maintain the intended risk level and asset allocations. NextEdge reviews each client's account when it is opened, and continuously monitors and periodically rebalances each client's portfolio to seek to maintain a client's targeted risk tolerance and optimal return for the client's risk level. NextEdge also conducts reviews when material changes may have occurred to a client's portfolio or investment objectives.

On a quarterly basis, NextEdge contacts each client to remind them to review and update the profile information they previously provided. NextEdge also requests that clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the client's current information and contact information.

Currently Ken Pyle is responsible for leading all reviews.

### **Statements and Reports**

You are provided with transaction confirmation notices and regular quarterly account statements directly from TD Ameritrade.

Performance information is available through our interactive website, but we do not mail or otherwise deliver performance or position reports to you. Therefore, you must login to view and access any reports we make available to you. NextEdge provides all clients with continuous access via the Site to real-time reporting information about account status, securities positions and balances. Clients may also receive periodic communications describing portfolio performance, Account information, and product features. You are encouraged to always compare any reports or statements provided by us against the account statements delivered from TD Ameritrade. When you have questions about your account statement, you should contact us and TD Ameritrade.

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

NextEdge does not directly or indirectly compensate anybody for client referrals.

Other than the receipt of investment management fees detailed in Item 5 of this brochure, NextEdge receives no other compensation in connection with our web-based, investment management services.

#### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

NextEdge is deemed to have custody of client funds and securities whenever NextEdge is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody NextEdge will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which NextEdge is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from NextEdge. When clients have questions about their account statements, they should contact NextEdge or the qualified custodian preparing the statement.

#### **Item 16 – Investment Discretion**

Our services are provided strictly on a **discretionary** basis which means we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. You must grant us with discretionary trading authority in the client agreement you execute through our interactive website.

#### **Item 17 – Voting Client Securities**

NextEdge does not vote proxies on behalf of clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to

justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. NextEdge does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, NextEdge has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. NextEdge does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

**Commitment to Your Private Information.** NextEdge is committed to safeguarding the confidential information of its clients. NextEdge holds all personal information provided by clients in the strictest confidence and it is the objective of the firm to protect the privacy of all clients. Except as permitted or required by law, the firm does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, the firm will provide clients with written notice and clients will be provided an opportunity to direct NextEdge as to whether such disclosure is permissible.

**Why We Collect and How We Use Information.** To conduct regular business, NextEdge may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the firm
- Information about the client's transactions implemented by the firm or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for NextEdge to provide access to customer information within the firm and to nonaffiliated companies, with whom the firm has entered into agreements with. To provide the utmost service, the firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information NextEdge receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with the firm or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with NextEdge

**Sharing Information with Other Companies Permitted Under Law.** Since NextEdge shares nonpublic information solely to service client accounts, the firm does not disclose any nonpublic personal information about the firm's customers or former customers to anyone, except as permitted by law. However, the firm may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that the firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, the firm will allow its clients the opportunity to opt out of such disclosure.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.