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Item 1:  
Cover Page

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**ADV Part 2A - Firm Brochure**

**of**

**NEXTCAPITAL ADVISERS, INC.**

**Non-Discretionary Advisory Service**

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

March 25, 2020

**This firm brochure provides information about the qualifications and business practices of NextCapital Advisers, Inc. If you have any questions about the contents of this brochure, please contact us at: [compliance@nextcapital.com](mailto:compliance@nextcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.**

**Additional information about NextCapital Advisers, Inc. is also available on the Securities and Exchange Commission's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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

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**Item 2:  
Material Changes**

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The NextCapital Advisers, Inc. firm brochure (this "Brochure") includes material changes to the following sections:

- **Non-Discretionary Advisory Services** - This Brochure focuses on NextCapital Advisers, Inc.'s Non-Discretionary Advisory Services. Relevant disclosure information for NextCapital Advisers, Inc.'s Non-Discretionary Advisory Services had previously been coupled with disclosure about the firm's Managed Account Services. Please refer to NextCapital Advisers, Inc.'s Managed Account Services - Retail and Workplace firm brochure for more details about the firm's managed advice offerings.
- **Item 4: Advisory Business - Assets Under Management** - As of January 1, 2019, NextCapital Advisers, Inc. managed \$687,495,947 of client assets on a discretionary basis. As of January 1, 2020, NextCapital Advisers, Inc. managed \$2,129,384,166 of client assets on a discretionary basis.
- **Item 5: Fees and Compensation** - "NextCapital Premium", which is a data analytics tool offering more detailed insights into Client portfolios, is now free of charge to Non-Discretionary Advisory Service clients. NextCapital Premium is owned and offered through NextCapital Advisers, Inc.'s wholly owned affiliate, NextCapital Software, Inc. Reference to "Other Account Fees" attributable to NextCapital Advisers, Inc.'s Managed Account Services has also been removed. Please refer to NextCapital Advisers, Inc.'s Managed Account Services - Retail and Workplace firm brochure for more details about such fees.
- **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss** - More detailed information has been provided with respect to NextCapital Advisers, Inc.'s *RetirementIndex* and its connection with the firm's *RiskIndex*.
- **Firm Brochure Supplement** - Tristan Linke has been promoted to (Outside) Vice President, Advice Research and Methodology.

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**Item 3:  
Table of Contents**

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Item 1:	Cover Page.....	1
Item 2:	Material Changes.....	2
Item 3:	Table of Contents.....	3
Item 4:	Advisory Business.....	4
Item 5:	Fees and Compensation.....	6
Item 6:	Performance-Based Fees and Side-by-Side Management.....	7
Item 7:	Types of Clients.....	7
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9:	Disciplinary Information.....	14
Item 10:	Other Financial Industry Activities and Affiliations.....	14
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	14
Item 12:	Brokerage Practices.....	15
Item 13:	Review of Accounts.....	15
Item 14:	Client Referrals and Other Compensation.....	15
Item 15:	Custody.....	16
Item 16:	Investment Discretion.....	16
Item 17:	Voting Client Securities.....	16
Item 18:	Financial Information.....	16
	Firm Brochure Supplement.....	17

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**Item 4:  
Advisory Business**

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NextCapital Advisers, Inc. ("NextCapital Advisers") formed as a Delaware corporation and registered with the Securities and Exchange Commission ("SEC") as an investment adviser in March 2015. NextCapital Advisers is a wholly owned subsidiary of NextCapital Group, Inc. ("NextCapital Group"), which is owned by the firm's four founders – John Patterson, Jon Hagen, Dirk Quayle and Robert Foregger – as well as several outside investors, including unaffiliated financial services firms. NextCapital Advisers provides advisory services to the clients and customers of financial services firms, including unaffiliated financial services firms that hold equity interests in NextCapital Group, either directly or through an affiliate.

NextCapital Group, through its subsidiaries, is an experienced provider of automated portfolio management and financial planning software. NextCapital Group's founding team was responsible for building out one of the first automated 401(k) portfolio management platforms, one of the first digital wealth advisors, and one of the first online banks. NextCapital Group's wholly owned subsidiary, NextCapital Software, Inc. ("NextCapital Software"), has developed automated goal and risk-based financial planning and portfolio management software (the "Software Platform"). NextCapital Software licenses, for a fee, the Software Platform to its affiliate, NextCapital Advisers, as well as to other financial institutions.

The mission of NextCapital Group is to help everyone retire successfully. NextCapital Advisers supports this mission by delivering personal, objective portfolio and planning services to investors through three main service offerings:

- **Managed Account Services**, which are discretionary advice services offered through the Software Platform. Managed Account Services include one or more of the following: (i) asset allocation and/or glide path determinations; (ii) model portfolio creation, whereby NextCapital Advisers generates model portfolios and maintains appropriate model portfolio strategies consistent with an individual's user profile; and/or (iii) advice and wealth forecasting, including, as applicable, projected spending/draw-down available at retirement. The Managed Account Services are offered through two separate channels: (i) **Retail** (pursuant to the Investment Advisers Act of 1940 (the "Advisers Act") and (ii) **Workplace** (pursuant Section 3(21) and Section 3(38) the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended). Please refer to NextCapital Advisers, Inc.'s Managed Account Services - Retail and Workplace firm brochure for more details about the firm's managed advice offerings.

- **NextCapital Advisers Personal Portfolio Service**, which is an investment management services wrap program provided to NextCapital Advisers clients. Please refer to NextCapital Advisers' Wrap Fee Program Brochure for more information.
- **Non-Discretionary Advisory Service**, which is a complimentary, non-discretionary advice service offered to clients who elect to enroll online at: <https://www.nextcapital.com/> (hereinafter, "Clients").

This Brochure will focus on NextCapital Advisers' Non-Discretionary Advisory Service.

### **NextCapital Non-Discretionary Advisory Service**

NextCapital Advisers' Non-Discretionary Advisory Service provides a range of advisory services which include, but are not limited to: (i) construction, fulfillment, and monitoring of asset class mandates (e.g., asset class allocation); (ii) financial planning (e.g., identification, analysis, and suggestions of saving needs and/or financial projections such as forecasts and spend down projections for retirement and other goal based planning purposes); and (iii) general recommendations (e.g., identification, analysis, and suggestions of relevant risk and diversification levels). NextCapital Advisers uses Client profile inputs and proprietary algorithms that are run through the Software Platform to produce such recommendations. Non-Discretionary Advisory Service Clients also have access to "NextCapital Premium", which is a complimentary data analytics tool that offers more detailed insights into Client portfolios. NextCapital Premium is offered through NextCapital Software and the Software Platform.

In addition to NextCapital Advisers' three main service offerings, including the Non-Discretionary Advisory Services, the firm also provides advice methodology licensing and portfolio operations services.

### **Advice Methodology Licensing**

NextCapital Advisers licenses its advice methodology, including personalization, glidepath and asset allocation determinations through the Software Platform to commercial partners. Unless otherwise expressly stated and acknowledged, NextCapital Advisers does not serve in a fiduciary capacity to Retail and/or Workplace clients when it licenses its advice methodology.

### **Portfolio Operations Services**

NextCapital Advisers provides portfolio operations services to certain commercial partners. The scope, nature and level of the portfolio operations services will vary by relationship, at the election of the commercial partners. Such services generally include one or more of the following: (i) conducting portfolio evaluation services, including, but not limited to, model portfolio maintenance,

asset allocation and portfolio re-balancing, tax-efficient implementation, portfolio and transition analysis, and tax-impact modeling; (ii) trading operations services, including, but not limited to, reconciliation of trade orders and activity in client brokerage accounts with client custodial accounts, validation of pricing, and facilitation of communications with broker-dealers regarding trade orders and settlement; (iii) advisory fee calculation, billing, and reconciliation services; and (iv) proxy voting, corporate actions processing, and class action lawsuit administration.

As of January 1, 2020, NextCapital Advisers advised \$2,129,384,166 of Client assets on a discretionary basis.

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**Item 5:  
Fees and Compensation**

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**NextCapital Non-Discretionary Advisory Service**

No fee is currently charged to NextCapital Non-Discretionary Advisory Service Clients for non-discretionary investment advice. This includes access to the NextCapital Premium data analytics tool offered by NextCapital Software.

NextCapital Advisers reserves the right in the future to charge fees for investment advice related to the Non-Discretionary Advisory Service upon written notice to Clients prior to charging any such fees. NextCapital Advisers also reserves the right to cancel or suspend the NextCapital Non-Discretionary Advisory Service at any time, and for any reason, upon written notice to Clients.

Clients should be made aware that they may incur additional costs or fees from third parties when acting upon a recommendation provided as part of the NextCapital Non-Discretionary Advisory Service, including brokerage costs charged by their brokers for the execution of trades, or fees or other expenses charged in connection with exchange-traded funds (ETFs) or mutual funds, and, in some circumstances, custodian fees. NextCapital Advisers will not execute trades for Clients. Consequently, Clients, at their own cost, must make separate arrangements for the execution of any desired trades.

**Account Termination**

A Client may choose to cancel or suspend his or her NextCapital Non-Discretionary Advisory Service at any time, and without penalty. NextCapital Advisers may also choose to cancel or suspend a Client's NextCapital Non-Discretionary Advisory Service at any time without penalty.

## Other Account Fees

NextCapital Advisers does not receive any direct or indirect (e.g. soft-dollar) compensation derived from Client commissions. *See Item 12: Brokerage Practices* for additional information on Soft Dollar Benefits. NextCapital Advisers provides objective, unbiased investment recommendations. Neither NextCapital Group nor any of its subsidiaries have any fee arrangement whereby a NextCapital entity would receive direct or indirect compensation for recommending specific investment products.

In addition to applicable investment advisory fees, Clients may also pay fees or expenses to third-parties. Some securities or other investment products, such as mutual funds or ETFs, money market securities, and cash/cash equivalents such as FDIC-insured Deposit Programs may charge product fees that Clients indirectly pay. NextCapital Advisers does not charge these product fees to Clients and, as previously mentioned, NextCapital Advisers does not benefit, directly or indirectly, from any such product fees. Mutual funds and ETFs typically include embedded expenses that may reduce a mutual fund or ETF's net asset value. These embedded expenses consequently affect mutual fund or ETF performance which, in turn, affects Client portfolio performance. Expenses of a mutual fund or ETF may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. Mutual fund and ETF expenses may change from time to time at the sole discretion of the mutual fund administrator or ETF issuer, as applicable.

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### Item 6: Performance-Based Fees and Side-by-Side Management

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NextCapital Advisers does not charge performance-based fees.

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### Item 7: Types of Clients

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To access the Non-Discretionary Advisory Service, a Client must: (i) acknowledge that the Client has reviewed and agreed to NextCapital Advisers' Client Agreement; (ii) acknowledge that the Client has reviewed and agreed to NextCapital Advisers' Terms of Service; (iii) acknowledge that the Client has received and reviewed this Brochure; (iv) enroll at <https://www.nextcapital.com/>; and (v) select the Non-Discretionary Advisory Service.

The Non-Discretionary Advisory Service is provided by NextCapital Advisers directly through the internet-based Software Platform. As such, Clients must be willing to conduct the Client relationship with NextCapital Advisers on an electronic basis.

NextCapital Advisers does not make individual representatives available to discuss servicing matters or any investment advice as part of the Non-Discretionary Advisory Service.

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

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This section summarizes NextCapital Advisers' method of analysis, investment strategies and certain risks relevant to the Non-Discretionary Advisory Service.

**Methods of Analysis and NextCapital Advisers' Investment Strategies**

**Overview:** NextCapital Advisers seeks to provide each Client with a personalized, objective investment plan that considers the Client's preferences, goals, capacity and constraints. NextCapital Advisers provides non-discretionary investment advice to Clients through its Retirement Goal-based Advice methodology framework.

**Retirement Goal-based Advice**

**NextCapital RetirementIndex and RiskIndex:** The foundation of NextCapital Advisers' investment advice methodology is the NextCapital RetirementIndex ("*RetirementIndex*"). NextCapital Advisers, using the RetirementIndex glide path as the baseline asset allocation over years to and through retirement, provides a dynamic framework for personalized portfolio strategies for goal-based financial retirement planning.

The *RetirementIndex* is a set of proprietary portfolios that tracks the derived consensus global asset allocation of Target Date Fund ("TDF") managers for various retirement dates. TDF asset allocations are driven by standard retirement years (2020, 2025, 2030, 2035, etc.). The *RetirementIndex* for each TDF standard retirement year is based on a consensus (i.e., the average asset allocation for the managers, collectively) for each asset class. NextCapital Advisers, through proprietary methodology, determines the asset class allocations in one-year increments by creating a glide path. A glide path is the gradual shift in portfolio allocation from equities to fixed income based on an investor's current age through the investor's expected retirement year.

The NextCapital RiskIndex ("*RiskIndex*") is a series of asset class allocations derived from the *RetirementIndex* glide path. The *RiskIndex* represents a transformation of the *RetirementIndex* glide path into a series of asset class model portfolios representing a broad spectrum of potential target risk exposures for investment purposes. These asset class model portfolios serve as the investment base for NextCapital Advisers' Non-Discretionary Advisory Service.

## **NextCapital Advisers' Retirement Goal Investment Advice Methodology**

NextCapital Advisers utilizes a Client's personal and financial information (and, if applicable, their spouse or partner's) in order to build a customized retirement plan. The plan consists of a personalized asset allocation strategy with a current portfolio assignment, recommendations on contribution rates and retirement age. The plan is designed to help the Client achieve a retirement income goal in at least 70% of the future projected economic scenarios. It is not always possible to achieve the goal, but the plan will seek to get the Client as close as possible.

The plan outputs (i.e., the personalized asset allocation strategy and recommendations on contribution rates and retirement age) are based on relevant Client information, such as financial capital (i.e., any linked financial assets), human capital (i.e., a Client's future earnings and savings potential), gender and marital status, health, and guaranteed income (e.g., Social Security). The Client's retirement income goal, personalized asset allocation strategy, and recommended contribution rate and retirement age are all interrelated. Thus, changing one factor may impact the others.

The *RetirementIndex* provides the baseline asset allocation for prudent, time-horizon-based investment management. NextCapital Advisers then adjusts the asset allocation based on additional Client information. Specifically, NextCapital Advisers seeks to personalize the asset allocation strategy for each Client based on four primary factors: (i) human capital; (ii) a funded ratio (i.e., a Client's ability to achieve a retirement spending goal with current savings and future contributions); (iii) sequence risk (e.g., the impact of a potential short-term extreme market event on the investment portfolio); and (iv) longevity (i.e., a Client's estimated life expectancy). NextCapital Advisers may also utilize additional information, as provided by Clients, related to the Client's risk preference (i.e., a Client's ability to withstand future market volatility and other market events). However, this additional information is not required.

Client profile information may be collected in several ways. Some information may be provided via data held at a record-keeper, while other information may need to be provided directly by the Client. Clients may complete a proprietary investor planning process produced by NextCapital Advisers before or during the initial account opening process, provide a high-level estimate of their financial situation, and/or link to independently held investment accounts with third-parties (hereinafter, "Held-Away" accounts) that are aggregated to the Software Platform (this option provides NextCapital Advisers with more detailed security and tax status information - e.g., 401(k), IRA, Roth, etc. - about a Client's financial plan). The investment methodology also utilizes default assumptions specified by NextCapital Advisers in the event that certain information is not provided by a Client in a questionnaire, or otherwise (e.g., if a Client does not enter the age at which they intend to retire, the investment methodology will use the default retirement target age).

In addition to the plan outputs outlined above, NextCapital Advisers will provide each Client with wealth and spend-down forecasts.

The Retirement Goal Investment Advice Methodology and, by extension, the Non-Discretionary Advisory Service relies on accurate information provided by each Client. As a Client's status changes over time, it is important that the Client update the information they provide to ensure their advice remains current and appropriately personalized. NextCapital Advisers' Retirement Goal Investment Advice Methodology is not intended to be short-term advice, and may not be suitable for all investors.

### **NextCapital Non-Discretionary Advisory Service**

NextCapital Advisers' Non-Discretionary Advisory Service includes: (i) providing the *RetirementIndex* glide path and *RiskIndex* asset allocation models; (ii) providing a personalized advice framework that generates a retirement goal-based financial plan, including asset class portfolio assignment, savings and retirement age; and (iii) varying combinations of (i)-(ii), above.

As previously stated, NextCapital Advisers licenses the Software Platform used to formulate non-discretionary investment recommendations from its affiliate, NextCapital Software.

### **Risks Associated with NextCapital Advisers' Investment Advisory Services**

*Risk of Loss.* The identification of investment opportunities is difficult and involves a significant degree of uncertainty. Investing in securities involves a risk of loss. NextCapital Advisers does not guarantee the future performance of any Client's account, or the success of any investment recommendation or strategy that NextCapital Advisers may make for a client's portfolio.

*Risks Associated with Using an Algorithm.* The algorithms used by NextCapital Advisers are based on NextCapital Advisers' capital market assumptions and analysis. The investment objectives of the algorithms are not intended to replicate a perfect "model" portfolio, but are, instead, intended to reflect NextCapital Advisers' investment philosophy. When these algorithms are used to implement and re-balance Client portfolios, they do not consider prevailing market conditions when trading within Client portfolios (Note: re-balancing and trading does not apply to Non-Discretionary Advisory Services). These models and systems also entail the use of sophisticated statistical calculations and complex computer systems, and there is no assurance that NextCapital Advisers will be successful in carrying out such calculations correctly, or that the use of these quantitative models and systems will not expose Clients to the risk of significant losses. More specifically, NextCapital Advisers' ability to implement key investment objectives is dependent on a number of considerations, including, but not limited to, the economic, analytical and mathematical components of each model, the accurate encapsulation of those components in a complex computational

environment (including the Software Platform), the data quality incorporated into the models, changes in market conditions, the successful expression of the models' views into any applicable investment recommendation, and the ability of NextCapital Advisers authorized personnel to interpret model outputs. Several of the aforementioned considerations (and others) present the possibility of human error. Consequently, while NextCapital Advisers employs controls to help ensure that models are sound in their development and appropriately adapted, calibrated and implemented into the Software Platform, the risks and certain errors associated with algorithms can and will persist. Furthermore, errors may be very difficult to detect in some instances, with some errors potentially going undetected for long periods of time, or not detected at all. NextCapital Advisers' controls and processes are designed to help ensure that certain types of errors are subject to review once discovered, however, the effect of errors on the investment process and, as applicable, Client account performance (positive or negative) may not be fully apparent when discovered.

The SEC has provided further information for investors to consider when utilizing digital advice services. The SEC guidance can be accessed using the following web address:

[https://www.sec.gov/oiea/investor-alerts-bulletins/ib\\_robo-advisers.html](https://www.sec.gov/oiea/investor-alerts-bulletins/ib_robo-advisers.html)

*Risks Related to Accuracy of Information.* NextCapital Advisers bases its investment recommendations on information provided by Clients. As such, if a Client were to provide NextCapital Advisers with inaccurate or false information, or fail to provide material information, the quality and applicability of the investment strategies, recommendations made to, and, if applicable, management of accounts of such clients by NextCapital Advisers may be materially impacted. NextCapital Advisers may also receive data and information about Client accounts from their custodian or broker. Additionally, NextCapital Advisers may utilize data and information from one or more third party data providers in order to evaluate and analyze securities. If such data and/or information were to prove inaccurate, false or otherwise materially compromised, NextCapital Advisers may be materially impacted.

*Cybersecurity and Information Security Risks.* Investment advisers, including NextCapital Advisers, must rely, in part, on digital and network technologies (collectively, "Networks") to conduct their businesses. Such Networks are at risk of cyber attacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. Cyber attacks are carried out by persons using techniques that could range from efforts to electronically circumvent Network security (or overwhelm websites), to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain Network access. NextCapital Advisers maintains an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of its internal

data. Nevertheless, cyber incidents could potentially occur, and such incidents could result in unauthorized access to sensitive information about NextCapital Advisers or Clients.

*Market Risks.* The recommendations NextCapital Advisers provides and other information comprising a recommended investment strategy may be time sensitive, especially during times of significant market volatility. Thus, acting on an investment recommendation after the date of recommendation may cause significant losses to a Client's portfolio. Moreover, the success of NextCapital Advisers' investment strategy and recommendations may be significantly and adversely affected by general economic and market conditions, such as changes in interest rates, the availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the investments NextCapital Advisers recommends to Clients.

*Regulatory and Legal Risks.* Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: (i) changes to federal and state securities laws; the (ii) outcome of regulatory examinations, investigations and enforcement actions; (iii) changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and (iv) changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). In certain circumstances, a Client may incur taxable income on their investments without a cash distribution to pay the tax due. Recommendations provided by NextCapital Advisers may also be affected by changes in domestic and international current events and political circumstances. Moreover, recommendations may also be adversely affected by individual legal claims and class action claims.

*Foreign Investing and Emerging Markets Risks.* Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices, and foreign regulation may be inadequate or irregular.

*ETF and Mutual Fund Risks.* ETF or mutual fund performance may not exactly match the performance of the index or market benchmark that the ETF or mutual fund is designed to track for many reasons, including:

- The ETF or mutual fund will incur expenses and transaction costs not incurred by any applicable index or market benchmark;
- Certain securities comprising the index or market benchmark tracked by the ETF or mutual fund may, from time to time, be temporarily unavailable;
- Certain ETFs or mutual funds may use synthetic products to reduce tracking error with the market benchmark tracked by the fund, which, in turn, relies on the synthetic counterparty to carry through with its obligation to pay the agreed upon index return. If that does not occur, the ETF or mutual fund risks incurring losses that would impact investors; and
- Supply and demand in the market for either the ETF and/or for the securities held by the ETF or mutual fund may cause the ETF or mutual fund shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF or mutual fund.

Certain ETF or mutual fund strategies may, from time to time, include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

An ETF or mutual fund typically includes embedded expenses that may reduce the ETF or mutual fund's net asset value, and therefore directly affect the fund's performance and, in turn, affect a client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF or mutual fund expenses may change from time to time at the sole discretion of the ETF or mutual fund issuer.

A mutual fund may keep a portion of its assets in low-paying cash alternatives to allow the mutual fund to meet investor redemption requests. If that amount is substantial, it can reduce a fund's returns to a Client account. The mutual fund can also be affected by the actions of other investors. If a mutual fund experiences an increase in redemption demands, the mutual fund manager might have to sell investments at a less than ideal time to meet those demands. Likewise, if a mutual fund has a sudden influx of money, it might have difficulty finding worthy investments.

The timing of a purchase or sale of a mutual fund in a taxable account can affect a Client's tax liability, as mutual funds pass-through dividends and capital gains resulting from activity in the mutual fund. This typically occurs once per year around year-end; however, if a taxable Client account purchases mutual fund shares just before this distribution, the Client will owe taxes that year on that distribution, even if the Client's shares of the mutual fund have not appreciated. Dividends distributed from fixed income ETFs or mutual funds are technically interest income and

may be subject to tax at ordinary income tax rates. NextCapital Advisers does not provide tax advice. clients should consult their tax and accounting advisor before enrolling in the Non-Discretionary Advisory Service.

*Inflation, Currency, and Interest Rate Risks.* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which, in turn, may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets may be affected by the risk that currency devaluations affect Client purchasing power.

*Other Operational Risks.* NextCapital Advisers' investment advisory services are also subject to various operational risks that could emanate from a number of factors, including, but not limited to: human error, errors of service providers or other third parties, processing and communication errors, failed or inadequate processes, and technology or system failures.

**The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved with NextCapital Advisers' investment advisory services. Prospective clients should seek independent consult before deciding whether to utilize any of NextCapital Advisers' investment advisory services.**

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**Item 9:  
Disciplinary Information**

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There are no legal or disciplinary events that NextCapital Advisers believes are material to a Client's evaluation of NextCapital Advisers, or the integrity of NextCapital Advisers' management.

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**Item 10:  
Other Financial Industry Activities and Affiliations**

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NextCapital Advisers has no other financial industry activities or affiliations required to be disclosed in this Brochure.

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

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In accordance with the Advisers Act, as amended, NextCapital Advisers has adopted a Code of Ethics for all supervised persons of the firm describing NextCapital Advisers' standards of business conduct and fiduciary duty to act in the best interests of Clients. The Code of Ethics includes written policies and procedures governing the conduct of the firm's supervised persons, including, but not limited to, provisions relating to the confidentiality of Client information, a prohibition on insider trading, disclosure of conflicts of interest, restrictions on the acceptance of significant gifts (and the reporting of gifts and business entertainment items), personal securities trading, and limits on state and local political contributions, among others. All supervised persons at NextCapital Advisers must acknowledge adherence to the terms of the Code of Ethics on an annual basis, or as amended. Upon request, NextCapital Advisers will provide a copy of the Code of Ethics to Clients and prospective clients. To request a copy of the Code of Ethics, please contact NextCapital Advisers at: [compliance@nextcapital.com](mailto:compliance@nextcapital.com).

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**Item 12:  
Brokerage Practices**

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For the Non-Discretionary Advisory Service, NextCapital Advisers does not select or recommend broker-dealers for Client transactions. Because NextCapital Advisers does not have discretionary authority to determine the broker-dealer to be used, or the commission rates to be paid, Clients are responsible for their own broker-dealer transactions, including any commissions owed.

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**Item 13:  
Review of Accounts**

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Non-Discretionary Advisory Service Client accounts are reviewed via algorithms run through the Software Platform and/or other advisory platform tools provided to NextCapital Advisers by Pershing Advisor Solutions LLC.

NextCapital Advisers personnel oversee these outputs, insofar as Client accounts are reviewed periodically based on information provided by the Client. It should be noted that no re-balancing of Client asset allocations takes place due to the non-discretionary nature of NextCapital's Non-Discretionary Advisory Services.

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

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NextCapital Advisers does not have any referral arrangements whereby it compensates third-parties for referring Clients to NextCapital Advisers.

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**Item 15:  
Custody**

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For the Non-Discretionary Advisory Service, NextCapital Advisers does not have custody over the funds and securities in Client accounts. Clients should receive periodic statements from the custodian(s) that hold and maintain their investment assets. NextCapital Advisers urges each Client to carefully review these statements.

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**Item 16:  
Investment Discretion**

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As part of the Non-Discretionary Advisory Service, NextCapital Advisers does not accept or exercise discretionary authority over the management of Client accounts.

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**Item 17:  
Voting Client Securities**

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NextCapital Advisers does not vote proxies on behalf of Non-Discretionary Advisory Service Clients. Furthermore, NextCapital Advisers will not take any action on legal notices it or a Client may receive from issuers of securities held by a Client.

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**Item 18:  
Financial Information**

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NextCapital Advisers does not require or solicit prepayment of more than \$1,200 in fees per Client (six months or more in advance), and, therefore, no financial information is required to be provided by NextCapital Advisers. NextCapital Advisers has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients, and NextCapital Advisers has not been the subject of a bankruptcy.



## Firm Brochure Supplement

of

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March 25, 2020

**This Brochure Supplement provides information about certain NextCapital Advisers, Inc., (“NextCapital Advisers”) employees that supplements the NextCapital Advisers ADV Part 2A Firm Brochure you should have received. Please contact NextCapital Advisers at (312) 741-1497 or [compliance@nextcapital.com](mailto:compliance@nextcapital.com) if you did not receive NextCapital Advisers’ Firm Brochure or if you have any questions about the contents of this Brochure Supplement. Additional information about NextCapital Advisers is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**NextCapital Advisers’ investment advice is provided by a team comprised of more than five Supervised Persons. NextCapital Advisers has provided supplementary information below for the Supervised Persons with the most significant responsibility for the day-to-day advice provided to clients.**

## **Dirk Quayle, CFA**

Born 1963

### Education

BBA, Finance, University of Iowa 1985

CFA, CFA Institute, 1992

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### Business Background

1986-1989 AVP, Sumitomo Bank LTD.

1989-1997 Director, VP., Deutsche Bank AG.

1997-2014 President, Business Logic Corp.

2014-present President, NextCapital Advisers, Inc. and President, NextCapital Group

### Disciplinary Information

None

### Other Business Activity

None

### Additional Compensation

None

### Supervision

Mr. Quayle is supervised by John Patterson, CEO and Chairman of NextCapital Group pursuant to NextCapital's policies and procedures.

## **Robert Foregger**

Born 1968

### Education

BS, Business Administration, University of Vermont 1990

### Business Background

1991-1995 Senior Product Manager, Blanchard Funds.  
1995-1997 Senior Product Manager, Signet Financial Services  
1998-2007 COO, EverBank.com and Chief Strategy Officer, EverBank Financial Corporation.  
2007-2008 President, Fidelity Investments Personal Trust Co. and SVP, Fidelity Investments.  
2009-2011 Chief Strategy Officer, Personal Capital Corporation  
2013-present EVP, NextCapital Advisers, Inc. and EVP, NextCapital Group

Disciplinary Information

None

Other Business Activity

Board Member, Ursa Major Corporation

Additional Compensation

None

Supervision

Mr. Foregger is supervised by John Patterson, CEO and Chairman of NextCapital Group pursuant to NextCapital's policies and procedures.

**David Slusarski**

Born 1974

Education

BBA, Finance, Loyola University of Chicago 1999

Business Background

1999-2001 AVP Risk Management, TD Waterhouse, Inc.  
2001-2008 Group Manager, Trading & Trade Operations, Fisher Investments, Inc.  
2009-2013 Principal, Client & Portfolio Operations, Structural Investment Management LLC  
2013-2015 Independent Financial Consultant  
2015-2017 Chief Compliance Officer, NextCapital Advisers, Inc.  
2015-2018 Director, Portfolio Operations, NextCapital Advisers, Inc.  
2018-present Vice President, Portfolio Operations, NextCapital Advisers, Inc.

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Slusarski is supervised by Mr. Quayle pursuant to NextCapital's policies and procedures.

**Tristan Linke**

Born 1985

Education

B.A. (Hons.) in European Business with Distinction, Finance, DCU Business School, 2010  
Diplom-Betriebswirt in Diplom-Betriebswirt in Europäischer Betriebswirtschaft Distinction (German M.Sc. equivalent), Management, Economics and Finance, ESB Business School, 2010  
M.Sc., Quantitative Finance with Distinction, Financial Econometrics, Lancaster University, 2011  
Visiting Ph.D. candidate, Finance, Faculty of Business & Economics, University of Amsterdam, 2015  
Ph.D., Finance, Financial Econometrics, Lancaster University Management School, 2011-2016

Business Background

2007	Summer Analyst, Lehman Brothers International, Zürich, Switzerland
2007-2008	Analyst M&A, Helbling Corporate Finance AG, Helbling Group, Zürich, Switzerland
2009	Analyst, Credit Suisse Analyst Investment Banking, Zürich, Switzerland
2012-2016	Teaching Associate, Dept. of Accounting and Finance, Lancaster University
2016-2017	Senior Analyst, NextCapital Advisers, Inc.
2017-2019	Director, Research, NextCapital Advisers, Inc.
2019-Present	(Outside) Vice President, Advice Research and Methodology

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Linke is supervised by Mr. Quayle pursuant to NextCapital's policies and procedures.