

PARAGON OUTCOMES MANAGEMENT LLC

Form ADV Part 2A (The “Brochure”)

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This Brochure provides information about the qualifications and business practices of Paragon Outcomes Management LLC (“Paragon Outcomes Management,” “Paragon” or the “Adviser”). If you have any questions about the contents of this Brochure, or to receive a current copy of it free of charge, please contact Steven Ruggeri, Chief Compliance Officer at (646) 368-6885 or sruggeri@paragonoutcomes.com. 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 Adviser is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This document amends and restates, in full, our Brochure, the previous version dated as of March 29, 2022.

The Adviser does not consider any of the other information contained in this version of the Brochure to represent a material change from the information contained in its most recent previous version. Our current and future investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

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Item 4 Advisory Business

Paragon Outcomes Management is an investment adviser with its principal place of business in New York, New York. Paragon Outcomes Management is organized as a limited liability company under the laws of the State of Delaware. The Adviser commenced operations in January 2009. The managing member of Paragon Outcomes Management is Paragon Outcomes Management, LP (“POM LP”). The general partner of POM LP is Paragon Outcomes Management GP, LLC (“POM GP”). Frank Tripoli is the principal owner of both POM GP and POM LP.

Paragon Outcomes Management and its affiliates provide investment advisory services on both a discretionary and nondiscretionary basis. As part of its investment advisory business, the Adviser (i) manages portfolios of pooled investment vehicles (the “Funds”); and (ii) provides management, advisory and monitoring services to privately-owned corporations (the “Accounts”).

The Funds are investment vehicles that Paragon manages on a discretionary basis. The Funds are intended for sophisticated investors that aim to invest in a broad range of private investments. Examples of these may include equity or debt investments in real estate and other asset backed operating businesses; preferred equity interest in private or public companies; and direct lending. The Funds have historically invested, and may continue to invest, in mutual funds, hedge funds, private equity funds and other investments; provided, however, that the Adviser has the flexibility to invest in any security and in any sector of the market. For its investments in operating companies and private equity, Paragon generally invests alongside joint venture partners who have specific expertise that Paragon believes may enhance the value or availability of such investments. To control any risks that may be associated with joint venture partner arrangements, Paragon often retains certain control rights where the Adviser may be able terminate its relationship with the joint venture partner or effect other changes regarding the investment in its sole discretion.

The Adviser also advises Accounts on a nondiscretionary basis. The services provided to the Accounts may range from recommendations on asset allocation, meeting with investment or management teams and monitoring their ongoing performance.

The Funds and/or the Accounts may be collectively or individually referred to as the “Clients” in this Part 2A of Form ADV.

Paragon Outcomes Management tailors its advisory services to the individual needs of its Clients based upon its understanding of each Client’s financial situation, goals and objectives. Clients may impose restrictions on investment in certain securities or types of securities.

The Adviser does not participate in wrap fee programs.

As of December 31, 2022, Paragon Outcomes Management had net assets under management of approximately \$216.9 million on a discretionary basis and approximately \$1.38 million on a nondiscretionary basis. Please note that these numbers are a good faith estimate, unaudited and subject to change upon audit.

Item 5 Fees and Compensation

The Clients generally pay the Adviser a management fee of 1% per annum. The management fees are calculated and paid quarterly in advance based on the value of each underlying investor’s capital account as of the beginning of each fiscal quarter. The management fees are prorated for periods lasting less than a full quarter. In addition, the Clients make an annual performance-based allocation to an affiliate of the

Adviser (the “Incentive Allocation”). The Incentive Allocation ranges from 15% - 20% of each investor’s new appreciation related to its capital account as of the close of such fiscal year. Fees will generally be deducted from the Funds’ custodial accounts.

The Adviser or its affiliates, in its sole discretion, may waive all or any portion of the management fees/advisory fees or the Incentive Fees/Incentive Allocations for certain investors.

As previously stated, the Clients may invest in third party investment vehicles, such as hedge funds and private equity funds. The third-party managers of such investment vehicles generally charge management and incentive fees that are in addition to the fees payable to the Adviser. For direct investments in real estate or asset-backed operating businesses, which are generally set up as joint venture vehicles, the Funds may incur property manager fees and other asset manager fees typically paid to the joint venture partner. These fees vary from investment to investment.

Investors are encouraged to review the particular governing documents for the Funds in which they are invested which will disclose specific fees related to their investment with the Adviser.

Clients generally will pay some or all the following expenses in connection with the Adviser’s services: (i) all operating expenses of the Client such as tax preparation fees, governmental fees and taxes, insurance (including liability insurance and other coverages for the benefit of the Company, the Investment Manager, the Managing Member and their personnel), administrator fees, and ongoing legal, accounting, auditing, bookkeeping and other professional fees and expenses; (ii) all fees to protect or preserve any investment held by the Client, as the case may be, as determined in good faith by the Adviser or its affiliates, including all fees and expenses in connection with the enforcement of the Client’s rights and remedies with respect to any asset; (iii) all direct and indirect Client investment and trading costs and expenses including, without limitation, due diligence, research, consultants, and investment related travel, brokerage commissions, margin interest, expenses related to short sales, prime brokerage and custodial fees, clearing and settlement charges, bank service fees and any other expenses reasonably related to the purchase, sale or transmittal of Company assets; (iv) all fees, costs and expenses payable in connection with the dissolution and liquidation of the Client; and (v) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Client, as well as all fees and other expenses incurred in connection with any litigation involving the Client and the amount of any judgments or settlements paid in connection therewith. The Adviser or its affiliates may from time to time pay for any of the Client’s expenses or waive the right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

Item 12 also describes the factors that the Adviser considers in selecting or recommending broker-dealers for transactions.

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

While the specific terms may vary by Client, for its advisory services, in general, the Adviser receives a Management Fee and may receive an Incentive Fee or Incentive Allocation from the Clients. For a more detailed discussion of these Incentive Fees and Incentive Allocations, please see Item 5, “Fees and Compensation,” above.

Performance based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those that the Adviser may recommend under a different fee

arrangement. In the allocation of investment opportunities, performance based fee arrangements may also create (i) an incentive for the Adviser to favor accounts with performance or incentive fee arrangements over accounts that are not charged, or from which the Adviser will not receive, a performance fee; and (ii) an incentive for the Adviser to favor accounts from which it will receive a greater performance fee over accounts from which it will receive a lesser performance fee. The Adviser has policies and procedures designed to ensure that all of its Clients are treated fairly and equally and to prevent this form of conflict from influencing the allocation of investment opportunities among its Clients. The Adviser will offer Clients the right to participate in all investment opportunities that it determines are appropriate for the Client in view of relative amounts of capital available for new investments, the investment programs, and the portfolios of its Clients. In accordance with these policies and procedures, the Adviser will endeavor to treat each of its Clients in a fair and equitable manner.

Item 7 Types of Clients

Generally, Paragon Outcomes Management has two types of clients: 1) privately-offered investment funds; and 2) other accounts such as separately managed accounts or privately-owned corporations. The minimum investment for the private funds is generally \$25,000,000, but the Adviser may require a different minimum amount in its sole discretion.

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

Paragon Outcomes Management performs both quantitative and qualitative analyses in evaluating investment strategies, investment managers and investment securities for inclusion into the Funds and Accounts. The Adviser endeavors to identify promising investments within the investment strategies that have been directed by the Adviser's investment committee ("Investment Committee"). Although the Adviser uses a number of methods to identify investments, it typically relies upon its extensive network of industry contacts. Any investments that are selected must be approved by a majority of the members of the Investment Committee.

Before an investment is made, Paragon Outcomes Management prepares a detailed investment memorandum (an "Investment Memorandum") to include details of the investment (portfolio) and operational due diligence conducted in the investment selection process. Although Investment Memorandums may vary, generally key sections include discussion on the following, as applicable: investment overview, risk assessment, investment terms and details, asset overview, market diligence, investment returns analysis, tax and legal overview, operational review, references and background checks.

Paragon Outcomes Management primarily invests in a broad range of private investments and alternative investment funds ("Portfolio Funds") managed by underlying portfolio managers ("Underlying Managers"); provided, however, that the Adviser has the flexibility to invest in any security and in any sector of the market. For its investments in operating companies and private equity, Paragon generally invests alongside joint venture partners who have specific expertise that Paragon believes may enhance the value or availability of such investments. To control any risks that may be associated with joint venture partner arrangements, Paragon often retains certain control rights where the Adviser may be able terminate its relationship with the joint venture partner or effect other changes regarding the investment in its sole discretion.

Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors in a Fund or Account should speak with their legal, tax, and financial advisors prior to making an investment in a Fund or Account. No assurance can be given that Clients will achieve their objective, and investment results may vary substantially over time and from period to period. All investing involves a risk of loss and the investment strategies offered by Paragon Outcomes Management could lose

money over short or even long periods. The following summary identifies the material risks related to the Adviser's investment strategies and should be carefully evaluated before making an investment in the Fund or Account. This summary does not intend to identify all possible risks of investing in the Funds or Accounts or provide a full description of the identified risks. Please refer to the offering documents of each Fund or Account for additional and specific risk disclosures applicable to such Fund or Account.

Illiquid Investments; Limited Markets. Securities purchased will generally be illiquid, lack an active secondary market or be subject to resale restrictions. Private investments are generally illiquid and may be difficult to value. There is a risk that the Adviser or a Client may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy. In some cases, the Adviser or a Client may be prohibited by contract from selling such securities for a period of time or otherwise may be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate. Lack of an active secondary market and resale restrictions may result in the inability of the Adviser or a Client to sell an investment at a fair price and may substantially delay the sale of part or all of an investment which the Adviser or the Client seeks to sell.

Difficulty in Valuing Private Investments. The Adviser will value the investments of its Clients from time to time at their fair market values. Publicly-traded securities for which market prices are readily available will be valued based on their trading prices; however, for private investments, there will likely be no public market for its securities. The valuation of such private investments is highly subjective and imprecise and ultimately provides no more than an estimate of value. In establishing the value of private investments, the Adviser may also consult with accounting firms, investment banks and other third-parties when needed, to assist with the valuation of such private investments. The value set by the Adviser may not reflect the price at which the Client could dispose of its interests in a particular private investment at any given time.

Use of Third Party Managers. Generally, access to information regarding the actual investments made by Portfolio Funds will not be conveyed to the Adviser, as most Underlying Managers will consider such information as proprietary. Because limited transparency is generally provided by Underlying Managers, it may be difficult for the Adviser to determine whether large accumulations of certain positions, which could reduce diversification in the Client portfolios as a whole, have taken place. In addition, Portfolio Funds that invest in a particular sector may be subjected to differing or increased risks relating to such sector.

Market Risks. The profitability of a significant portion of a Client or Portfolio Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser or an Underlying Manager will be able to predict accurately these price movements. Although the Adviser or an Underlying Manager may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some, and occasionally a significant, degree of market risk.

Short Sales and Derivatives. Short selling, or the sale of securities not owned by the Client or Portfolio Fund involves certain additional risks. Such transactions expose the Client or Portfolio Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and in the case of equities, without effective limit. There is the risk that the securities borrowed by the Client or Portfolio Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Client or Portfolio Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with

purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, to the extent that a Client or Portfolio Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, a Client or Portfolio Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default.

Leverage; Borrowing for Operations. The Adviser may use leverage as part of a Client's investment program or to fund its operations. The use of leverage should allow the Client to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital; however, leverage may also magnify the volatility of changes in the value of a Client's portfolio. The effect of the use of leverage by a Client in a market that moves adversely to its investments could result in substantial losses to a Client, which would be greater than if the Client were not leveraged.

Non-U.S. Portfolio Funds and non-U.S. Securities. Investing in Portfolio Funds and securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks. A Client's or Portfolio Fund's investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client or Portfolio Fund may attempt to hedge such risks.

Interest Rate Risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Adviser or Underlying Manager may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Adviser or Underlying Manager will always implement such strategies or that such strategies will be successful in fully mitigating the impact of interest rate changes.

Counterparty and Settlement Risk. To the extent that a Client or a Portfolio Fund invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Client or Portfolio Fund takes the risk of nonperformance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from that entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, as a result of increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities could face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, creates liquidity pressures at such institutions. This pressure may be greater for midsized or regional banks that have less diversified customer bases or whose customer bases are concentrated in certain industries, as evidenced by the bank runs on the Silicon Valley Bank (SVB) Financial Group (“SVB”) and on Signature Bank (“Signature”) causing them to be placed into receivership. Because of the nature of the Clients and the Portfolio Funds, there is a risk that they will have exposure to midsized or regional banks that face liquidity pressure. As a result of this environment, certain sectors of the credit markets could experience significant declines in liquidity, and it is possible that Clients and/or Portfolio Funds will not be able to manage this risk effectively. It is yet to be determined how the bank runs on SVB and Signature will fully impact other financial instruments and broader economy, as well as the overall performance of the Clients and one or more of its Portfolio Funds.

Custody and Prime Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle Client or Portfolio Fund trades. Under certain circumstances, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client or Portfolio Fund and hence the Client or Portfolio Fund could be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Client’s or Portfolio Fund’s rights to its assets in the case of an insolvency of any such party. The investment strategy of the Client or Portfolio Fund may require the Adviser or Underlying Manager to actively trade the Client’s or Portfolio Fund’s portfolio, and if as a result of the insolvency of a Client or Portfolio Fund custodian or prime broker, the Adviser or Underlying Manager is not able to actively trade the Client’s or Portfolio Fund’s portfolio for some period of time, the Client or Portfolio Fund could be significantly adversely affected. Further, there are certain risks involved with certain of the Client’s or Portfolio Fund’s assets, such as bank loans, which are not held by a custodian.

Risk of Catastrophes. The Client or Portfolio Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Client or Portfolio Funds participate (or has a material effect on locations in which the Investment Manager operates) the risks of loss can be substantial and could have a material adverse effect on the Client or Portfolio Funds and the shareholders’ investments therein.

The Adviser does not engage in the frequent trading of securities.

Item 9 Disciplinary Information

Paragon Outcomes Management LLC and its management persons have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client’s evaluation of the Adviser or its management persons.

Item 10 Other Financial Industry Activities and Affiliations

Neither the Adviser nor any of its management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither the Adviser nor any of

its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

Paragon Outcomes Management has adopted a Code of Ethics pursuant to which the Adviser as well as all of its supervised persons conduct themselves. For a copy of the Adviser's Code of Ethics, please contact Steven Ruggeri at (646) 368-6885 or sruggeri@paragonoutcomes.com. The Adviser recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All personnel of the Adviser must put the interests of the Adviser's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of the Adviser must also comply with all federal and state securities laws.

In connection with the Code of Ethics, Paragon Outcomes Management has adopted certain restrictions on personal trading by its supervised persons. In addition, Paragon Outcomes Management requires supervised persons to report personal trading and holdings periodically and, further, to review the Adviser's insider trading policies.

An affiliate of the Adviser serves as general partner and as managing member for entities in which a Client has invested. Generally, neither the Adviser nor a related person recommends to Clients, or buys or sells for Clients, any other securities in which the Adviser or a related person has a material financial interest, other than in compliance with applicable law and the Adviser's policies, including as set forth in Item 12 below with respect to cross transactions.

The Adviser and its related persons may invest their personal funds in the Funds, and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Clients. In addition, certain supervised persons of the Adviser may own securities in their personal accounts that are also recommended by the Adviser to its clients. The Adviser has established procedures intended to limit conflicts of interest in cases where the Adviser, a related person or any supervised person, buys, sells or otherwise has an interest in, securities recommended by the Adviser to its clients. Specifically, the personal accounts of the supervised persons covered by the Adviser's personal trading policy will be reviewed on a regular basis and compared with transactions for the Funds and the Accounts and against any restricted securities. Any transactions that may create a conflict of interest will be reported promptly to the management of the Adviser.

Item 12 Brokerage Practices

Except in limited circumstances, a Client will typically not engage in investments involving a financial intermediary such as a broker-dealer and commissions are generally not payable in connection with such activities. To the extent the Clients engage in investments involving broker-dealers, there are no limitations on the authority of the Adviser with respect to the selection of broker-dealers with which it will do business. In turn, on behalf of the Clients, to the extent that Paragon Outcomes Management engages on a non-discretionary basis in transactions, the Adviser will generally not retain authority to determine the financial intermediaries to be used in connection with such transactions or to negotiate the amount of commissions or other transactional compensation to be paid to such intermediaries in connection with such transactions, unless requested to do so by a Client.

When applicable, the Adviser is authorized to determine the broker-dealer to be used for securities transactions. In determining which intermediaries to use, the Adviser will focus on the quality of the execution-related services provided by the intermediaries (including factors such as the ability of the intermediaries to execute transactions efficiently, their responses to instructions, their facilities, their reliability and their financial stability), and do not necessarily select those that charge the lowest commissions or other transactional costs.

While the Adviser generally does not enter into traditional “soft dollar” arrangements, it is not the Adviser’s practice to negotiate “execution only” commission rates; thus, a Client may be deemed to be paying for research services provided by the broker which are included in the commission rate. Research and related services furnished by brokers will be limited to services that constitute research within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Accordingly, research and related services may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services, along with hardware, software, databases and other technical and telecommunication services, lines, and equipment (including updates, replacement parts, repairs and service thereon) utilized in the investment management process. Research services obtained by the use of commissions arising from a Client’s portfolio transactions may be used by the Adviser in its other investment activities.

The Adviser has not directed Client transactions to a particular broker-dealer in return for client referrals in its last fiscal year. The Adviser does not routinely recommend, request, permit or require its clients to direct the execution of securities transactions through a specified broker-dealer.

As applicable, the Adviser may aggregate orders of the Client accounts for trade execution and thereafter allocate the securities on an average price basis to such Clients. No client will be favored over any other client as a result of such aggregation. Brokerage commission rates may not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client. The Adviser believes that its aggregation policy is lawful and consistent with its duty to seek best execution for all its clients.

The Adviser may deem it to be in the best interests of its clients to reallocate or “cross” securities transactions between Client accounts. The Adviser maintains policies and procedures intended to limit the potential conflicts of interest inherent in these transactions. Cross transactions will only be effected if they are deemed to be in the best interests of the particular clients involved and will be conducted in compliance with such policies and procedures and applicable law.

Item 13 Review of Accounts

The Adviser’s investment team monitors Client accounts periodically to determine that the investments held by each Client account are consistent with their stated investment objectives. In addition, more frequent reviews may be performed based on investment performance, market conditions, liquidity considerations and other factors.

Investors receive a quarterly report containing market and portfolio commentary and updated returns approximately 90 days after quarter end. A final report will be sent to the investor prepared independently by the Client’s administrator (as applicable) which includes performance information. The return information between the preliminary report (sent by Paragon Outcomes Management) and the final report (sent by the Client’s administrator) may differ due to the timing of information. Clients should carefully

review these statements and should inquire with the Adviser and/or the Client's administrator (as applicable) as to the reason for any differences.

The nature and frequency of reports may differ amongst Clients, primarily by the particular needs of the Client. Clients are also kept informed through written communications, telephone calls or in-person meetings.

Item 14 Client Referrals and Other Compensation

The Adviser does not receive any economic benefit from non-Clients for providing investment advice or other advisory services to the Clients. Paragon Outcomes Management does not have any client referral arrangements. In the future, Paragon Outcomes Management may compensate a third-party solicitor and/or internal marketers for a successful client referral and will ensure there are written agreements between the Adviser and the solicitor, in compliance with applicable law, rules and regulations.

Item 15 Custody

Rule 206(4)-2 promulgated under the Investment Advisers Act (the "Custody Rule") imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 generally requires that, upon opening an account with a qualified custodian on a client's behalf, an adviser promptly notify the client in writing of the name and address of the qualified custodian and the manner in which the funds or securities are maintained. Generally, an adviser also must verify that the custodian sends quarterly account statements to the client. By rule, account statements must be sent directly to investors in a pooled investment vehicle if the adviser to the pool also acts as its general partner, managing member or in a similar capacity (or, in some cases, if an affiliate of the adviser acts as general partner, managing member or in a similar capacity). These account statements may be sent to the investors' independent representative. Under certain circumstances, at least once each calendar year, an independent public accountant must verify the funds and securities of a client by surprise examination.

As noted above, Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. However, the Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 180 days (since the Adviser is a fund of funds adviser) of its fiscal year end. The Adviser intends to rely upon this exception and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements. Investors should carefully review all account statements.

Item 16 Investment Discretion

Except for the general investment guidelines set forth in each Client's governing documents, there are no limitations on the authority of the Adviser with respect to its discretionary investment authority for the Clients.

Item 17 Voting Client Securities

Paragon Outcomes Management has adopted procedures for voting securities held on behalf of Clients, and Paragon Outcomes Management, in some cases, may have the discretionary authority to vote to ensure that such securities are voted for the benefit of and in the best interest of the Clients, as applicable. The objective of voting a security in each case under the policy is to seek to enhance the value of the investment which the security represents or to reduce the potential for a decline in the value of the investment which the security represents. Clients may obtain a copy of these proxy voting policies as well as information on how Paragon Outcomes Management has voted the client's proxies by contacting Steven Ruggeri at (646) 368-6885. Paragon Outcomes Management does not vote on assets maintained by other third-party managers when they have discretionary authority over the investment process.

Item 18 Financial Information

The Adviser is not required to include a balance sheet because it does not require or solicit the payment of fees six months or more in advance. The Adviser also has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients nor has it been the subject of a bankruptcy petition.