NEXT FINANCIAL Member FINRA/SIPC
An Atria Company

Contour
Wrap Fee Program Brochure
January 27, 2022

2500 Wilcrest Drive, Suite 620
Houston, TX 77042
877.876.6398
www.nextfinancial.com

This Wrap Fee Program Brochure provides information about the qualifications and business practices of NEXT Financial Group, Inc. ("NEXT"). If you have any questions about the contents of this Brochure, please contact us at 877-876-6398. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. NEXT is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

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

Item 2 – Material Changes

This section summarizes changes since NEXT Financial Group Inc.'s ("NEXT") last update on July 21, 2021. For additional details, please see the item in this Brochure referred to in the summary below.

Item 9 – Additional Information

IRA Rollover Considerations

An acknowledgment of fiduciary status was added stating that when an Investment Adviser Representative (i) provides investment advice to participants in ERISA-covered retirement plans and to owners of IRAs, and (ii) recommends to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA, that we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable.

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Item 4 – Services, Fees and Compensation

Introductory Information

NEXT Financial Group, Inc. ("NEXT," "us" or "we") was formed in 1999, is a Virginia corporation, and is a wholly owned subsidiary of NEXT Financial Holdings, Inc., a Delaware corporation. NEXT Financial Holdings, Inc. is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc., ("Atria") a Delaware corporation that is privately owned.

NEXT is registered as a full-service general securities broker/dealer, is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and is registered as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"). NEXT is also licensed as an insurance agency in 50 states. NEXT offers products and services to its clients through its affiliate NEXT Financial Insurance Services Company, an insurance agency.

As of December 31, 2020, NEXT had regulatory assets under management of $2,610,708,731, all of which is managed on a discretionary basis.

NEXT offers clients a variety of advisory programs. This Wrap Fee Brochure describes the Contour wrap fee advisory platform ("Contour"). NEXT is not a custodian of any accounts. Contour accounts are in custody of an unaffiliated custodian designated by the client after consultation with an Investment Adviser Representative ("IAR"). Custodial options include Pershing LLC ("Pershing"), TD Ameritrade, Inc., and any other custodian NEXT chooses to make available (hereinafter referred to as "Custodian").

For additional information about NEXT, a copy of NEXT's Form ADV is publicly available at the SEC's website at www.adviserinfo.sec.gov or upon request.

Services

Contour is a discretionary managed wrap fee platform ("Platform") sponsored by NEXT. NEXT has entered into an agreement with Envestnet Asset Management, Inc. ("Envestnet"), to provide administrative services for the program and Contour accounts. NEXT designates Custodian to execute and clear transactions, custody assets, and deliver statements and confirmations to you, as applicable. Neither Envestnet nor Custodian is affiliated with NEXT.

Additionally, Envestnet provides an electronic performance reporting system which permits an IAR to create performance reports on demand in addition to preparing quarterly performance reports that can be provided to you.

Contour offers four wrap fee program options:

Wrap Fee Program Options	Program Description	Discretionary Authority	Minimum Account Size	Allowable Assets
Advisor as Portfolio Manager ("APM")	Traditional discretionary IAR directed program	IAR	$25,000	Mutual funds, ETFs, options (limited to covered calls and purchases), fee based UITs, equities, bonds, structured notes, and fee-based annuities
Fund Strategist Portfolios ("FSP")	Discretionary advisory program comprised of ETF and/or Mutual Fund Models	Envestnet	As low as $2,000 (manager dependent)	ETFs, mutual funds, and money market funds
Separately Managed Accounts ("SMA")	Separately managed account program using third-party investment advisers	SMA Manager or Envestnet	$100,000	ETFs, exchange traded notes and exchange traded vehicles, mutual funds, equities, and bonds
Unified Managed Accounts ("UMA")	Unified managed account program with Model Providers, Sub-Managers and Other Investments	Envestnet as Overlay Manager and IAR for Other Investments and allocation to model providers and Sub-Managers, if applicable	$100,000	ETFs, exchange traded notes and exchange traded vehicles, mutual funds, fee-based UITs and annuities, equities, and bonds

Your IAR will interview you to determine your financial needs and objectives, gather your customer profile and risk tolerance information to complete a Statement of Investment Selection ("SIS"). The information gathered from the risk tolerance questionnaire ("RTQ") or approved financial planning tool will assist in determining a recommended allocation of your assets into an asset allocation model fitting one of seven investment profiles: Capital Preservation, Conservative, Conservative Growth, Moderate, Moderate Growth, Growth, or Aggressive. Your IAR will obtain your written consent to change your investment profile risk tolerance. Your IAR will assist you in selecting one of the four program options to implement the portfolio. Your IAR will create a proposal ("Proposal") including your investment profile questionnaire responses, selected program option(s) and applicable fees. You, your IAR and NEXT will enter into a Contour Platform Agreement ("Contour Agreement") outlining your participation in the Platform.

Advisor as Portfolio Manager ("APM")

APM is a program within the Platform designed to provide investment advice through an IAR for a fee based on the value of your Platform Assets. Acting under the Contour Agreement, your IAR establishes an account at Custodian for the purpose of creating a portfolio to be managed by your IAR on a discretionary basis. Envestnet has no discretion over assets managed in the APM and is not providing investment advice to you.

At the inception of the relationship, your IAR uses the investment profile based on your RTQ or a firm approved financial planning tool to select portfolio securities based on an asset allocation model. Your IAR will enter transaction orders consistent with your investment profile, risk tolerance and objectives. Currently, the list of approved investments for the APM includes mutual funds, exchange traded funds ("ETFs"), options (limited to covered calls and purchases), fee-based unit investment trusts ("UITs"), equities, bonds, and other securities. In addition, structured products are approved for accounts in custody with Pershing.

Your IAR's selection of investments in APM will be limited by the FINRA registrations held by your IAR. If your IAR only holds the Series 6, Investment Company and Variable Contracts Products registration, the IAR will implement the IAR-directed model portfolio strategy using only mutual funds and/or fee-based annuities.

Because of the account's discretionary nature, your IAR has full judgment over the selection and amount of investments to be purchased or sold in the account, without obtaining your prior consent or approval. Once a portfolio is constructed, your IAR monitors the account and rebalances the portfolio as changes in market conditions and client circumstances warrant.

Fund Strategist Portfolios ("FSP")

FSP is designed to provide discretionary investment advice through a roster of third-party strategists, managed ETF and/or mutual fund models. The model portfolios are managed for a fee based on the value of your Platform Assets. Acting under the Contour Agreement, your IAR establishes an account at Custodian to be invested in one of the ETF or mutual fund models available in the program. Your responses to the RTQ or financial plan will assist in determining which of the models is appropriate based on your investment objectives, time horizon and risk tolerance.

Once an asset allocation model has been selected, you will grant Envestnet discretionary authority to:

- Invest the assets in the Program account in accordance with the selected ETF or mutual fund model strategy(ies);
- Make changes to the asset allocations, as deemed appropriate; and
- Rebalance the assets when needed.

Changes in the asset allocation model, which include adding, removing or replacing securities, are made based on a variety of factors as dictated by the strategist, including but not limited to, changes in economic, financial, market and/or political conditions.

At the inception of an account, FSP assets are invested in ETF and/or mutual fund models determined in accordance with set target percentages of the total assets in the account. Thereafter, as markets fluctuate and values change, amounts originally allocated to an ETF and/or mutual fund model will either exceed or fall below the original target allocations. Envestnet will periodically adjust model allocations back to the original asset targets, or "rebalance" the account. However, models are not rebalanced constantly, and asset allocations will drift away from their original target percentages before Envestnet, within its authority and judgment, brings those allocations back in line with the original percentages.

The selected strategist is responsible for monitoring the models and rebalancing each model as changes in market conditions warrant. Envestnet trades and rebalances FSP accounts based solely on strategist models and directives.

The tax consequences of ETF ownership differ from those of mutual funds. Held in taxable accounts, ETFs can be more tax efficient compared to traditional mutual funds. Generally, holding an ETF in a taxable account will generate less tax liabilities than if you held a similarly structured mutual fund in the same account. If you are concerned with tax efficiency, you should discuss this with your IAR or with your tax advisor.

Separately Managed Accounts ("SMA")

SMA is a program designed to provide investment advice through other investment advisers ("SMA Managers") for a fee based on the value of your Platform Assets. SMA Managers have been selected by NEXT to provide portfolio investment management services and have entered into a participation agreement with Envestnet. The selected SMA Manager has discretion to invest the assets in exchange traded products such as ETFs, exchange traded notes and exchange traded vehicles, mutual funds, equities, bonds and other securities.

At the inception of the relationship, the IAR uses the information from your RTQ or financial plan to recommend an SMA Manager whose strategy(ies) are appropriate for you based on your objectives and profile. Acting under the Contour Agreement, the IAR establishes an account at Custodian for the purpose of creating a portfolio to be managed by an SMA Manager on a discretionary basis. The SMA Manager manages the account according to the SMA Manager's strategy(ies) and your reasonable restrictions, if any. The SMA Manager can, in its sole discretion, decline to accept a client for any reason.

Because of the account's discretionary nature, the SMA Manager has full authority over the selection and amount of investments to be purchased or sold in the account, without obtaining your prior consent or approval. Once a model portfolio is constructed, the SMA Manager monitors the account and rebalances the portfolio as changes in market conditions and client circumstances warrant.

Unified Managed Accounts ("UMA")

UMA is designed to provide you with access to various investment strategies, including model strategies provided by one or more model providers ("Model Providers") and other available investments, such as ETFs, stocks and mutual funds ("Other Investments") via a single Unified Managed Account ("UMA"). Individual Sub-Managers who manage and place trades for the sleeves (portion of an account) allocated to the Sub-Manager are an available option for certain strategies if selected and designated in the SIS. Model Providers and Sub-Managers are selected for UMA participation in Contour by NEXT and enter into a contractual relationship with Envestnet. Your IAR is granted authority to select and allocate assets among the Model Providers and Sub-Managers according to your risk tolerance. Your IAR is also granted limited discretionary authority to invest, reinvest and otherwise deal with assets allocated to Other Investments in your UMA according to your investment objectives, risk tolerance, and time horizon determined by the RTQ or financial plan.

NEXT has entered into an agreement with Envestnet, an investment adviser registered with the SEC, to act as the overlay manager for UMA by implementing trade orders and periodically updating and rebalancing each Model Portfolio pursuant to the direction of the Model Provider and IAR. Envestnet is granted limited

discretionary trading authority with respect to assets in your UMA based on the selected models; to implement model changes; and to rebalance accounts pursuant to target allocations and program trading parameters established by NEXT. Envestnet will allocate assets across the investment choices available in UMA, in a manner consistent with your instructions, or in the case of Other Investments, your IAR's instructions, without regard to Envestnet's own assessment of such investment choices in circumstances where Envestnet has the authority to recommend or select them. No allocation of your assets to a particular model strategy or Other Investment should be considered an approval or endorsement by Envestnet of such model strategy or Other Investment.

When a Model Provider makes a change to a model strategy, Envestnet will implement changes to the UMA accounts at its sole discretion. Except as described below, with respect to such changes, Envestnet's sole authority with respect to individual security selection is to carry out the client's or IAR's directions through implementation of the model portfolios provided by the model providers ("Model Portfolios"). Envestnet does not make any individual security decision on a client's behalf other than such decisions necessary to implement changes to the Model Portfolios, or if applicable to reject any or all changes to a model strategy. Envestnet and NEXT retain the authority to terminate or change Model Providers and to remove or replace Other Investments from the UMA. Assets from a removed or modified model strategy can be automatically reallocated for investment among the other models currently held within a UMA. Envestnet is authorized to allocate assets from an unavailable Other Investment to cash except as otherwise directed by your IAR. This replacement process will be subject to the usual and customary settlement procedures and can have tax consequences.

Envestnet also provides optional overlay services for an additional fee related to specific client objectives that could include tax management, ESG or socially responsible screening, or other portfolio customization to be outlined on the SIS.

Envestnet's Portfolio Consulting Group, Envestnet PMC™, is a Model Provider for the UMA. Envestnet PMC acts in the same capacity as other Model Providers and creates Model Portfolios based on its proprietary research.

NEXT and your IAR are responsible for gathering client information; selecting Model Providers and Sub-Managers, Model Portfolios, and Other Investments; and determining if one or more Model Portfolio(s) or Other Investments selected are suitable for the client. Envestnet can choose not to accept a UMA client in its sole discretion.

Fees

The fees for participation in Contour are based on an annual percentage of your Platform Assets, billed and collected monthly or quarterly in advance as noted on the SIS. The Total Fee is comprised of three components: (a) the Program Fee, (b) the Advisory Fee, and (c) if applicable, the Manager(s) Fee. The Manager Fee applies in the FSP, SMA and UMA, but no Manager Fee is included in the APM.

The Total Fee is calculated at the beginning of each month or calendar quarter based on the fair market value of your Platform Assets, including money market funds, interest and reinvested dividends in the account, on the last business day of the prior calendar quarter. Custodian determines fair market value for fee calculation purposes.

Fee Schedule

Total Fee = Advisory Fee + Program Fee + Manager Fee (if applicable)

Platform Assets	Maximum Allowable Advisory Fee*	Program Fee			
		APM	FSP	SMA	UMA
First $250,000	1.5%	0.20%	0.24%	0.26% - 0.28%	0.30%
Next $250,000	1.5%	0.17%	0.22%	0.24% - 0.26%	0.28%
Next $250,000	1.5%	0.15%	0.19%	0.19% - 0.23%	0.25%
Next $250,000	1.5%	0.13%	0.17%	0.17% - 0.21%	0.23%
Next $1,000,000	1.5%	0.10%	0.13%	0.13% - 0.16%	0.19%
Next $3,000,000	1.5%	0.090%	0.10%	0.10%	0.14%
Assets above $5,000,000	1.5%	0.070%	0.08%	0.08%	0.10%
Manager Fee		N/A	0.00% - 0.50%	0.00% - 0.75%	0.00% - 0.75%

*The maximum allowable advisory fee for annuity subaccount management in APM is 1%.

You authorize us to deduct fees from your account, or from any other billable account as directed by you, monthly or quarterly in advance. The first payment is prorated based on the number of calendar days in the billing period. If you invest or withdraw $10,000 or more in the account after the first day of a billing period, a prorated fee or rebate is calculated on each eligible deposit or withdrawal with adjustments applied the subsequent month. If the account is terminated prior to the end of the billing period, a pro rata portion of the Total Fee will be credited (refunded) to you. The fees deducted, including the dates and amounts, are reflected on the statements sent by Custodian. You should review those statements and the fees deducted. Any questions on the fees deducted from your account should be directed to your IAR, or you may contact us at the number on the cover page of this Brochure.

If you have more than one Platform accounts, your accounts can be "householded", aggregating your accounts for fee calculation purposes, which can help you qualify for a lower fee. A "household" is generally a group of accounts having the same address of record or same Social Security number. Individual Retirement Accounts ("IRAs"), SIMPLE IRAs and other personal retirement accounts generally can be combined for householding purposes; however, other retirement plan accounts subject to ERISA and charitable remainder trusts cannot be aggregated.

The Advisory Fee compensates your IAR for assisting in the design, implementation, and ongoing monitoring of your investment plan. The Advisory Fee is negotiated between you and your IAR but will not exceed 1.5%, except that in connection with annuity subaccount management in APM, the Advisory Fee will not exceed 1%. The fee charged depends upon a number of factors including the amount of the assets under management, the

nature and extent of other account relationships between you and your IAR, the nature and complexity of the model portfolios, and other factors that the IAR deems relevant. The fee you negotiate will be different than the fees your IAR negotiates with other clients or the fees other IARs negotiate with other clients for similar services.

The Program Fee includes execution, clearing, custody, and NEXT, Envestnet and Custodian fees. The Program Fee is assessed in each of the program options and is non-negotiable.

Manager Fees apply in the FSP, SMA and UMA. The Manager Fee in the SMA and UMA varies by the selected SMA Manager, Sub-Manager or Model Provider and ranges between 0.00% and 0.75% of your Platform Assets. In the UMA, if your account has more than one Model Provider or Sub-Manager, the effective Manager Fee will be a blend of all Model Providers' and/or Sub-Managers' fees weighted by the dollar amount invested in each Model Portfolio. SMA Managers or Model Providers who charge no, or a nominal fee are typically compensated by advisory fees from the propriety funds the SMA Managers or Model Providers include in their models. In the FSP, the Manager Fee ranges from 0% to 0.50% depending on the portfolio selected. Manager Fees are non-negotiable.

An additional charge of up to 10 basis points (0.10%) will be added to your program fee if you elect certain tax management services, ESG or socially responsible screening, or another portfolio customization described in the SIS. This charge is paid to the investment manager or the "overlay manager" that applies the tax screening to your investments.

The above Fee Schedule is based on the amount of money you invest in the Platform and is not dependent on the amount of trading in the account or the advice given in any particular time period. Transactions in accounts are executed for a single wrap fee, which reduces the potential conflict of interest associated with executing orders for accounts and earning transaction-based compensation in connection with each order. You should be aware that lower fees for comparable services could be available from other sources.

If Pershing is the selected Custodian, a $10 mutual fund surcharge applies to purchases and redemptions of certain mutual funds that do not otherwise compensate Pershing for administration and operational accounting related to fund ownership. Neither NEXT nor your IAR retain any portion of the mutual fund surcharge. A list of applicable funds is available upon request.

Changes to Fees

The Advisory Fee component of the Total Fee can only be increased with your written consent. Advisory Fee changes after the first day of the billing period will be effective on the next billing cycle and will not be prorated. Your IAR cannot negotiate or change the Program Fee or the Manager Fee. NEXT can change the Program Fee schedule at any time by giving prior written notice to you. Following the 30-day notice period, the new fee schedule will become effective unless you terminate the Contour Agreement. Your continued acceptance of the services will constitute consent to changes in the Total Fee, including an increase in the amount charged, if any.

Other Fees and Expenses

You will pay, if applicable, individual retirement account ("IRA") and tax-qualified retirement plan trustee fees, certain custodial fees, and other ancillary charges within a Contour account. You should expect to be charged

for specific account services, such as account transfer fees, wire transfer charges, checking fees and for other optional services elected by you on a per event basis. All such fees are subject to the pricing schedule set by Custodian and if Pershing is the selected Custodian, are in some cases shared between Pershing and NEXT. Our receipt of custodial fees creates a conflict of interest for NEXT because the fees constitute additional revenue to us, and the amount can be substantial. To mitigate this conflict, we do not share custodial fee revenues with your IAR, and we do not require IARs to recommend advisory programs in custody with Pershing. Brokerage and other transaction costs and certain administrative fees incurred in Contour accounts are included in the wrap fee.

You can elect to receive communications and documents from Custodian, including confirmations and statements, electronically by enrolling, or registering online, pursuant to Custodian's instructions for electronic delivery. Unless you authorize electronic delivery, Custodian will deliver communications and documents to you via U.S. mail. If your account is in custody with Pershing, Pershing assesses a paper surcharge, which is shared with NEXT.

Interest on all cash account delinquencies (Cash Due Interest) in your account is charged directly to your account at the then current rate. Transfer agent servicing fees, if any, are passed through to you and can vary based upon the transfer agent and position.

Brokerage and other transaction costs incurred in Contour accounts are included in the wrap fee except as described below under "Additional Fees for Trades Executed at Other Broker/Dealers", and where Pershing is Custodian, mutual fund surcharges apply to certain funds designated by Pershing.

Additional Fees for Collective Investment Vehicles

For accounts that contain collective investment vehicles ("Collective Investment Vehicles"), such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds, annuities, structured products, or publicly traded real estate investment trusts, each Collective Investment Vehicle bears its own internal fees and expenses, such as fund operating expenses, management fees, redemption fees, other fees and expenses or other regulatory fees, charges assessed by annuity issuers such as contract charges, contract maintenance charges, transfer charges, optional rider fees, subaccount management fees and administrative expenses, short-term trading redemption fees, and other fees imposed by law. Collective Investment Vehicle fees and expenses are disclosed in the applicable prospectus, statement of additional information, or product description. None of these fees are shared with NEXT or your IAR. This compensation is in addition to the Total Fee resulting in increased costs to you.

Some mutual funds assess redemption fees to investors upon the short-term sale of its funds. Depending on the mutual fund, this can include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. In addition, you can incur redemption fees, when the portfolio manager to an investment strategy determines that it is in your overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Collective Investment Vehicles prior to the expiration of the collective investment vehicle's minimum holding period. Depending on the length of the redemption period, the particular investment strategy and/or market conditions, a portfolio manager may be able to minimize any redemption fees when, in the portfolio manager's discretion, it is reasonable to allow you to remain invested in a Collective Investment Vehicle until expiration of the minimum holding period.

Compensation Related to Mutual Funds and Other Investments

Your IAR, in his/her separate capacity as a NEXT registered representative and acting in compliance with NEXT's compliance policies and procedures, earns commissions from the sale of mutual funds, variable annuities, ETFs and other securities. After considering your overall needs and objectives along with your preferences, your IAR may recommend that you convert from a commission-based account to a fee-based account. To address the conflicts below, we have implemented the following policies:

- When Class A, B or C shares of mutual funds are transferred into your Contour account, additional mutual fund purchases within the advisory account will be made at net asset value (NAV) or in advisor or institutional share classes, which do not include 12b-1 fees. Such purchases will not result in your payment of a commission in addition to the annual advisory fee.

- NEXT will attempt to convert Class A, B and C share mutual fund holdings in an advisory account to advisor or institutional class shares where available. In the event a tax-free conversion is not available or does not occur, 12b-1 fees received in fee-based accounts will be credited to your account.

- NEXT will agree to hold at your request and for your convenience certain illiquid, thinly traded securities such as alternative investments ("unsupervised assets") to assist you in avoiding additional custodial fees and account maintenance costs. Although some alternative investment products are offered net of commissions to clients who pay an ongoing asset-based advisory fee, your IAR will execute your alternative investment transaction as a registered representative and will receive and share in commissions, and depending on the selected share class, ongoing distribution fees. NEXT believes that alternative investments cannot be managed or administered on a fee-basis (due to their illiquidity, long-term holding period and inexact valuation); therefore, these unsupervised assets are permanently excluded from billing.

- Your IAR can agree, at your request, to hold certain assets in the Contour account such as previously acquired concentrated positions in a stock or bond, that you wish to liquidate over a period of time or hold to maturity. Such assets are being monitored but are excluded from billing.

Additional Fees for Trades Executed at Other Broker/Dealers

SMA Managers, Sub-Managers or Envestnet can elect to execute trades at broker/dealers other than Custodian for some or all of their transactions or investment styles. This is frequently referred to as "trading away" or "step out trades." Clients who select such managers or participate in the SMA or UMA are subject to any transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that can be imposed by the executing broker/dealer in addition to the Program Fee and the other fees described herein.

Fee Offset

You are entitled to a fee offset if your Contour account is funded with a deposit of one or more open end mutual funds, unit investment trusts, or proceeds from the sale of open end mutual funds or unit investment trusts, where NEXT was paid a sales charge in its capacity as a broker/dealer within one year of the initial billing date. The mutual fund fee offset varies depending on whether the mutual fund was subject to a front-end or a back-end sales charge. For mutual funds subject to a front-end sales charge, the fee offset is calculated

using the number of shares multiplied by the closing price of the security on the day prior to the initial billing date multiplied by the annual Advisory Fee. For mutual funds subject to a back-end sales charge, the fee offset is equal to the amount of the back-end sales charge incurred: (1) upon liquidation of a mutual fund in your account; or (2) upon liquidation of a mutual fund within 60-days prior to the date the proceeds are transferred into your account. The unit investment trust fee offset is calculated in the same manner as the front-end load mutual fund fee offset. Fee offsets are spread equally over four calendar quarters.

Fee Information Applicable to Wrap Fee Accounts

A wrap fee pricing structure allows you to pay an all-inclusive fee for account management, brokerage, clearance and administrative services. A portion of the wrap fee is paid to your IAR, NEXT, Envestnet, Custodian and, if applicable, a SMA Manager, Sub-Manager, Strategist, or Model Provider(s) for their respective services. You should consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in your accounts, the value of services provided under the investment program, and other factors, the wrap fee could exceed the aggregate cost of services if they were to be provided separately.

The Advisory Fee portion of the Total Fee is shared between your IAR and NEXT. The fees earned could be more or less than what NEXT or your IAR might earn from other programs available in the financial services industry or if the services were purchased separately. Therefore, NEXT and your IAR have a financial incentive to recommend Contour to clients and prospective clients. However, compensation paid to IARs from the Total Fee does not vary depending upon the number of trades made in Contour accounts. We do not earn more if fewer trades are placed. This arrangement gives us no economic incentive to place either more or fewer trades in Contour accounts.

Item 5 – Account Requirements and Types of Clients

Account Requirements

The initial minimum account size for Contour program options is listed below.

Program	Minimum
Advisor as Portfolio Manager Program	$25,000
Fund Strategist Portfolios	As low as $2,000
Separately Managed Accounts	$100,000
Unified Managed Accounts	$100,000

The initial account minimum can, however, be waived at NEXT's discretion, taking into account various factors. Such factors include, but are not limited to, length of client relationship or combined values of other household/family member accounts.

In the SMA, should the SMA Manager require a higher minimum, the higher minimum will apply. In the UMA, the minimum account size for each model style is determined by the Model Provider or Sub-Manager.

Types of Clients

NEXT, through its IARs, offers investment advisory services to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations and corporations or other businesses. Our clients can have both fee-based advisory accounts and commission-based brokerage accounts. Our representatives can offer clients advisory services, brokerage services, or both, depending on an IAR's registrations and qualifications, and on a client's preferences and needs.

Item 6 – Portfolio Manager Selection and Evaluation

NEXT does not utilize the services of any third-party money manager in the APM. In the APM, your IAR acts as portfolio manager and selects specific investments to implement an asset allocation model consistent with your investor profile, risk tolerance and investment objectives. IARs acting as portfolio managers generally do not have documented performance histories against which to measure. Therefore, IARs of NEXT are not subject to the same selection and review process that we use for SMA Managers, Sub-Managers, Strategists or Model Providers.

SMA Managers, Sub-Managers, Strategists and Model Providers

In the SMA and UMA, Envestnet makes available to NEXT investment managers with whom Envestnet has entered into agreements to act as SMA Managers or Sub-Managers with respect to the investment of clients' Platform Assets in managed securities portfolios, mutual fund portfolios, and exchange-traded fund portfolios. For certain investment advisors, including Strategists in FSP, Envestnet has entered into a licensing agreement with the investment advisor whereby Envestnet performs administrative and/or trading duties pursuant to the direction of the investment advisor. In this scenario, the investment advisor is acting in the role of a "Model Provider."

Envestnet has developed a program to collect and report data on investment style and philosophy, past performance and personnel of SMA Managers, Sub-Managers, and Model Providers that are designated as "approved." Envestnet's process for selecting, evaluating and monitoring approved SMA Managers, Sub-Managers and Model Providers is more fully described in Envestnet's Form ADV Brochure. NEXT leverages this process in making recommendations. Envestnet also makes available other managers for which Envestnet has not performed due diligence; NEXT makes those managers available based on due diligence conducted by the Managed Account Product Review Committee, a sub-committee of the Atria New Product Committee. This includes review of investment style and philosophy, past performance and personnel.

The Managed Account Product Review Committee is responsible for reviewing, selecting and monitoring SMA Managers, Sub-Managers and Model Providers. SMA Managers, Sub-Managers and Model Providers selected for participation are also subject to an annual review to determine if there are any material changes or disclosure events that will impact the quality of the SMA Manager's, Sub-Manager's, or Model Provider's performance of the services contemplated in the Program. In addition, the Managed Account Product Review Committee conducts periodic reviews of Envestnet.

Your IAR is responsible for initial SMA Manager and/or Model Provider selection based on the information you provide at the inception of the account along with your investor profile and results of your RTQ or risk assessment from an approved financial planning tool. Your IAR is also responsible for monitoring the

appropriateness of the selected SMA Manager(s), Sub-Manager(s), and/or Model Provider(s) in light of any changes in your financial condition, risk tolerance and investment objectives reported by you from time to time.

Performance Calculation

NEXT has engaged Envestnet to calculate investment performance and to provide reports to clients, subject to a minimum account value. Neither NEXT, nor any third party, reviews or verifies the accuracy of performance or its compliance with any presentation standards.

A custodial statement containing a description of all account activity is provided to you not less than quarterly. Your IAR reviews overall performance of each account on a periodic basis in order to ensure that transactions are suitable based on your investment objectives, meet your quality expectations and comply with any investment restrictions requested by you.

Performance-Based Fees and Side-by-Side Management

Fees based on a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as "performance-based fees." NEXT does not charge performance-based fees. We also do not engage in side-by-side management.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Your IAR will incorporate your needs and investment objectives as well as time horizon and risk tolerance when developing and selecting investment strategies. Your IAR is not bound by any specific methods of analysis or investment strategies for the management of model portfolios in the APM, but rather as previously stated, your IAR will consider your unique situation and all information gathered at the account inception, your RTQ or financial plan, as well as changes to your financial picture over time.

The primary sources of information used to conduct these types of analysis are reputable financial publications, research prepared by others, ratings services, press releases, annual reports, prospectuses and other filings with the SEC. The implementation of your IAR's strategies varies based upon the individual client. Prior to investing, you should ensure that you understand and agree with the investment strategy used by the IAR.

Each client's account is managed based on the client's financial situation, investment objectives and instructions. The IAR works with the client to obtain sufficient information to provide individualized investment advice and is reasonably available to consult with the client on an ongoing basis. Clients are permitted to impose reasonable restrictions on the management of the account.

However, there is a possibility that by imposing restrictions, you may receive an asset allocation proposal that differs from the allocation your IAR would otherwise consider appropriate. Clients who do not impose any restrictions are likely to receive asset allocation proposals that are similar to proposals presented to other clients with similar investment profiles.

Tax Implications

Tax implications are a critical component of any investment strategy. Therefore, depending on the strategy you choose to implement, it is possible that any trading activity could result in a taxable event and lower investment returns. Certain SMA Managers in SMA and Model Providers in UMA and FSP employ tactical strategies that do not consider taxes, including the avoidance of wash sales, in the management of portfolios. Since investments could have tax or legal consequences, you should contact your tax professionals and attorneys to help answer questions about specific situations or needs.

Risk of Loss

Investing in any type of securities involves risk of loss that you should be prepared to bear. NEXT does not guarantee the performance of an account or any specific level of performance. Market values of the securities in the account will fluctuate with market conditions. When the account is liquidated, it could be worth more or less than the amount invested. The following are some types of risk that could affect the value of your portfolio:

- Market risk: The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- Business risk: Whether because of management or adverse circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock can become worthless in the event of a bankruptcy, which would result in a loss of principal to shareholders.
- Interest rate risk: If the Federal Reserve raises interest rates, the market prices of bonds can be affected. When interest rates rise, the market prices of bonds typically fall.
- Regulatory risk: Legislative, regulatory and/or judicial changes that impact businesses can drastically change entire industries.
- Industry/company risk: These risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process before they can generate a profit. They carry a higher risk of fluctuations in profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity risk: Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- Inflation risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Opportunity risk: A client or an IAR can choose a conservative product to invest in, which could cause the client to miss out on market upswings which potentially could have increased the value of securities with higher risk. The opposite is also true; market downturns could cause a client to lose a significant amount of principal invested in higher risk securities, when his or her funds could have been invested in lower risk options.
- Reinvestment risk: There is a possibility you will be unable to make additional purchases of a security already in your portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which will cause the value of the client's portfolio to fluctuate.

- Exchange-Traded Funds: ETFs face market trading risks, including the potential lack of an active market for fund shares, losses from trading in the secondary markets, and disruption in the creation and redemption process of the ETF. Any of these factors can lead to liquidity risk and/or the fund's shares trading at a premium or discount to its "net asset value."
- Leveraged equity ETFs: The use of leverage by an ETF increases the risk to the portfolio. The more a portfolio invests in leveraged instruments, the more the leverage will magnify gains or losses on those investments. Due to the complexity and structure of these portfolios, they may not perform over time in direct or inverse correlation to their underlying index.
- Interval Funds: Interval funds provide limited liquidity to shareholders by offering to repurchase a limited number of shares on a periodic basis, but there is no guarantee that a client will be able to sell all of their shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- Structured Products: A structured product is an unsecured obligation of an issuer with a return, generally paid at maturity, that is linked to the performance of an underlying asset, such as a security, basket of securities, an index, a commodity, a debt issuance or a foreign currency. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. A structured product may contain a call feature that can result in the investment being redeemed earlier than the stated maturity date. If a structured product is called prior to maturity, the payment you receive will depend upon the stated terms of the investment. If a structured product is called, you may not be able to reinvest the proceeds in a similar investment with similar risk and return characteristics.
- Credit risk: The risk that an issuer of a fixed income security may fail to pay interest and/or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. These risks are greater for securities that are rated below investment grade (junk bonds), which may be considered speculative and are more volatile than investment grade securities.
- Options: Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.
- Global risk: International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets are not as politically and economically stable as the United States and other nations.

You should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

Voting Client Securities

You authorize SMA Managers, Sub-Managers, or Envestnet in writing to exercise discretion in voting or otherwise acting on all matters for which a security holder vote, consent, election or similar action is solicited

by, or with respect to, issuers of securities beneficially held as part of the Platform Assets in SMA or UMA accounts. For assets held in APM or FSP accounts, neither NEXT nor the IAR will exercise such authority and you expressly retain the authority. You reserve the right to revoke proxy voting authority at any time by providing written instruction.

Item 7 – Client Information Provided to Portfolio Managers

Information regarding your financial situation, investment objectives, risk tolerance, time horizon and other relevant factors as described by you, is gathered prior to opening an account and assists your IAR when recommending the most appropriate asset allocation model(s) and strategies for you. You should notify your IAR promptly when changes to your financial situation, objectives, or other personal information occur, so that your IAR can adjust his or her management of your portfolio, if necessary. You can impose any reasonable restrictions on the management of the account. Each client is contacted at least annually to determine if any changes have occurred that will affect the ongoing suitability of the portfolio selected and to determine if any new restrictions should be imposed on the account.

Item 8 – Client Contact With Portfolio Managers

You are generally free to contact NEXT and your IAR at any time during normal business hours via telephone, facsimile, mail or email. In-person meetings should be scheduled in advance to ensure that your IAR is available. SMA Managers, Sub-Managers, Model Providers and third-party strategists used in the program are not generally available to discuss specific investment issues.

Item 9 – Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of NEXT or the integrity of NEXT's management.

NEXT is a broker/dealer in addition to its activities as a registered investment adviser. In connection with its broker/dealer business, NEXT has been the subject of certain regulatory actions, some of which NEXT has determined to be immaterial. Others are summarized below:

- On October 13, 2011, NEXT entered into an AWC with FINRA. FINRA found that, between September 2007 and January 2009, NEXT failed to have reasonable grounds for approving the sale of a specific private placement. NEXT consented, without admitting or denying the findings, to a censure and fine of $50,000, and agreed to pay $2,000,000 in restitution to certain clients who invested in the private placement in question.
- On May 3, 2013, NEXT entered into an AWC with FINRA. FINRA found that NEXT failed to properly monitor and maintain emails for two registered representatives' outside business email accounts. NEXT consented, without admitting or denying the findings, to a censure, fine of $250,000, and certain undertakings specific to the firm's ongoing email review.
- On May 6, 2014, NEXT entered into a Consent Order with the New Hampshire Bureau of Securities Regulation with respect to the approval of certain seminar invitations of a registered representative

distributed in 2010 and 2011 that contained inaccurate information. NEXT agreed to cease and desist from further violations of New Hampshire securities laws and to pay an administrative fine of $120,000 and investigative costs of $20,000. NEXT further agreed to establish procedures or modify existing procedures to ensure information in advertising material submitted for approval is properly vetted prior to use.

- On May 28, 2014, NEXT entered into an AWC with FINRA. FINRA found that, between March 2009 and August 2011, NEXT failed to timely and/or accurately amend certain registered representatives' Forms U4 and U5 to disclose customer complaints, judgments, and liens; from January 2010 to August 2011, NEXT's former general counsel directly supervised registered persons without a principal registration; and from March 2009 to August 2012, the firm failed to establish and maintain a supervisory system, including written procedures, which was reasonably designed to detect and prevent unsuitable sales of structured products to retail customers. NEXT consented, without admitting or denying the findings, to a censure and fine of $88,750.
- On January 27, 2016, NEXT entered into an AWC with FINRA. FINRA found that, between May 1, 2009 and April 30, 2014, NEXT failed to apply applicable sales charge discounts to certain customers' purchases of unit investment trusts (UITs) and to establish, maintain, and enforce a supervisory system and written supervisory procedures reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. NEXT consented, without admitting or denying the findings, to a censure, a fine of $125,000, and to pay restitution to the affected customers of $216,150.04.
- On December 6, 2017, NEXT entered into an AWC with FINRA. FINRA found that, from August 2012 through September 2015, NEXT failed to have adequate exception reports to detect excessive trading, failed to perform any review of those reports for an extended period, and allowed excessive trading to occur due to inadequate oversight. FINRA also found that, between August 2012 and April 2014, NEXT had deficiencies in its supervisory procedures pertaining to the sale of multi-share class variable annuities and variable annuity exchanges. FINRA also found that the firm failed to reasonably monitor the use by its registered representatives of consolidated reports, did not take steps to ensure that information on its website was up to date regarding its Financial Partners, and did not reasonably supervise non-cash compensation received by its registered representatives in connection with product sponsor education and training meetings. NEXT consented, without admitting or denying the findings, to a censure, a fine of $750,000, and to engage an independent consultant to conduct a review of its policies, systems and procedures, and training relating to the violations identified in the AWC.
- On March 11, 2019, the SEC issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order as to NEXT in connection with the SEC's Share Class Selection Disclosure Initiative. The Order alleges that (a) between January 1, 2014, and December 31, 2016, NEXT purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which clients were eligible, (b) NEXT received 12b-1 fees in connection with the investments, and (c) NEXT failed to disclose in its Form ADV the conflicts of interest related to the receipt of 12b-1 fees and its selection of mutual fund shares classes that pay such fees. NEXT agreed, without admitting or denying the findings, to cease and desist from committing or causing any future violations of Sections 206(2) and 207 of the Advisers Act, to a censure, to pay approximately $1.4 million to compensate investors affected by its conduct, and to notify affected investors of the entry of the Order.
- On December 20, 2019, NEXT entered into a Consent Order with the Massachusetts Securities Division with respect to allegations that between January 2007 and December 2017 the firm approved the sale of

non-traded real estate investment trusts ("REITs") by a registered representative that the Division alleged were unsuitable because the amount invested exceeded the firm's liquid net worth concentration guidelines for non-traded REITs. NEXT, without admitting or denying the allegations, agreed to a censure, to pay a fine of $150,000 and to make rescission offers to ten Massachusetts investors.

- On December 30, 2019, NEXT entered into a Consent Order with the New Hampshire Bureau of Securities Regulation with respect to allegations that between 2009 and 2016 the firm approved unsuitable recommendations of non-traded REITs to a number of New Hampshire investors that exceeded the firm's aggregate and product specific portfolio concentration guidelines for non-traded REITs, failed to comply with investor-income thresholds for the purchase of such products, or were made to clients over the age of 80. NEXT, without admitting or denying the allegations, agreed to pay $325,000 in fines and costs to the Bureau and to offer remediation to 77 New Hampshire investors.
- On February 13, 2020, NEXT consented to a Disciplinary Order with the Texas State Securities Board with respect to allegations that between 2014 and 2018 the firm did not adequately supervise one of its registered representatives who used a trading strategy that included short-term trading in Class A mutual fund shares that resulted in certain customers incurring significant expenses as a result of mutual fund sales charges. To resolve the matter, NEXT, without admitting or denying the allegations, agreed to pay a $100,000 fine and refund $500,000 to customers whose accounts were the subject of the trading strategy.
- On July 13, 2021, NEXT entered into an AWC with FINRA. FINRA found that from January 2012 through February 2019, NEXT failed to have adequate supervisory procedures to detect and prevent unsuitable short-term trading of mutual funds and municipal bonds in customer accounts and over-concentration in customer accounts in Puerto Rico municipal bonds. FINRA also found that, between March 2013 and February 2017, NEXT failed to establish an adequate system of supervisory controls to test and verify that its supervisory systems were reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules. NEXT consented, without admitting or denying the findings, to a censure, a fine of $750,000, and to within 120 days certify to FINRA that it has implemented supervisory systems and written supervisory procedures reasonably designed to address the issues identified in the AWC.

NEXT, as a broker/dealer, is regulated by each of the 50 states and has been subject to orders related to the violation of certain state laws and regulations in connection with its brokerage activities. For more information about these state events and other disciplinary and legal events involving NEXT and its IARs, clients should refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov or FINRA BrokerCheck® at https://brokercheck.finra.org.

Other Financial Industry Activities and Affiliations

NEXT is registered as a broker/dealer and as an investment adviser with the SEC. NEXT is a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). NEXT is also licensed as an insurance agency in all states. NEXT is affiliated with NEXT Financial Insurance Services Company ("NFISCO"), an insurance agency.

As an indirect wholly owned subsidiary of Atria, NEXT is also affiliated with Cadaret, Grant & Co., Inc., a broker/dealer and SEC registered investment adviser and Cadaret, Grant Agency, an insurance agency. Atria also owns CUSO Financial Services, LP, a broker/dealer and SEC registered investment adviser, CFS Insurance and Technology Services, LLC, an insurance agency, Sorrento Pacific Financial, LLC, a broker/dealer, SEC

registered investment adviser and insurance agency, and Western International Securities, Inc., a broker/dealer, SEC registered investment adviser and an insurance agency, SCF Securities, Inc., a broker/dealer, SCF Investment Advisors, Inc, an SEC registered investment adviser, and SCF Marketing, Inc., an insurance agency.

Conflicts of Interest as a Broker/Dealer and Insurance Agency

NEXT is dually registered as both a broker/dealer and as a registered investment adviser and is also a licensed insurance agency. Each IAR is an independent contractor with NEXT. There is a conflict of interest when an IAR can choose between offering a client advisory fee-based programs and services and/or commission-based products and services. To mitigate this conflict, NEXT requires that any advisory program or service that a client is offered is appropriate for the client's investment goals and financial needs.

If your account is custody with Pershing, you can participate in Pershing's LoanAdvance™ program which is a securities-based line-of-credit that can be used for most personal, consumer or business needs. In LoanAdvance, clients are charged a rate of interest that is a floating rate not more than 3 percentage points above our base rate, the Fed Funds Target Rate as published in the *Wall Street Journal,* plus 200 basis points. We receive compensation in an amount by which the interest rate is marked up over our base rate and we share this with your IAR. NEXT and our IARs have an incentive to recommend that Clients borrow money rather than liquidating some of their account assets so that NEXT and our IARs can continue to receive advisory fees on those assets. This results in additional compensation in connection with your advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan.

Most, but not all of our IARs are dually registered. That is, in addition to being an IAR they are registered with us as a registered representative or agent in our capacity as a broker/dealer, which permits them to offer brokerage services to you as a brokerage customer with a brokerage account instead of or in addition to their services to you as an advisory client. Many of our IARs are also licensed insurance agents appointed with various insurance companies. There is a difference in how NEXT and your IAR are compensated for advisory accounts and brokerage accounts or insurance products. While a client pays a fee to their IAR on an advisory account based on the value of account assets and not the number of transactions, in their capacities as registered representatives or insurance agents, an IAR can offer securities and insurance products and receive a commission, markup, or markdown on each transaction. The individuals who are responsible for the immediate supervision of IARs can receive a portion of those commissions or fees as an override to compensate them for their supervisory services. When your IAR can offer both advisory and brokerage services, there is a conflict involving the determination of whether to recommend an advisory account (fee-based) or a brokerage account (commission-based) or both. To mitigate this conflict, we review our client accounts and transactions to ensure that we have a reasonable basis to believe the recommended services and transactions are consistent with a client's stated goals, objectives, preferences, and needs. Additionally, clients are under no obligation to purchase products or services recommended by an IAR or through an IAR or otherwise through NEXT or its affiliates. Clients are free to implement recommendations through any broker/dealer or advisory firm. If a client requests that an IAR recommend a broker/dealer, the IAR will recommend NEXT; however, the client is under no obligation to effect transactions through us.

While NEXT and your IAR are subject to a fiduciary duty when they provide investment advice to you as an advisory client on an advisory account, neither NEXT nor a registered representative is subject to a fiduciary duty when offering brokerage services or selling insurance products.

IRA Rollover Considerations

If you are a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decide to roll assets out of the plan into Contour, NEXT and your IAR have a financial incentive to recommend that you invest those assets in Contour, because NEXT and your IAR will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those a participant pays through a plan, and there can be maintenance and other miscellaneous fees.

Plan participants are under no obligation to roll their retirement assets over to an IRA with NEXT and should carefully consider all relevant factors, such as penalty-free withdrawals starting as early as age 55, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment options, employer stock considerations and state taxes. NEXT asks clients considering a rollover to complete NEXT's Retirement Plan Rollover Disclosure Form documenting the rationale for the rollover decision and disclosing important information and considerations in connection with the rollover.

The following fiduciary acknowledgement applies only when our IAR (i) provides investment advice to participants in or the fiduciaries of ERISA-covered retirement plans and to owners of IRAs, and (ii) recommends to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA.

When we provide investment advice to you regarding your retirement plan account or IRA, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean we are acting as fiduciaries for purposes of other applicable laws. This acknowledgement of fiduciary status does not confer contractual rights or obligations on you, the firm, or the IAR.

Conflicts of Interest with Independent Registered Investment Advisers

In addition to or in lieu of their registrations as IARs of NEXT, certain IARs own their own registered independent investment advisory firms (an "Independent RIA"). An Independent RIA owner can have three different but concurrent roles:

- As a registered representative with NEXT who receives commissions for recommending securities;
- As an IAR of NEXT who receives a fee for rendering advisory services on behalf of NEXT; and/or
- As an IAR of an Independent RIA who offers services outside of NEXT.

You should be aware that the receipt of additional compensation while acting in concurrent roles creates a conflict of interest and impairs the objectivity of these IARs when making advisory recommendations.

If your IAR is associated with an Independent RIA firm, this will be disclosed on your IAR's Part 2B of Form ADV. Depending on the terms negotiated, your IAR can retain a higher percentage of the advisory fee for services provided through an Independent RIA than would be retained when services are provided through NEXT. You should ask your IAR if purchasing services through an Independent RIA would result in increased costs to you. You are not obligated to purchase recommended investment products from our IARs or their Independent RIAs.

Conflicts of Interest with Affiliated Insurance Agency

NEXT is affiliated with NEXT Financial Insurance Services Company, a licensed insurance agency. NFISCO is a subsidiary of NEXT Financial Holdings, Inc., the parent company of NEXT. IARs, in their capacity as insurance agents with NFISCO or as independent insurance agents, can effect transactions in insurance products for clients and earn commissions for these activities.

The fees paid to NEXT for advisory services are separate and distinct from the insurance commissions earned by NFISCO and/or its insurance agents. Clients are under no obligation to use NFISCO and/or its insurance agents for insurance services and can use the insurance agency and agent of their choosing.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

NEXT has adopted a Code of Ethics ("Code") which sets forth standards of business conduct, which all associated persons of NEXT are required to follow. The Code also describes certain reporting requirements with which covered persons must comply. The Code includes provisions relating to the confidentiality of client information, insider trading, gifts and entertainment, and personal securities trading, among other things.

NEXT's clients or prospective clients can request a copy of NEXT's Code by contacting us using the contact information on the cover page of this Brochure.

IARs will often invest in the same securities recommended to clients. Generally, these securities are shares of open-end mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of the transactions will not affect purchases or sales for clients. They can also make purchases for their own accounts at or about the same time as the purchases/sales are made in client accounts. Orders for clients and orders for IARs' own accounts are sometimes aggregated in "block trades" or aggregated orders. Aggregated orders can achieve better execution for all participating accounts and those advantages will be fairly allocated among participating accounts.

IARs can hold positions in securities held or recommended to clients but are not allowed to front-run or otherwise benefit from these positions. Internal procedures have been instituted to ensure that the client is treated fairly in execution of all trades.

To avoid conflicts of interest, our IARs are prohibited from buying or selling securities for their personal accounts where their decision is substantially derived, in whole or in part, by reason of their employment unless the information is also available to the investing public on reasonable inquiry. No IAR may place their own interests over those of the client. Further, our IARs must comply with all applicable federal and state regulations governing registered investment advisers.

Brokerage Practices

NEXT has no brokerage soft dollar arrangements and receives no benefits or research in exchange for executions.

Contour accounts are custodied with an unaffiliated custodian designated by a client. Custodial options in Contour include, but are not limited to, Pershing.

In the AMP and FSP, you authorize us to direct all transactions through a designated broker/dealer. You cannot request that your orders be executed through another broker/dealer. When directing execution of all transactions through a particular broker/dealer, there is no assurance that most favorable execution will be obtained, which could cost you more money. Not all advisers require clients to direct transaction executions to specified broker/dealers, as we do. We periodically review the execution quality of available broker/dealers to confirm that the quality we receive is comparable to what could be obtained through other qualified broker/dealers.

For accounts custodied at Pershing, NEXT relies in part on Pershing's rigorous review of execution quality, the details of which are made available to us for our review. In addition, to assist in evaluating the quality of Pershing's equity executions, NEXT engages the services of a third-party consultant who monitors Pershing's equity executions for quality and helps us identify transactions that are eligible for price improvement.

In SMA and UMA, SMA Managers, Sub-Managers, or Envestnet, as Overlay Manager, can elect to execute trades at broker/dealers other than Custodian for some or all of their transactions or investment styles. This is frequently referred to as "trading away" or "step out trades." Clients who select such managers in the SMA or UMA will be subject to transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that can be imposed by the executing broker/dealer. You should refer to the applicable SMA Manager's, Sub-Manager's or Envestnet's Form ADV Part 2A for additional information.

Contour accounts are managed based on model portfolio strategies. One or more clients can have the same model portfolio, based on their investment objective and risk profile. We typically aggregate orders into block trades when models are rebalanced or if one or more securities are added or removed from a model. Transactions can, however, be executed independent of transactions for other clients. An IAR must reasonably believe that a block order is consistent with NEXT's duty to seek best execution and will benefit each client participating in the aggregated order.

When we aggregate orders, we do so in a manner reasonably designed to ensure that no participating client obtains a more favorable execution price than another. Transactions are typically aggregated pro rata to the participating client accounts in proportion to the size of the order placed for each account. If we are unable to fully execute an aggregated order and we determine that it would be impractical to allocate a smaller number of securities among the participating accounts on a pro rata basis, we will seek to allocate the securities in a manner that does not disadvantage particular client accounts.

Custody

NEXT has limited custody of our clients' funds or/or securities when clients authorize us to deduct our management fees directly from their client's account. NEXT is also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization ("SLOA") with the account custodian to move money from the client's account to a third-party and the SLOA authorizes us to designate, based on your instructions from time to time, the amount or timing of the transfers. The SEC has set forth a set of procedural safeguards intended to alleviate a firm being held to the full requirements of the SEC's Custody Rule under these circumstances, which we follow.

NEXT has an arrangement with Custodian to provide clearance and custody of Contour accounts. Custodian: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in

accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Custodian will forward client account statements as well as confirmation of each purchase and sale to you. You can agree in writing to receive transaction information at least quarterly via a quarterly confirmation report in lieu of trade-by-trade confirmations. Custodian acts as the general administrator of each account, which includes collecting account fees on NEXT's behalf and processing, pursuant to NEXT's instructions, deposits to and withdrawals from the account. Custodian does not assist clients in selecting NEXT or any investment objective or in determining suitability. You retain ownership of all cash, securities, and other instruments in the account.

You should receive at least quarterly statements from Custodian. We urge you to compare the holdings listed on the custodian's statement to those listed on reports NEXT or your IAR may provide. If you have a question about a discrepancy, you should direct it to your IAR. If the IAR is unable to adequately address your concern, you should contact NEXT at the phone number on the cover page of this Brochure.

Review of Accounts

Each IAR monitors his or her client accounts and conducts a review of accounts periodically. Factors that could result in additional reviews include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, or a change in the client's investment objectives or life circumstances.

In addition to the account reviews conducted by IARs, NEXT's supervisors are charged with reviewing new advisory account documents to confirm the client's Risk Tolerance Questionnaire or other risk assessment is complete and that the type of account, investment strategy, and fee structure is suitable for you. IARs are also subject to NEXT's branch office examination program where a sampling of accounts and/or transactions are reviewed by the examiner.

On a periodic basis, clients participating in NEXT's wrap fee programs are sent a performance report. Custodian also sends account statements to you on a monthly or quarterly basis. Although the information we provide in the performance reports is obtained from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports NEXT or your IAR provide. You should carefully review all statements and performance reports. If any discrepancies are noted, you should contact us at the number on the cover page of this Brochure.

Client Referrals and Other Compensation

NEXT Compensation to IAR

Your IAR recommending Contour receives compensation from NEXT. We compensate our IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the advisory fee, which may be more or less than what your IAR would receive at another advisory firm. Such compensation includes other types of compensation, such as bonuses, awards or other items of value offered by NEXT. NEXT pays its IARs in different ways, for example:

- Reimbursement or credit of fees IARs pay to NEXT for technology services;
- Free or reduced-cost marketing materials;

- Recruitment compensation in connection with the transition of association from another broker/dealer or investment advisor firm to NEXT;
- Payments in the form of repayable or compensatory loans; and
- Attendance at NEXT conferences and events.

NEXT pays its IARs this compensation based on the IAR's overall business production and on the amount of assets on NEXT's advisory platforms, including Contour.

When an IAR becomes associated with NEXT after working with another financial services firm, the IAR can receive recruitment compensation from NEXT in connection with the transition. This transition assistance includes payments that are intended to assist an IAR with costs associated with the transition; however, we do not verify that any payments made are used for transition costs. These payments can be in the form of repayable or compensatory loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of compensatory loans, the loans are generally subject to repayment if an IAR leaves NEXT before a certain period of time or if other conditions are not met. Transition assistance payments can be used for a variety of purposes such as providing working capital to assist in funding the IAR's business, offsetting account transfer fees payable to the custodian as a result of the clients transitioning to NEXT's platforms, technology set-up fees, marketing, mailing and stationary costs, registration and licensing fees, moving and office space expenses, staffing support and termination fees associated with moving accounts.

The amount of recruitment compensation is typically based on a percentage of the IAR's business established at their prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of eligible assets that transition to NEXT. The receipt of this compensation creates a conflict of interest in that an IAR has a financial incentive to recommend that a customer open and maintain an account with NEXT for advisory or brokerage services, and to recommend switching investment products or services where a customer's current investment options are not available through NEXT, in order to receive the benefit or payment.

NEXT and its IARs attempt to mitigate these conflicts of interest by assessing and recommending that clients use NEXT's services based on the benefits that such services provide to clients, rather than the recruitment compensation earned by any IAR. However, you should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with NEXT and your IAR.

Continuing Compensation

NEXT makes available a program to provide continuing compensation to an IAR's estate/heirs upon the IAR's death or retirement ("inactive IAR"). Continuing compensation includes recurring advisory fees and brokerage commissions received by NEXT attributable to accounts established by the inactive IAR during his association with the firm. To ensure continuity, an IAR names a qualified successor IAR to provide ongoing services to his or her clients. The successor IAR shares an agreed percentage of the ongoing compensation with the inactive IAR's estate/heirs for no more than five years. Program eligibility is based on minimum tenure and other qualification standards established by NEXT.

Revenue Sharing

NEXT receives fees when we invest your account assets or recommend that you invest in certain mutual funds (including money market funds), annuities, UITs, ETFs, and structured products. These fees are called "revenue sharing." Product sponsors and third-party money managers ("Partners") pay these fees to NEXT in what we call the Partners Program. Partners pay different amounts of revenue sharing fees and receive different levels of benefits for their payments. The benefits Partners receive include our IAR contact lists and business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

The payments made under our Partners Program are calculated based either on gross sales or assets under management, or on a flat fee arrangement, or both, and vary by Partner. The revenue sharing fees we receive can be substantial, which creates a conflict of interest. We mitigate this conflict by not sharing revenue sharing fees with our IARs. An IAR's compensation is the same regardless of whether a sale involves a Partner's product or service.

We use the revenue from our Partners to support certain marketing, training, and educational initiatives including our annual National Educational Conference. The conference provides a venue to communicate new products and services to our registered representatives and IARs, to offer training to them and their support staff, and to keep them abreast of regulatory requirements. The revenue is also used to pay for annual awards for our registered representatives and IARs who generate the most revenue overall and to pay for our general marketing expenses. A NEXT registered representative or IAR who earns total compensation over a threshold amount receives an award, in the form of a trophy, medal, or plaque, and is invited to attend NEXT's top producer conference. Revenue from Partners helps to pay for top producer conference costs. Top producing NEXT registered representatives and IARs receive an award based on total revenues, including but not limited to sales of Partners' mutual funds, annuities, structured products, and ETFs.

We prepare and make available to our IARs a quarterly list of Partners' mutual funds and ETFs that have been screened for investment performance against other Partners' funds with similar objectives and asset classes (the "Select Fund List" or "List"). NEXT and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because NEXT receives revenue sharing fees from the mutual fund or ETF sponsor. Our receipt of revenue sharing fees can influence our selection of mutual funds and ETFs, as our IARs are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

You do not pay more to purchase funds from the List through NEXT than you would pay to purchase these funds through another broker-dealer, and your IAR does not receive additional compensation for selecting a fund from the List. IARs are not required to choose or recommend investments from the Select Fund List.

NEXT also receives compensation from certain unaffiliated or third-party investment advisers to assist in paying for ongoing marketing and sales support activities including training, educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. The compensation arrangements vary and are generally structured as a fixed dollar amount or as a stated percentage not exceeding 0.05% of sales and 0.03% on assets with the adviser.

A conflict of interest exists where NEXT receives such compensation because there is an incentive to recommend these third-party advisors over other investment opportunities to generate additional revenue for the firm. However, our IARs are not required to recommend any third-party advisor providing additional compensation, nor do they directly share in any of this compensation.

To see NEXT's Third-Party Fee Disclosure, which identifies the participants in the Partners Program, along with revenue sharing arrangements by product type, please visit the Customer Disclosures section of our website at www.nextfinancial.com/customers/disclosures.

Ad Hoc Reporting

We receive up to $5,000 per product sponsor annually from various mutual fund, ETF, and annuity investment sponsors in exchange for access to business intelligence and ad hoc reporting relating to our registered representatives and IARs.

Pershing Clearing Relationship

Pershing is the clearing firm for NEXT's brokerage business and is also a custodial option for Contour accounts. Pershing earns fees from clients and third parties and shares some of them with NEXT. Because NEXT receives these additional fees only when Pershing is Custodian, NEXT has a financial incentive to recommend Pershing over other available custodians. We mitigate this conflict through disclosure in this Brochure and our IARs do not receive any part of these fees.

When Pershing is the custodian of your account, it automatically moves (sweeps) the cash in your account into money market funds and/or FDIC insured bank deposit accounts. You and your IAR select the money market fund or bank deposit account. Pershing retains some of the interest paid on the bank deposit account, or shareholder servicing fees paid on the money market fund and pays a portion of that to NEXT. These payments are called "distribution assistance," can be substantial (up to 0.60% of the value of cash balances), and they vary based on the bank deposit account or money market fund you select. NEXT does not determine the interest rates paid on bank deposit accounts or shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that we receive. When interest rates are low, or in the event of a regulatory change, Pershing reserves the right to reduce or discontinue its distribution assistance payments to us.

Our receipt of distribution assistance payments creates a conflict of interest because NEXT has an incentive to recommend or make available money market funds and FDIC insured bank deposit accounts with higher distribution assistance payments over those with lower or no payments. We mitigate this conflict through disclosure in this Brochure, and by not requiring or incentivizing our IARs to recommend advisory accounts custodied at Pershing or any given sweep arrangement and by not sharing distribution assistance payments with IARs.

Pershing also pays fees to NEXT, or shares fees it earns with NEXT, for the following items:

- Transition assistance in the form of (a) reimbursement of IRA termination fees of up to $165 per account for a retirement account transferred to Pershing and up to $125 per retail account for retail accounts transferred to Pershing, (b) a payment based on the value of the assets transitioned, or (c) some combination of fee reimbursements and a payment on the value of assets transitioned;

- A growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform;
- A portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that we are required to pay Pershing for such services, including account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest; and
- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest® FOCUS program as described below.

In the FundVest FOCUS program, Pershing receives asset-based shareholder servicing fees from participating funds. The asset-based revenue is based upon the total FundVest program assets held in NEXT's accounts. Pershing shares 40% of these revenues with NEXT. Our receipt of a portion of the FundVest funds' service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to NEXT over other funds that do not pay these fees. We mitigate this conflict through disclosure in this Brochure. NEXT does not share these fees with our IARs and we do not require or incentivize our IARs to recommend FundVest funds.

Most FundVest funds have higher internal expenses than funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost share classes are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of $51.50 which will be charged to your account. Further information regarding mutual fund fees and charges is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover page of this Brochure. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

Solicitation Activities

From time to time, NEXT enters into solicitation agreements with individuals or entities whereby investment advisory accounts are solicited by NEXT and referred to another state-registered or SEC-registered investment adviser. In these situations, we are compensated for the referral activity.

NEXT also has solicitation arrangements with persons or entities who are not our IARs. If a solicitor will receive any portion of the advisory fee paid by the client, the client will receive a written disclosure statement describing the arrangement. A client will not pay higher fees because of the solicitor's arrangement.

Professional Edge Program

The Professional Edge Program offers certain NEXT IARs, who are members of the Program, but who do not provide investment advisory services to clients themselves, the capability to refer their clients to other NEXT IARs. The Professional Edge Program participants receive a portion of advisory fees charged by the IAR managing the client's account. The fees assessed to a client who has been referred to another IAR because

of their participation in the Professional Edge Program are no more or less than fees charged by IARs who do not use the program.

Financial Information

NEXT is not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance.

There is no financial condition that is reasonably likely to impair NEXT's ability to meet its contractual commitments to its clients. NEXT has never been the subject of a bankruptcy proceeding.