

# PARAMOUNT

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## ASSOCIATES

### **Paramount Associates LLC**

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Greenwood Village, CO 80111

720-921-1000

## **Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure**

March 29, 2024

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Paramount Associates LLC (“Paramount Associates”). If you have any questions about the contents of this brochure, please contact us at 720-921-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Paramount Associates is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Paramount Associates LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a IARD number. The IARD number for Paramount Associates LLC is 288537.

## ITEM 2 – Material Changes

This section of the Wrap Brochure will address only those “material changes” that have been incorporated since our last amendment in March 26, 2023 or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- There are no material changes.

We encourage you to read this document in its entirety.

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## ITEM 4 – Services, Fees & Compensation

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We offer a wrap fee program as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Our Wrap Advisory Services**

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We offer both discretionary and non-discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio reports, financial commentaries, and ongoing monitoring of client portfolios. We primarily allocate client assets among various mutual funds, exchange-traded funds ("ETFs"), and individual debt (bonds) and equity securities in accordance with their stated investment objectives.

We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This information enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we will recommend you engage the services of other professionals for implementation purposes. You have the right to decide whether or not to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing investment review and management services. This approach requires us to review your portfolio at least quarterly.

For discretionary accounts, we will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. We trade these portfolios and rebalance them based on the combination of our market views and your objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from you.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks may exist that adversely affect an account's performance. This could result in capital losses in your account.

Through the Financial Planning process, we strive to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future

generations. With the unique goals and circumstances of each family in mind, we offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer and family legacy objectives. We partner with your other advisors (CPA, Estate Attorney, Insurance broker, etc.) to ensure a coordinated effort of all parties toward your stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals.
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and estate planning.
- Creation of a unique plan for each goal you have including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals.
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention.
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation and transfer, including liquidity as well as various insurance and possible company benefits.
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.

A written evaluation of your initial situation or Financial Plan is provided to you. More frequent reviews occur but are not necessarily communicated to you unless immediate changes are recommended.

### **Third Party Managers**

We provide investment advice and recommendations on the investment strategies of Third Party Managers ("Managers" or "TPM"). Selected Managers are evaluated by Paramount Associates for client use. Our services include assisting you in identifying your investment objectives and matching personal and financial data with a select list of Managers. The intent of this service is to have a selected list of high quality and recognizable third party investment management firms from which you select one or more Managers to handle the day-to-day management of your account(s). Following recommendations by our us, you will have final authority to select a Manager. We will assist you in completing appropriate documents.

We will assist you with identifying their risk tolerance and investment objectives. We will recommend TPMs in relation to the your stated investment objectives and risk tolerance. You select a recommended TPM based upon your needs. Clients will enter a Third Party Advisory Program Agreement directly with Paramount Associates.

Managers selected for your investments need to meet several quantitative and qualitative criteria established by Paramount Associates. Among the criteria that may be considered are the Manager's experience, assets under management, performance record, client retention, the level of client services

provided, investment style, buy and sell disciplines, capitalization level, and the general investment process.

You are advised and should understand that:

- **A Manager's past performance is no guarantee of future results;**
  - There is a certain market and/or interest rate risk which may adversely affect any Manager's objectives and strategies, and could cause a loss in a Client's account(s); and
  - Client risk parameters or comparative index selections provided to Paramount Associates are guidelines only and there is no guarantee that they will be met or not be exceeded.

We will be available to answer questions the client may have regarding your account and act as the communication conduit between you and the Manager. Managers may take discretionary authority to determine the securities to be purchased and sold for your account. Neither Paramount Associates nor its associated persons will have any trading authority with respect to clients' managed account with the TPM(s).

All accounts are managed by the selected Manager and we do not have any discretionary trading authority with respect to such accounts. Information collected by our firm regarding Managers is believed to be reliable and accurate but we do not necessarily independently review or verify it on all occasions. All performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and Paramount Associates. We do not audit or verify that these results are calculated on a uniform or consistent basis as provided by a Manager directly to us or through the consulting service utilized by the Manager.

Paramount Associates has entered into agreements with various independent Managers. Under these agreements, we offer client's various types of programs sponsored by these Managers. All third-party Managers to whom Paramount Associates will refer clients will be licensed as registered investment advisors by their resident state and any applicable jurisdictions or registered investment advisors with the Securities and Exchange Commission.

Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the Manager's services, fee schedules and account minimums will be disclosed in the Manager's Form ADV or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and an account is established.

### **Relative Cost of the Program**

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have

an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by acting in the client's best interest.

Paramount Associates charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account-maintenance activities. Our recommended custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis and billed quarterly in advance. The initial fee will be based upon the market value of the portfolio on the date the account was funded, prorated for the number of days in the quarter that your account is under management. Thereafter, the quarterly fee will be calculated on the close of the last business day of the prior calendar quarter. The market value will be determined as reported by the Custodian. Unless otherwise agreed upon and stated in the Investment Management Agreement, fees are assessed on all assets under management, including securities, cash and money market balances. When applicable and noted in the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

Our maximum annual advisory fee is for accounts paying a percentage of assets under management is 1.50%. The specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. Additional deposits and withdrawals exceeding \$5,000.00 will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the account fee. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the client, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We would do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could cause your account(s) to be assessed a lower advisory fee.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. At our discretion, you may pay the advisory fees by check. You are encouraged to review your account statements for accuracy. In addition, Paramount Associates will send an invoice to the client on a quarterly basis.

The investment advisory Agreement may be terminated by the client within five (5) business days of signing the Agreement without penalty or incurring any advisory fees. After the 5 business days, either Paramount Associates or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the

quarter in which the cancellation notice was given and the unearned fee refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Paramount Associates will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

Fees and billing methods are outlined in each respective Manager's Brochure and Advisory Contract. The Client pays an on-going fee directly to the Manager based upon a percentage of your assets under management with respect to each Manager. You will receive disclosure of all fees by the TPM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPM.

The minimum account size for participating in a TPM Program will vary from Manager to Manager. All such minimums will be disclosed in the respective Manager's Brochure. We may have the ability to negotiate such minimums for you.

You may terminate your relationship in accordance with the respective Managers' disclosure documents. Pre-paid fees will be refunded in accordance with the respective Manager's agreement and disclosure documents.

We may recommend you terminate the relationship with a Manager. Factors involved in the termination of a Manager may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the Manager, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the Manager on our list of approved Managers.

We offer several investment management programs. Account custodial services may be provided by several account custodians depending on the investment management program offered. Programs may have higher or lower fees than other programs available through Paramount Associates or available elsewhere. Investment management programs may differ in the services provided and method or type of management offered, and each may have different account minimums. Client reports will depend upon the management program selected. Please see complete details in the program brochure and custodial account agreement for each program recommended and offered. Because managers pay different fees to the referring party, there is a conflict of interest when referring to various TPMs. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest.

### **Other Types of Fees & Expenses**

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, wire transfer fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

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### **ITEM 5 – Account Requirements & Types of Clients**

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We provide investment advice to individuals, high-net-worth individuals, family foundations, trusts, charitable organizations and retirement plans. Our minimum initial account value is \$250,000; however, we may accept accounts for less than the minimum at our sole discretion.



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## ITEM 6 – Portfolio Manager Selection & Evaluation

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Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals. This creates a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by acting in the client's best interest.

### **Advisory Business**

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See Item 4 for information about our wrap fee advisory program. We offer individualized investment advice to clients utilizing our Wrap Portfolio Management service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

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We offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Performance-Based Fees & Side-By-Side Management**

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We do not charge performance fees to our clients.

### **Methods of Analysis, Investment Strategies & Risk of Loss**

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The first part of our investment philosophy always begins with a comprehensive financial plan. Investment return assumptions are based on need and risk tolerance. These assumptions are used to create an investment policy statement illustrating all parameters within the client's global allocation.

We utilize an economic driven global asset allocation model. Globally, we divide regions into the United States, Europe, Japan, and the Emerging Markets.

Every asset allocation includes:

- Global Equities:
  - US Large-Cap Growth
  - US Large-Cap Value
  - US Small and Mid-Cap Growth
  - US Small and Mid-Cap Value
  - European Equity
  - Japanese Equity
  - Emerging Markets
- Global Fixed Income:
  - Short-Term US Fixed Income
  - US Core Fixed Income
  - Inflation / LIBOR-linked Securities
  - US Investment Grade Corporates
  - International Fixed Income
  - Emerging Markets

- Alternatives:
  - REITs (publicly traded funds only)
  - Long / Short (mutual funds only)
  - Commodities (mutual funds only)

We monitor:

1. **Growth:** as measured by Gross Domestic Product and Leading Economic Indicators. The directional change is considered as increasing or decreasing. More emphasis may be allocated with significant momentum existing in either direction.
2. **Monetary Policy:** as measured by central bank policy. The directional change is considered as tightening or loosening. More emphasis may be allocated with significant momentum existing in either direction. Where possible we will use mutual funds that are dollar denominated or local currency denominated based upon valuations of currencies.
3. **Valuations:** as measured by Forward Price/Earnings ratios. Price/Earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months. Current values are measured against 25 year averages to assist in assignment to the asset class.

Depending on the global economy, a factor may be valued differently than previously detailed. Updates to the global asset allocation are made at that time, constructed exclusively through changes to economic elements.

Mutual funds are ranked based on risk adjusted return, rank in category, expense, potential capital gain exposure, capture ratio, beta, and alpha. Third Party Managers are ranked on risk adjusted return, rank in category, expense, capture ratio, beta, and alpha. Individual stocks, bonds and/or exchange traded funds may be utilized within the domestic asset classes.

Analysis of mutual fund / third party manager is done on an ongoing basis. Considerations are given to sectors and holdings within the mutual funds / separately managed accounts. Stress tests are evaluated utilizing current global economics and potential future shifts to economic factors.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Paramount Associates is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Your account is subject to the following risks:

- **Stock Market Risk** – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.

- **Managed Portfolio Risk** – The manager’s investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk** – The portfolio’s investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk** – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- **Emerging Markets Risk** – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Currency Risk** – The value of your portfolio’s investments may fall as a result of changes in exchange rates.
- **Interest Rate Risk**. The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- **Credit Risk**. Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- **Inflation Risk**. Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- **ETF and Mutual Fund Risk** – Investment in ETF or mutual funds, causes the client to bear additional expenses based on its pro rata share of the ETFs or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- **Management Risk** – Your investment with us varies with the success and failure of our research, analysis and determination of portfolio securities and the investment strategy employed. If the investment strategy does not produce the expected returns, the value of the investment will decrease.
- **Options Risk** - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

### **Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients can contact our office with questions about a particular proxy solicitation by phone at 720-921-1000.

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#### ITEM 7 – Client Information Provided to Portfolio Manager(s)

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Our financial advisors work with you directly to understand your current financial situation, existing resources, financial goals, and tolerance for risk. Our firm urges you to communicate to us any significant changes to your financial or personal circumstances, so that we can consider such information in managing your investments.

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#### ITEM 8 – Client Contact with Portfolio Manager(s)

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Our firm does not place restrictions on the client's ability to contact and consult their financial advisor. As the portfolio manager, clients are free to contact us at any time.

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#### ITEM 9 – Additional Information

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##### **Disciplinary Information**

We have determined that our firm has no disciplinary information to disclose. Please see each Investment Advisor Representative's Supplemental 2B Brochure for additional information relating to each advisor representative's educational background and history.

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##### **Financial Industry Activities & Affiliations**

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##### **Insurance**

Investment Adviser Representatives ("IAR") of Paramount Associates may act as agents appointed with various life, disability or other insurance companies, receive commissions, or other compensation from the respective product sponsors and/or as a result of affecting insurance transactions for clients. This creates a conflict of interest. We recognize the fiduciary responsibility to act in the best interest of our clients and have established policies in this regard to mitigate any conflicts of interest. You have the right to decide whether or not to engage the services of any such recommended professional.

##### **Brokerage Practices**

National Financial Services, LLC ("NFS"), member FINRA/SIPC, is an independent and unaffiliated SEC-registered broker-dealer. NFS offers services to independent investment advisors that include custody of securities, trade execution, clearance and settlement of transactions. We may receive certain additional economic benefit "(Additional Services)" that may or may not be offered to any other independent investment advisors participating in the program.

NFS provides the Additional Services to Paramount Associates' IARs in its sole discretion and at its own expense, and neither Paramount Associates nor its IARs pay any fees to NFS for the Additional Services. Paramount Associates and NFS have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent investment advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount):

receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. NFS may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by NFS through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at NFS. Other services made available by NFS are intended to help us manage and further develop our business enterprise. The benefits received by Paramount Associates or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to NFS. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Paramount Associates or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of NFS for custody and brokerage services.

Our receipt of Additional Services creates conflicts of interest. In providing Additional Services to us, NFS most-likely considers the amount and profitability to NFS of the assets in, and trades placed for, our client accounts maintained with NFS. NFS has the right to terminate the Additional Services Addendum with Paramount Associates, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from NFS, we may have an incentive to recommend to its clients that the assets under management by Paramount Associates be held in custody with NFS and to place transactions for client accounts with NFS. Paramount Associates' receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

In the event you request us to recommend a custodian for execution and/or custodial services, we generally recommend your account to be maintained at NFS. We may recommend that you establish accounts with NFS to maintain custody of your assets and to affect trades for your accounts. You have the right to act upon any recommendations, and if you elect to act upon any recommendations, you have the right to choose to place the transactions through any Custodian we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of Custodian or the reasonableness of their commissions.

We do not select or recommend Custodians based upon receiving client referrals from a Custodian or third party. We do not routinely recommend, request or require that you direct us to execute transaction through a specified Custodian. Additionally, we typically do not permit you to direct brokerage.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use Custodians other than your custodian to execute trades for your account. The practice of

using other Custodians may result in additional costs to you so that we are more likely to place trades through your custodian rather than through other Custodians. Your custodian's execution quality may be different than other Custodians.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

#### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

Paramount Associates and persons associated with us are allowed to invest for their own accounts or to invest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interests and have established policies in this regard to mitigate any conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts and other situations where there are conflicts of interest.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Paramount Associates, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions to ensure our firm's fiduciary responsibilities:

1. A director, officer or supervised employee of Paramount Associates shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or supervised employee of Paramount Associates shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
2. We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Paramount Associates.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account. All TPM accounts are managed by the selected Manager and we do not have any discretionary trading authority with respect to such accounts.
4. We emphasize the unrestricted right of the client to select and choose any custodian (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all supervised individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any supervised individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; Attn: Chief Compliance Officer.

### **Review of Accounts**

The underlying securities within the investment supervisory services are monitored on at least a monthly basis. These reviews will be made by Robert Scott Tremlett and Andrew Klein. An annual review with the client is usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More-frequent reviews may be

triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

Through an agreement with National Financial Services, LLC, we will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly. You are urged to compare the reports and invoices provided by Paramount Associates against the account statements you receive directly from your account Custodian.

### **Client Referrals & Other Compensation**

Paramount Associates refers clients to a Third Party Manager and will be paid an on-going fee by the Manager based upon a percentage of your assets under management with respect to each Manager. You will receive disclosure of all fees paid to Paramount Associates by the TPM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPM. Because managers pay different fees to the referring party, there is a conflict of interest when referring to various TPMs. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest.

As disclosed under Brokerage Practices, we participate in National Financial Services, LLC's institutional customer program and we may recommend NFS to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. NFS may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by NFS through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at NFS. Other services made available by NFS are intended to help us manage and further develop our business enterprise. The benefits received by Paramount Associates or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to NFS. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Paramount Associates or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of NFS for custody and brokerage services.



From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

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**Soft Dollars**

National Financial Services, LLC (NFS) provides Paramount Associates and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to NFS retail customers. NFS also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. NFS's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with NFS. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest.

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**Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We generally recommend that clients utilize the custody, brokerage and clearing services of NFS for investment management accounts. Each client will be required to establish their account(s) with this custodians if not already done. Please note that not all advisers have this requirement.

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**Financial Information**

We are not required to provide financial information in this Brochure because:

- ☐ We do not require the prepayment of more than \$500 in fees and six or more months in advance.
- ☐ We do not take custody of client funds or securities, except for our authorization to directly deduct fees as disclosed in item 4.
- ☐ We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.