



PRIVATE WEALTH
MANAGEMENT

DISCLOSURE BROCHURE

Paragon Private Wealth Management, LLC

A Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Paragon Private Wealth Management LLC (hereinafter "Paragon Private Wealth" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, we have the following material changes to report:

- We updated the contact phone number in this brochure to (859)-300-3980.
- We have updated disclosures regarding IRA Rollover Recommendations. For additional information, see *Item 4. Advisory Business and Item 20. Additional Information*.
- We have added a Cash Management and Treasury service. For additional information, see *Item 4. Advisory Business and Item 5. Fees and Compensation*.
- We have added disclosure regarding financial planning service billing options to include fees occurring on a recurring basis. For additional information, see *Item 5. Fees and Compensation*.
- We have added disclosures concerning investment strategies and investments including digital assets. For additional information, see *Item 8. Methods of Analysis, Investment Strategies and Risk of Loss*.
- Our forgivable loan was transitioned from Live Oak Bank to Central Bank for a lesser amount. For additional information, see *Item 14. Client Referrals and Other Compensation*.
- We engage a third-party to vote proxies in a manner consistent with the firm's guidelines. For more information, see *Item 17. Voting Client Securities*.

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Item 4. Advisory Business

Paragon Private Wealth offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Paragon Private Wealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Paragon Private Wealth setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

Paragon Private Wealth filed for registration as an investment adviser in March 2021 and is owned by Justin Sherman and Catherine Salsman.

While this brochure generally describes the business of Paragon Private Wealth, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Paragon Private Wealth's behalf and are subject to the Firm's supervision or control.

Financial Planning and Consulting Services

Paragon Private Wealth offers, directly or through an affiliate, clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Analysis
- Trust and Estate Planning
- Insurance Planning
- Retirement Planning
- Bill Paying
- Tax Planning
- Investment Reporting on Alternatives
- Charitable Contribution Planning
- Education Planning

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Paragon Private Wealth is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. Paragon Private Wealth recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Paragon Private Wealth or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Paragon Private Wealth under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Paragon Private Wealth's recommendations and/or services.

Investment and Wealth Management Services

Paragon Private Wealth manages client investment portfolios on a discretionary or non-discretionary basis. In addition, Paragon Private Wealth primarily provides clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or nondiscretionary management of investment portfolios. The wealth management services do not include the “Non-Investment Management Services” described below.

Types of Investments

We offer advice on equity securities, corporate debt securities (other than commercial paper), municipal securities, variable life insurance, variable annuities, options contracts on securities, money market funds, real estate, REITs, structured products and ETFs. Paragon Private Wealth may also recommend independent investment managers (“Independent Managers”) in more limited circumstances.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage Paragon Private Wealth to manage and/or 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). In these situations, Paragon Private Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

Paragon Private Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Paragon Private Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Paragon Private Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Paragon Private Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

Retirement Plan Consulting Services

Paragon Private Wealth provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually customized and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Paragon Private Wealth as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Paragon Private Wealth’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

Use of Independent Managers

As mentioned above, Paragon Private Wealth selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Paragon Private Wealth evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Paragon Private Wealth also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Paragon Private Wealth continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Paragon Private Wealth seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Cash Management and Treasury

Paragon Private Wealth renders cash management and treasury investment options for state or municipal government entities (including government pension plans) on a non-discretionary basis. These services will adhere to Kentucky Revised Statutes 66.480 and will be limited to the following:

- ☐ US Treasury or other US Agency Obligations
- ☐ Money market or related mutual funds invest in or are collateralized with securities listed in (a)
- ☐ Bonds issued by the state of Kentucky or its agencies

All recommended transactions will be approved in writing by client before execution. These services are provided under a flat fee which is prorated and billed monthly. For more information on fees, see Item 5. Fees and Compensation.

Non-Investment Management Services

Paragon Private Wealth renders non-investment related management services to certain clients. These services include bill paying (including paying and monitoring bills and receivables), concierge services (including relocation, automobile shipping, travel, etc.), major purchase negotiations, banking support, tax management, risk management, and acting as liaison with other professionals provided by Paragon Business Management. These services are provided under a separate agreement with Paragon Business Management. Paragon Business Management is a distinct entity under common ownership and control with Paragon Private Wealth. As such, clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Paragon Business Management and affiliates providing certain services to clients of Paragon Business Management (ex. CPAs, attorneys, and etc.). These services are distinct and in addition to any services clients choose to engage through Private Wealth or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. This conflict is mitigated because clients are not obligated to engage services of Paragon Business Management.

IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, Paragon Private Wealth is providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Paragon Private Wealth benefits financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

Assets Under Management

As of February 13, 2023, Paragon Private Wealth has \$184,757,737 in assets under management all of which is managed on a discretionary basis. Paragon Private Wealth also manages \$4,732,032 of 401K allocation and monitoring services on a non-continuous basis.

Item 5 Fees and Compensation

Paragon Private Wealth offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offer insurance products under a separate commission-based arrangement.

Financial Planning and Consulting Fees

Paragon Private Wealth charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees typically range from \$500 to \$5,000 depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. Financial planning services may also be billed on a recurring basis, starting at \$250/mo. This fee varies depending upon the complexity and scope of the plan, your financial situation, and objectives. If the client engages the Firm for additional investment advisory services, Paragon Private Wealth can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services at our discretion.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement. Paragon Private Wealth requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees, six or more months in advance of services rendered.

You may terminate the financial planning agreement upon written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

Investment Management and Wealth Management Fees

Paragon Private Wealth offers investment management services and wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies between 50 and 150 basis points (0.50% - 1.50%), depending upon the size and composition of a client's portfolio, the type and amount of services rendered and the individual(s) providing the services.

The annual fee is prorated and charged monthly, in advance, based upon the market value of the average daily account balance during the previous month as determined by a party independent from the Firm (including the client's custodian or another third-party).

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Paragon Private Wealth can agree to a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for

the Firm to recommend that clients engage Paragon Private Wealth for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

Retirement Plan Consulting Fees

Paragon Private Wealth charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered and can be for a fixed fee or asset-based fee depending upon services provided and the amount of assets to be advised on.

Fee Discretion

Paragon Private Wealth may, in its sole discretion, agree to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

Additional Fees and Expenses

In addition to the advisory fees paid to Paragon Private Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Neither the Firm nor any of its Supervised Persons receive any share of the additional fees and expenses referenced above. The Firm's brokerage practices are described at length in Item 12, below.

Direct Fee Debit

Clients provide Paragon Private Wealth and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Paragon Private Wealth.

Use of Margin

Paragon Private Wealth can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Paragon Private Wealth only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

Account Additions and Withdrawals

Clients can make additions to and withdrawals from their account at any time, subject to Paragon Private Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Paragon Private Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Paragon Private Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

Compensation for the Sale of Securities or Other Investment Products

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Cash Management and Treasury

Paragon Private Wealth renders cash management and treasury investment options for state or municipal government entities on a non-discretionary basis. For more information about this service, refer to Item 4. Advisory Business. All recommended transactions will be approved in writing by client before execution. The Wealth Management Fee for this service is a flat fee that ranges from \$10,000 to \$50,000 annually, dependent on the assets under the Firm's management. This fee will be prorated and billed monthly. We will also bill and pay annual fees to Compass Municipal Advisors, LLC pursuant to the terms outlined in your Wealth Management Agreement.

Item 6 Performance-Based Fees and Side-By-Side Management

Paragon Private Wealth does not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

Paragon Private Wealth offers services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension and profit-sharing plans, and state or municipal government entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account at our discretion.

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

Method of Analysis

Paragon Private Wealth utilizes a fundamental method of analysis while employing an asset allocation strategy based on a derivative of Modern Portfolio Theory ("MPT").

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Paragon Private Wealth, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation, and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Modern Portfolio Theory ("MPT") is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints, and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, Paragon Private Wealth's investment process is structured in such a way to integrate those assumptions and real-life considerations for which MPT analytics do not account.

Investment Strategies

Paragon Private Wealth manages an individual equity portfolio that is based on fundamental analysis, including earnings estimate monitoring and valuation measures. The industry agnostic portfolio is monitored daily for changes. This strategy is the core of the portfolio, coupled with satellite diversifiers that are ETFs. The ETF screener used by the Firm uses modern portfolio theory analytics with a technical overlay that monitors momentum.

Risk of Loss

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Paragon Private Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Paragon Private Wealth will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Cash Management Risks

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Recommendation of Particular Types of Securities

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

Equity-Related Securities and Instruments

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid

secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Municipal Securities

Municipal securities, while generally thought of as safe, can have risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Use of Independent Managers

As stated above, Paragon Private Wealth selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Paragon Private Wealth continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Paragon Private Wealth does not have the ability to supervise the Independent Managers on a day-to-day basis.

Currency Risks

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

Digital Assets

Generally refers to an asset that is issued and/or transferred using distributed ledger or blockchain technology, including, "virtual currencies (also known as crypto-currencies)," "coins," and "tokens". We may invest in and/or advise clients on the purchase or sale of digital assets. This advice or investment may be in actual digital coins/tokens/currencies or via investment vehicles such as exchange traded funds (ETFs) or separately managed accounts (SMAs). The investment characteristics of Digital Assets generally differ from those of traditional securities, currencies, commodities. Digital Assets are not backed by a central bank or a national, international organization, any hard assets, human capital, or other form of credit and are relatively new to the marketplace. Rather, Digital Assets are market-based: a Digital Asset's value is determined by (and fluctuates often, according to) supply and demand factors, its adoption in the traditional commerce channels, and/or the value that various market participants place on it through their mutual agreement or transactions. The lack of history to these types of investments entail certain unknown risks, are very speculative and are not appropriate for all investors.

Price Volatility of Digital Assets Risk: A principal risk in trading Digital Assets is the rapid fluctuation of market price. The value of client portfolios relates in part to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the value of a client's portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex factors such as supply and demand; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual security vulnerability; and traditional risk factors including inflation levels; fiscal policy; interest rates; and political, natural and economic events.

Digital Asset Service Providers Risk: Service providers that support Digital Assets and the Digital Asset marketplace(s) may not be subject to the same regulatory and professional oversight as traditional securities service providers. Further, there is no assurance that the availability of and access to virtual currency service

providers will not be negatively affected by government regulation or supply and demand of Digital Assets. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.

Custody of Digital Assets Risk: Under the Advisers Act, SEC registered investment advisers are required to hold securities with “qualified custodians,” among other requirements. Certain Digital Assets may be deemed to be securities. Some Digital Assets do not currently fall under the SEC definition of security and therefore many of the companies providing Digital Assets custodial services fall outside of the SEC’s definition of “qualified custodian”. Accordingly, clients seeking to purchase actual digital coins/tokens/currencies may need to use nonqualified custodians to hold all or a portion of their Digital Assets.

Government Oversight of Digital Assets Risk: Regulatory agencies and/or the constructs responsible for oversight of Digital Assets or a Digital Asset network may not be fully developed and subject to change. Regulators may adopt laws, regulations, policies, or rules directly or indirectly affecting Digital Assets their treatment, transacting, custody, and valuation.

Interest Rate Risks

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining our services.

ESG Criteria

Paragon Private Wealth may recommend securities based on Environmental, Social, and Governance ("ESG") criteria. All investments are screened using ESG criteria through internal screening sources. The purpose is to seek an additional level of risk management and long-term value by investing in companies that provide a positive impact in the world and avoid companies that don't take responsibility and care of all stakeholders including; shareholders, communities, environment, and the supply chain.

ESG screening has risks including that it may not encompass all environmental, social or governance issues and that such an approach may not lead to greater portfolio performance.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

Tax Considerations

Paragon Private Wealth's strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other

factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Structured Products

A structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. They have a fixed maturity and, have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these products are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured products involves a number of risks including but not limited to fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and, other events that are difficult to predict.

Item 9 Disciplinary Information

Paragon Private Wealth has not been involved in any legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

Licensed Insurance Agents of Agency

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully disclosed commissionable basis. The Firm may also provide such services directly as a licensed insurance agency in the future. A conflict of interest exists to the extent that Paragon Private Wealth recommends the purchase of insurance products where it or its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such compensation.

Accounting Services

Paragon Private Wealth can render accounting services to clients. Alternatively, the Firm is contemplating referring clients to an affiliate to be set-up to provide accounting services. Should the Firm provide the services through an affiliate, there exists a conflict of interest to the extent that the Firm recommends the accounting services of the affiliate, and its Supervised Persons receive compensation by virtue of their affiliation therewith.

Non-Investment Management Services

The non-investment management services described in Item 4, above, may be provided to clients by an affiliate in the future. Should the Firm provide the services through an affiliate, there exists a conflict of interest to the extent that the Firm recommends the non-investment management services of the affiliate, and its Supervised Persons receive compensation by virtue of their affiliation therewith.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client

transactions beyond the provision of investment advisory services as disclosed in this brochure.

Item 12 Brokerage Practices

Recommendation of Broker-Dealers for Client Transactions

Paragon Private Wealth recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Paragon Private Wealth is independently owned and operated and not affiliated with Schwab. Schwab provides Paragon Private Wealth with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Paragon Private Wealth considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab enables the Firm to obtain many mutual funds without transaction charges.

The commissions paid by Paragon Private Wealth's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions to Schwab (and not to the Firm or its Supervised Persons) that are higher than another qualified Financial Institution might charge to affect the same transaction where Paragon Private Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Paragon Private Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Paragon Private Wealth periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions

Paragon Private Wealth receives without cost from Schwab administrative support, computer software, related systems support, as well as other third-party support as further described below (together "Support") which allow Paragon Private Wealth to better monitor client accounts maintained at Schwab and otherwise conduct its business. Paragon Private Wealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Paragon Private Wealth, but not its clients directly. Clients should be aware that Paragon Private Wealth's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, Paragon Private Wealth endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Paragon Private Wealth receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its

institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information. In addition, the Firm receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional, or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Paragon Private Wealth by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Paragon Private Wealth in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to Paragon Private Wealth other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Paragon Private Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

Brokerage for Client Referrals

Paragon Private Wealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

The client may direct Paragon Private Wealth in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Paragon Private Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Paragon Private Wealth may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Trade Aggregation

Transactions for each client will be effected independently, unless Paragon Private Wealth decides to purchase or sell the same securities for several clients at approximately the same time. Paragon Private Wealth may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Paragon Private Wealth’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Paragon Private Wealth’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Paragon Private Wealth does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Item 13 Review of Accounts

Account Reviews

Paragon Private Wealth monitors client portfolios on a continuous and ongoing basis and performs regular account reviews. This includes research analysis, weekly portfolio meetings, and monthly specific account reviews. Such reviews are conducted by the Firm's Principal and staff. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Paragon Private Wealth and to keep the Firm informed of any changes thereto.

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

Paragon Private Wealth will review financial plans as needed, depending on the arrangements made with you at the inception of your advisory relationship to ensure that the advice provided is consistent with your investment needs and objectives. Generally, we will contact you periodically to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss and/or disability, among others. We recommend meeting with you at least annually to review and update your plan if needed. Additional reviews will be conducted upon your request. Such reviews and updates may be subject to our then current hourly rate. Written updates to the financial plan may be provided in conjunction with the review. If you implement financial planning advice, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. On a quarterly basis, or as otherwise requested by clients, clients may also receive written or electronic reports from Paragon Private Wealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Paragon Private Wealth or an outside service provider.

Item 14 Client Referrals and Other Compensation

Client Referrals

We directly compensate non-employee (outside) consultants, individuals, and/or entities (solicitors) for client referrals. In order to receive a cash referral fee from us, solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to us by a solicitor, you should have received a copy of this brochure along with the solicitor's disclosure statement at the time of the referral. If you become a client,

the solicitor that referred you to us will receive either a one-time fixed referral fee at the time you enter into an advisory agreement with us or a percentage of the advisory fee you pay us for as long as you are our client, or until such time as our agreement with the solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a solicitor are contingent upon your entering into an advisory agreement with us. Therefore, a solicitor has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the solicitor's compensation is less favorable.

Other Compensation

The Firm receives economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

Forgivable Loan

We have also entered into an agreement with Central Bank whereby Central Bank has provided funding to our firm, in the form of a forgivable loan, for the purpose of establishing and growing our investment advisory business.

Item 15 Custody

Paragon Private Wealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, Paragon Private Wealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Paragon Private Wealth. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

Surprise Independent Examination

As Paragon Private Wealth is deemed to have custody over clients' cash, bank accounts or securities due to the bill paying services referenced above as well as transfer/check writing authority and maintaining client log-ins to access outside accounts, the Firm is required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Paragon Private Wealth does not have direct access to client funds as they are maintained with an independent qualified custodian.

Standing Letter of Authorization

Paragon Private Wealth also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

Item 16 Investment Discretion

Paragon Private Wealth is given the authority to exercise discretion on behalf of some clients. Paragon Private Wealth is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Paragon Private Wealth is given this authority through the agreement between Paragon Private Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Paragon Private Wealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

Item 17 Voting Client Securities

Acceptance of Proxy Voting Authority

Paragon Private Wealth accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When Paragon Private Wealth accepts such responsibility, the firm engages a third-party to vote proxies in accordance with our guidelines. Absent special circumstances, which are fully described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Paragon Private Wealth's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Paragon Private Wealth to request information about how the Firm voted proxies for that client's securities or to get a copy of Paragon Private Wealth's Proxy Voting Policies and Procedures.

Item 18 Financial Information

Paragon Private Wealth is not required to disclose any financial information listed in the instructions to Item 18 because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We will assist you, in conjunction with your legal counsel or other professionals, in filing claims with the claims administrator to participate in any settlement proceeds related to class action settlements involving a security held in your portfolio. We may also work with your legal counsel to determine whether you are eligible to participate in class action litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held in your portfolio.

IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 - a. Employer retirement plans generally have a more limited investment menu than IRAs.
 - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.