

PARAMOUNT

ASSOCIATES

Paramount Associates LLC

6400 S. Fiddlers Green Circle #1310
Greenwood Village, CO 80111

720-463-0020

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

September 12, 2017

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 720-463-0020. 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. 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 delivery on May 22, 2017 or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

- Our Firm is moving from SEC registration to being registered with the State of Colorado.
- Effective August 1, 2017, our address has changed to:

6400 S. Fiddlers Green Circle #1310
Greenwood Village, CO 80111
720-463-0020

We encourage you to read this document in its entirety.

ITEM 3 – Table of Contents

ITEM 1 – Cover Page.....	1
ITEM 2 – Material Changes	2
ITEM 3 – Table of Contents	3
ITEM 4 – Services, Fees & Compensation.....	4
ITEM 5 – Account Requirements & Types of Clients	7
ITEM 6 – Portfolio Manager Selection & Evaluation	7
ITEM 7 – Client Information Provided to Portfolio Manager(s)	10
ITEM 8 – Client Contact with Portfolio Manager(s)	10
ITEM 9 – Additional Information.....	11

ITEM 4 – Services, Fees & Compensation

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

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.

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.

Where appropriate, we provide advice about any type of legacy position or other investment held in client portfolios. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

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.

In addition, 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 your 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 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 last business day of the partial quarter, prorated for the number of days in the quarter that your account is under management. Thereafter, the quarterly fee will be calculated on last day of the 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 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 potentially 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.

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 month 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.

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.

ITEM 5 – Account Requirements & Types of Clients

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.

ITEM 6 – Portfolio Manager Selection & Evaluation

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

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

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

We do not charge performance fees to our clients.

Methods of Analysis, Investment Strategies & Risk of Loss

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 (funds only)
 - Long / Short (funds only)
 - Commodities (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.

Examination 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 720-463-0020.

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

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.

ITEM 8 – Client Contact with Portfolio Manager(s)

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.

ITEM 9 – Additional Information

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.

Financial Industry Activities & Affiliations

Insurance

Investment Adviser Representatives ("IAR") of Paramount Associates may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. However, clients should note that they are under no obligation to purchase any insurance products through Paramount Associates.

Brokerage Practices

We participate in the Raymond James Financial, Inc. program. Raymond James Financial Inc. ("Raymond James"), member FINRA/SIPC, is an independent and unaffiliated SEC-registered broker-dealer. Raymond James 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.

Raymond James 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 Raymond James for the Additional Services. Paramount Associates and Raymond James 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. Raymond James 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 Raymond James 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 Raymond James. Other services made available by

Raymond James 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 Raymond James. 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 Raymond James for custody and brokerage services.

Our receipt of Additional Services raises the potential for conflicts of interest. In providing Additional Services to us, Raymond James most-likely considers the amount and profitability to Raymond James of the assets in, and trades placed for, our client accounts maintained with Raymond James. Raymond James 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 Raymond James, we may have an incentive to recommend to its clients that the assets under management by Paramount Associates be held in custody with Raymond James and to place transactions for client accounts with Raymond James. Paramount Associates's 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 broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at Raymond James. We may recommend that you establish accounts with Raymond James to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer 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 broker/dealer or the reasonableness of their commissions.

We do not select or recommend broker/dealers based upon receiving client referrals from a broker/dealer or third party. We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker/dealer. 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 broker/dealers other than your custodian to execute trades for your account. The practice of using other broker/dealers may result in additional costs to you so that we are more likely to place trades through your custodian rather than through other broker/dealers. Your custodian's execution quality may be different than other broker/dealers.

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 broker/dealer(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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Review of Accounts

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by each Investment Adviser Representative in addition to the Chief Compliance Officer or his designee. We offer the ability to meet with our clients on an annual basis to review their account. This review is usually conducted in person or by telephone. The number of accounts assigned depends on which IAR has the personal relationship with the client.

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.

You will receive quarterly statements and confirmation of transactions from the custodian.

Client Referrals & Other Compensation

Paramount Associates in its capacity as an investment adviser and pursuant to the Investment Advisers Act of 1940 and similar State rules and statutes, and the rules and regulations there under, as amended ("Advisers Act"), may engage solicitors ("Solicitors"), as that term is defined under the Advisers Act, for the sole purpose of permitting Solicitors to solicit investment advisory clients on Paramount Associates' behalf. The Solicitors will be registered with Paramount Associates. Solicitors will be subject to review by Paramount Associates on an ongoing basis with respect to their solicitation activities on behalf of Paramount Associates.

Unless otherwise disclosed, any such referral fee is paid solely from Paramount Associates' investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm, the solicitor is required to provide the client with Paramount Associates' written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement.

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.

As disclosed under Brokerage Practices, we participate in Raymond James's institutional customer program and we may recommend Raymond James 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. Raymond James 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 Raymond James 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 Raymond James. Other services made available by Raymond James 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 Raymond James. 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 Raymond James 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.

Soft Dollars

Our firm does not accept soft dollars such as those services that do not aid in investment decision-making or trade execution.

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 Raymond James for investment management accounts. Each client will be required to establish their account(s) with these custodians if not already done. Please note that not all advisers have this requirement.

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.