

## **Part 2A of Form ADV: Firm Brochure**

### **Paragon Wealth Strategies, LLC**

December 7, 2023

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**Jacksonville, Florida 32256**

This brochure provides information about the qualifications and business practices of Paragon Wealth Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at (904) 861-0093 or [info@wealthguards.com](mailto:info@wealthguards.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Paragon Wealth Strategies, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 146543.

Paragon Wealth Strategies, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority, or any reference to being a "registered investment adviser" does not imply a certain level of skill or training.

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**Item 2*****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.

This brochure dated December 7, 2023, contains material changes since our last brochure update on March 22, 2023. Mercer Global Advisors Inc. has entered into an agreement to acquire Paragon Wealth Strategies, LLC. The transaction closed on November 30, 2023, and resulted in a change of ownership. Mercer Global Advisors Inc. owns one hundred (100%) percent of the operating assets of Paragon Wealth Strategies, LLC. Due to the acquisition of Paragon Wealth Strategies, LLC, the firm has provided notice to affected clients of the assignment to Mercer Global Advisors Inc. (a SEC-registered investment advisor) of such clients' advisory agreements with Paragon Wealth Strategies, LLC to the extent required under applicable law. Once the account transfer process is complete at the custodial level, Paragon Wealth Strategies, LLC will file a Form ADV-W to wind down the advisory business.

Copies of Mercer Global Advisors' Part 2A, Form CRS and Privacy Notice are available upon request by calling 888-565-1681 or at [www.merceradvisors.com](http://www.merceradvisors.com).

**Item 3**

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#### **Item 4**

##### ***Advisory Business***

Paragon Wealth Strategies, LLC ("Paragon") is an SEC-registered investment adviser with its principal place of business located in Jacksonville, Florida. Paragon began conducting business in 2008, after departing from its affiliation from 2005-2008 as a branch office of The Householder Group.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company) and key persons:

- Jonathan N. Castle, Managing Member & Chief Investment Officer
- Michelle L. Ash, Managing Member & Chief Operating Officer
- Karen L. Rasmussen, Vice President of Client Relations
- Scott W. Snider, Partner
- Ian Aguilar, Partner

**Paragon Wealth Strategies, LLC offers the following three (3) advisory services:**

#### **1) INVESTMENT SUPERVISORY SERVICES ("ISS") - INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary fee basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Paragon's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Paragon's management, generally between .40% and 1.00%. Please see Item 5 for additional details on our fees and compensation.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

The portfolios we construct are not limited to any specific product or service offered by a broker-dealer or insurance company. However, based upon our research and philosophy, our portfolios will typically consist of and will generally include advice regarding the following securities:

- Exchange Traded Funds (ETFs)
- Individual Government Fixed-Income Bonds and CDs
- Corporate debt securities (other than commercial paper)
- Exchange-listed securities (i.e. stocks, except for ETFs)
- No-Load Mutual fund shares, often institutional shares not available to retail investors
- Municipal securities

Based upon our research and investment philosophy, we will **not typically use** the following types of investments in a portfolio that we construct:

- Securities traded over-the-counter
- Variable life insurance
- Variable annuities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other assets such as equipment leasing

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when a client requests us to do so, and consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### ***Client Retirement Plan Assets***

If requested to do so, Paragon shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, Paragon shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Paragon shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. Paragon will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Paragon of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

### ***How to Engage Our Investment Supervisory Services***

To engage us to provide you with Investment Supervisory Services, you will generally be required to enter into a written agreement with us, setting forth the terms and conditions of the engagement and describing the scope of the services.

## **2) WEALTH MANAGEMENT AND FINANCIAL PLANNING SERVICES**

**Wealth Management Services:** Paragon offers these services for individuals, trusts, estates, and small business clients. Wealth management is financial planning advice, offered to clients who engage the firm for this service, on an ongoing basis, in five principal financial planning areas: 1) Investments, 2) Retirement, 3) Tax planning, 4) Estate planning, and 5) Risk management. Wealth Management Services also include all of the services mentioned in our Investment Supervisory Services. These services are included in the advisory fee set forth at Item 5 below.

The Wealth Management engagement includes ongoing financial planning, to the extent requested by the client. Paragon believes that it is important for the client to address financial planning issues with Paragon on an ongoing basis. Paragon's fee shall remain as set forth above regardless of whether or not the client determines to address planning issues with Paragon. All wealth management clients must be guided accordingly, and determine whether or not their needs are best serviced under the wealth management or investment supervisory engagement offerings. Paragon remains available to address planning issues with the client on an ongoing basis.

**Financial Planning Services (if contracted separately):** In general, our financial planning services are provided as a component of our Wealth Management Services and no additional fees apply. For individuals with advanced planning needs or a special project, Paragon, in its sole discretion, may choose to offer a stand-alone Financial Planning Services engagement. In these situations, the Firm will charge a mutually agreed upon project fee. All fees are agreed to prior to entering into a contract with any client. Please see further details at Item 5 for Fees and Compensation.

### ***Financial Planning Process***

We gather required information through in-depth personal interviews. Information gathered generally includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We review documents supplied by the client, including a questionnaire completed by the client, and make recommendations based on our analysis. Should the client choose to implement the recommendations, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or other financial professionals. Implementation of wealth management and financial plan recommendations is entirely at the client's discretion.

### ***Client is Not Obligated to Follow Recommendations or Utilize Recommended Services***

Wealth Management/Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature. Paragon may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Paragon recommends its own services. The client is under no obligation to act upon any of the recommendations made by us under a financial planning / consulting engagement. You are also under no obligation to engage the services of any such recommended professional, including ourselves.

Paragon does not serve as an attorney or accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, Paragon does not prepare legal documents, tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment

implementation purpose (i.e. attorneys, accountants, insurance, etc. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Paragon and/or its representatives.

If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged unaffiliated licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not Paragon, shall be responsible for the quality and competency of the services provided.

#### ***Client Responsibility to Verify Data Accuracy***

In performing our services, we do not attempt to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) through outside sources. We are expressly authorized to rely on information from the client. It is very important that you provide us with accurate information because the recommendations we make will be based on the data you give us. Moreover, it remains your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives so we may review, evaluate or revisit our previous recommendations and/or services.

#### ***eMoney and RightCapital Software Access***

In conjunction with the services provided by eMoney and RightCapital, Paragon may also provide access to account aggregation services, which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that we manage (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not us, shall be exclusively responsible for the investment performance of the Excluded Assets. In addition, eMoney and RightCapital provide access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice or recommendations provided by Paragon. Paragon does not provide investment management, monitoring or implementation services for the Excluded Assets. The client may engage Paragon to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between Paragon and the client.

#### ***How to Engage Our Wealth Management and/or Financial Planning Services***

To engage us to provide you with Wealth Management and/or Financial Planning services, you will generally be required to enter into a written agreement with us, setting forth the terms and conditions of the engagement and describing the scope of the services. Please see additional details in Item 5 below.

### **3) EDUCATIONAL WORKSHOPS**

Paragon provides educational seminars, both live and pre-recorded, with the goal of empowering participants to better navigate their individual retirement needs. We currently offer two types of educational workshops: (1) a six (6) hour group instruction with a focus on general financial planning, estate planning, retirement strategies and various other current economic or investment topics. (2) We also offer one to three (1-3) hour group instruction that focuses on college financial planning, student loan debt management, and general financial principles. Our workshops are educational in nature and should not be treated as a substitute for personalized investment management or financial planning services. Participants are reminded they may engage Paragon to provide individualized services by executing either a portfolio management services or financial planning agreement.

#### ***How to Participate in our Educational Workshops***

If you would like to participate in one of our live Educational Workshops, you will generally be required to reserve your seat in advance of the scheduled workshop. Should you choose to review a previously recorded workshop, you may select from those workshops currently available on our website. Please see additional details in Item 5 below.

## **GENERAL TERMS APPLIED TO ALL SERVICES**

### ***Retirement Rollovers-Conflict of Interest***

A client leaving an employer typically has four options (and may engage in a combination of these options):

- I. Leave the money in his former employer's plan, if permitted,
- II. Roll over the assets to his new employer's plan, if one is available and rollovers are permitted,
- III. Rollover to an IRA, or
- IV. Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Paragon may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by Paragon which may create a conflict of interest. As a result, Paragon and its advisors may earn an asset-based fee (**see** below). If Paragon provides a recommendation as to whether a client should engage in a rollover or not, Paragon is acting as an ERISA fiduciary by making such recommendation. Furthermore, if Paragon recommends that a client roll over their retirement plan assets into an account to be managed by Paragon, such a recommendation creates a conflict of interest if Paragon will earn new (or increase its current) compensation as a result of the rollover.

Depending on the options available to the individual, rolling over assets to a Paragon managed account could incur higher fees than leaving it in a current plan or moving to another employer-sponsored plan. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Paragon (unless you engage Paragon to monitor and/or manage the account while maintained at your employer). Paragon has an economic incentive to encourage an investor to roll plan assets into an IRA that Paragon will manage or to engage Paragon to monitor and/or manage the account while maintained at your employer.

There are various factors that Paragon may consider before recommending a rollover, including but not limited to:

- I. The investment options available in the plan versus the investment options available in an IRA,
- II. Fees and expenses in the plan versus the fees and expenses in an IRA,
- III. The services and responsiveness of the plan's investment professionals versus Paragon's,
- IV. Protection of assets from creditors and legal judgments,
- V. Required minimum distributions and age considerations,
- VI. Employer stock tax consequences, if any,
- VII. Plan's withdrawal options or limitations, before and/or after retirement

No client is under any obligation to rollover plan assets to an IRA managed by Paragon or to engage Paragon to monitor and/or manage the account while maintained at your employer.

### ***Custodian Charges-Additional Fees***

As discussed at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Paragon generally recommends that Fidelity and/or TD Ameritrade serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Fidelity and TD Ameritrade charge transaction fees for effecting certain securities transactions. In addition to Paragon's investment advisory fee referenced in Item 5 below, the client will sometimes also incur transaction fees to purchase securities for the client's account.

### ***Investment Risk***

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Paragon) will be profitable or equal any specific performance level(s).

### ***Portfolio Activity***

Paragon has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Paragon will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Paragon determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

### ***Electronic Confirmations/Account Statements***

Fidelity and TD Ameritrade generally offer reduced transaction fee charges to clients who elect to receive electronic trade confirmations and account statements rather than by regular mail. Unless you advise Paragon to the contrary, in writing, Paragon will advise the custodian that the client elects to receive electronic trade confirmations and account statements.

### ***Structured Notes***

Paragon may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counterparty risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. Clients are advised that structured notes may also have liquidity constraints, such that the sale thereof before maturity may be limited.

### ***Interval Funds/Risks and Limitations***

Where appropriate, Paragon may utilize interval funds. An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares, and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Therefore, there is no secondary market for the fund's shares. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful.

### ***Cash Positions***

Paragon continues to treat cash as an asset class. As such, unless determined to the contrary by Paragon, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Paragon's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Paragon may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Paragon's advisory fee could exceed the interest paid by the client's money market fund.

### ***Cash Sweep Accounts***

Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Paragon shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Paragon reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

### ***Preferred Stocks and Liquidity Constraints***



Where appropriate, Paragon may purchase preferred stocks which require certain periods of illiquidity. These preferred stock positions may require an initial hold period of up to (2) two years before offering periods of liquidity every (2) weeks. During any time periods outside of the specified liquidity windows, investors will be unable to sell their shares. There is no assurance that an investor will be able to tender shares when or in the amount desired. An investment like this exposes investors to liquidity risk, investors should consider this type of investment to be an illiquid investment. Because these types of investments involve certain additional risk, these positions will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that a preferred stock investment will prove profitable or successful. In light of these enhanced risks, a client may direct Paragon, in writing, not to employ any or all such strategies for the client's account.

### ***Client Obligations***

In performing its services, Paragon shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Paragon if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Paragon's previous recommendations and/or services.

### ***Cybersecurity Risk***

The information technology systems and networks that Paragon and its third-party service providers use to provide services to Paragon's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Paragon's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Paragon are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Paragon has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Paragon does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

### ***Non-Discretionary Service Limitations***

Clients that determine to engage Paragon on a non-discretionary investment advisory basis must be willing to accept that Paragon cannot affect any account transactions without obtaining prior consent to any such transaction(s) from the client. Therefore, in the event that Paragon would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Paragon will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent. **See also** disclosure at Item 16 later in this document.

### ***Disclosure Document Provided to Client***

A copy of Paragon's privacy policy notice and a written disclosure statement that meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), shall be provided to each client prior to or contemporaneously with the execution of the Agreement. You are presently reading our disclosure document that complies with the requirements of Rule 204-3.

Additionally, non-institutional clients will also receive a copy of our client relationship summary prior to engaging Paragon and at certain times during our relationship.

## **AMOUNT OF MANAGED ASSETS**

As of December 31, 2022

	Discretionary	Non-Discretionary	Total
Assets Managed	\$446,034,794	\$10,263,218	\$456,298,012

### **Item 5**

#### ***Fees and Compensation***

As mentioned in Item 4, our firm has three services. Fees and compensation information for both services are found in this section.

### **1. INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

#### **INVESTMENT SUPERVISORY SERVICES MANAGEMENT FEES**

Our annual fees for Investment Supervisory Services only, which includes no wealth management or financial planning, are based upon a percentage of assets under management and generally range from 0.40% to 1.00%.

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following tiered fee schedule:

Managed Asset Level	Annual % Fee
\$0- \$2,500,000	1.00% on first \$2,500,000
\$2,500,000 - \$5,000,000	0.40% on next \$2,500,000
\$5,000,000+	Negotiable, or otherwise 0.40%

#### ***Grouping of related client accounts***

Paragon may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

However, Paragon will not group related client accounts for the purposes of achieving the assets under management or a higher tier on the fee schedule under any of the following circumstances:

- Assets not billed or managed by the firm but held with the firm's Custodian will generally not be included in calculation of the assets under management or a higher tier on the fee schedule.

### **2. WEALTH MANAGEMENT AND FINANCIAL PLANNING SERVICES**

#### **WEALTH MANAGEMENT FEES**

Our annual fees for Wealth Management Services, which includes Investment Supervisory Services as well, are based upon a percentage of assets under management and generally range from 0.40% to 1.25%. See details below.

The annualized fee for Wealth Management Services is charged as a percentage of assets under management,

according to the following tiered fee schedule:

<b>Managed Asset Level</b>	<b>Annual % Fee</b>
\$0 - \$1,000,000	1.25% on first \$1,000,000
\$1,000,000 - \$2,500,000	1.00% on next \$1,500,000
\$2,500,000 - \$5,000,000	0.40% on next \$2,500,000
\$5,000,000+	Negotiable, or otherwise 0.40%

### ***Grouping of related client accounts***

Paragon may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

However, Paragon will not group related client accounts for the purposes of achieving the assets under management, or a higher tier on the fee schedule, under any of the following circumstances:

- Assets not billed or managed by the firm but held with the firm's Custodian will generally not be included in calculation of the assets under management or a higher tier on the fee schedule.

### ***Accommodation Accounts***

Paragon reserves the right to offer Wealth Management clients the ability to open accounts with the firm that will not be managed by us. We refer to these accounts as "accommodation accounts". The purpose of these accounts is, among other things, to allow clients the opportunity to consolidate assets with one Custodian. As mentioned in the previous paragraph, these accounts will not be considered when calculating a client's assets under management or the client's tiered fee. However, Paragon will be responsible for servicing these accounts, to include placing client-directed trades, assisting clients with adding or withdrawing funds, and other account service needs. Generally, Paragon will monitor securities positions in these accounts and provide advice if excessive price movement in the securities is observed. Paragon reserves the right to withdraw this feature at any time during the client relationship by "de-linking" an account from Paragon's authorization with the Custodian. If an account is de-linked, it will become a retail account of the Custodian, and the client will contact the Custodian for trading and servicing of the account. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. This feature will not be offered to Investment Supervisory Services clients.

## **GENERAL TERMS APPLIED TO ALL SERVICES**

### ***Direct Debit***

Our firm directly debits advisory fees from client accounts when possible based on client account type and client authorization through our Management Agreement. The advisory fee will be debited quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter as valued by the Custodian. Our fees will vary each quarter based on the value of the assets we manage. If the value of the assets goes up, our fee will increase. If the value of the assets goes down, our fee will decrease.

### ***Direct Billing Option***

Instead of direct debit of advisory fees from client accounts, clients may request to be billed for fees incurred. In these circumstances, the calculation of our fees is identical to that described in the following paragraphs. Instead of direct debit from the client account, the client will be sent an invoice for payment of advisory fees. Generally, we will request payment under Net 10 terms. Termination of our services after the commencement and payment for a calendar quarter billing period will result in the unearned portion of the advisory fee being promptly refunded to the client by check sent via regular mail.

### ***Calculation of Advisory Fees***

Our advisory fees are calculated each quarter by applying the tiered fee schedule above to the total amount of assets

in the client accounts we manage, and then dividing the annual fee into quarterly installments of  $\frac{1}{4}$  of the annual amount.

**An example of this calculation is as follows:**

Assets Under Management as of 12/31/2022 = \$500,000

Applicable Annual Fee = 1.25%

Calculation:  $(\$500,000 \times 1.25\%)/4 = \$1,562.50$  debit for the quarter beginning 1/1/2023

***Tiered fee schedule***

For clients whose value of assets managed exceeds a breakpoint as shown on the fee schedule for the respective service, a reduced fee based on the tiered schedule will apply. It is important to understand how a tiered fee schedule works. A tiered fee schedule applies the fee for the first tier (in this example, the first \$1,000,000.00 of assets) to that amount. Assets over that amount have the next tier's amount applied, until that tier's maximum amount is reached. At that point, the third tier is applied, and so on.

**Here is an example of how the tiered fee schedule is applied:**

Assets Under Management as of 12/31/2022 = \$2,000,000

Applicable Annual Fee for Wealth Management Services =

1.25% on the first \$1,000,000 under management

1.00% on the remaining \$1,000,000 under management

Calculation:

$(\$1,000,000 \times 1.25\%)/4 = \$3,125.00 + (\$1,000,000 \times 1.00\%)/4 = \$2,500.00$

Total:  $\$3,125.00 + \$2,500.00 = \$5,625$  debit for the quarter beginning 1/1/2023

The purpose of a tiered fee schedule is to avoid a conflict of interest in growing a client's assets. If our fee schedule was a flat-fee schedule instead of a tiered fee schedule, then a conflict of interest might be created, in that our firm would receive reduced fees by growing a client's account to the point at which the client exceeds a breakpoint. Similarly, a tiered fee schedule also helps a client avoid increased fees if their assets under management decline, which is another consequence of a flat-fee schedule.

***Initial Quarter's Advisory Fee***

The advisory fee for the initial quarter shall be calculated on a pro rata basis commencing on the day the assets are initially designated to us for management under the Management Agreement. Our firm reserves the right to defer commencement of the initial billing until such time that the account's agreed-to allocation and structure is built, but in no case will this deferred commencement result in a higher fee to the client than they would have otherwise paid had the fee been debited immediately at the time designated to us for management.

***Impact of Account Additions or Withdrawals***

You may make additions to and withdrawals from the Account at any time, subject to our right to terminate an account. If assets are deposited to or withdrawn from an account after the inception of a quarter the advisory fee payable with respect to the assets will not be prorated based on the number of days remaining in the quarter. Clients may withdraw assets from the account after providing us with notice. All withdrawals are subject to customary securities settlement procedures.

***Termination and Advisory Fees***

After executing a Management Agreement for our services, the Management Agreement will continue in effect

indefinitely from the initial date, but may be terminated at any time upon receipt of written notice to terminate by either party to the other. The written notice must be manually signed by the terminating party. If the Management Agreement is terminated after the commencement of a calendar quarter billing period, the unearned portion of the advisory fee will be promptly refunded to the account it was debited from.

### ***Fee Increases***

No increase in the Management Fee shall be effective without prior written notification to the client.

### ***Custodian's Statements, Client Responsibility***

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

### ***Limited Negotiability of Advisory Fees***

Although Paragon has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Fee schedules and service models other than as stated at the beginning of this section may be in place with existing clients based on the advisory fees in effect at the time the client entered into the advisory relationship. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### ***Grandfathering of Minimum Account Requirements and Advisory Fees***

Pre-existing advisory clients are subject to Paragon minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

### ***Advisory Fees in General***

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### ***Limited Prepayment of Fees***

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### ***Mutual Fund Fees***

All fees paid to Paragon for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Generally, as a matter of course, Paragon will not recommend funds that impose sales charges. A client could invest in a mutual fund directly, without our services. However, to reduce investor costs, Paragon may use institutional funds not available for direct investment by retail investors. In the case that a client chose to invest in available retail mutual funds directly, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### ***Additional Fees and Expenses***

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and

imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

## **Item 6**

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

A performance-based fee is a fee based on the firm receiving a share of capital gains on, or capital appreciation of, the assets of the client. Paragon does not offer advisory relationships that charge performance-based fees.

## **Item 7**

### ***Types of Clients***

Paragon provides advisory services to the following types of clients:

- High net worth individuals
- Individuals (other than high net worth individuals)

Paragon, in its sole discretion, may waive or modify its account minimum, minimum fee, charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, our employees and family members, courtesy accounts, competition, negotiations with client, etc.).

As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

## **Item 8**

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

#### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

A risk in using charting is that it may be based on assumptions that prove to be incorrect. Charts reflect the price movements of markets and securities in the past - and while past events and market cycles may repeat themselves, charting past events cannot accurately predict unforeseen political or life events which occur in the future and affect market movements.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Fundamental Analysis:** Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Paragon commonly creates portfolios that include individual fixed income securities (bonds). We believe that

fundamental analysis of these securities is important to successfully achieving returns while protecting client assets. Accordingly, we rely upon Moody's, Fitch, and S&P ratings to assist in selecting bonds that are appropriate for our clients. We often cross-reference this data with the behavior of the stock of the same company, look at publicly disclosed financial records of these companies, and consider the strength of that company's industry or sector prior to purchase. Generally, Paragon does not buy high yield (junk) bonds, but will typically purchase investment grade bonds for client portfolios. When we purchase a bond within a client portfolio, it is generally with the intent to hold that bond to maturity, but downgrades/upgrades of that bond may subsequently occur that makes it profitable or prudent to swap the bond for another one, or for a different fixed income position such as a mutual fund or ETF.

If requested by a client, we may run various algorithmic "screens" for stocks on the Dow Jones Industrial Average that have historically performed well in comparison to the index and include a few (generally 10 or less) individual stocks in client accounts based upon these screens. These algorithmic screens seek to identify stocks that currently have the fundamentals that have, in the past, coincided with subsequent price appreciation of those stocks. While the screens that we use have been successful in identifying outperforming stocks in the past, there is no guarantee that these screens will be successful in the future. Additionally, we do not recommend that these individual stocks make up the majority of a portfolio, and we generally intend to diversify individual business risks through the use of broadly diversified ETFs or mutual funds, which typically make up the majority of the equity (stock) portions of client portfolios. In client communication, this handful of DOW Jones stocks is referred to as a "basket," e.g., "The DOW Basket," or "The Dogs of the Dow" basket.

For clients who already own individual securities, and for various reasons do not wish to sell those securities to build an asset allocation portfolio (such as a high tax impact of selling an appreciated security) we will occasionally advise the client on the prudence of holding the security using Fundamental, technical, or chart analysis.

**Cyclical Analysis:** In this type of technical analysis, we measure the movements of a market sector against the overall market in an attempt to predict the price movement of that particular sector throughout market cycles.

A risk in using cyclical analysis is that it may be based on assumptions that prove to be incorrect.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks Associated with Structured Notes:** Structured notes do not pay interest, dividend payments, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with this purpose in mind. Most structured note payments are based on the performance of an underlying index (i.e., S&P 500) and if the underlying index were to decline 100% then the payment may result in a loss of a portion or all of a client's principal. Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by Paragon on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.

Structured notes purchased for clients will not be listed on any securities exchange. There may be no secondary market for such structured notes, and neither the issuer nor the agent will be required to purchase notes in the secondary market. Some of these structured financial products are callable by the issuer only, therefore the issuer (not the investor) can choose to call in the structured notes and redeem them before maturity. In addition, the maximum potential payment on structured notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the structured notes held by clients could be higher than on the valuation dates and at maturity, clients

may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

While the payment at maturity of any structured notes would be based on the full principal amount of any note sold by the issuer, the original issue price of any structured note purchased for clients includes an agent's commission and the cost of hedging the issuer's obligations under the note. As a result, the price, if any, at which an issuer will be willing to purchase structured notes from clients in a secondary market transaction, if at all, will likely be lower than the original issue price and any sale before the maturity date could result in a substantial loss. Structured notes will not be designed to be short-term trading instruments so clients should be willing to hold any notes to maturity.

**Risks Associated with Closed-end Funds.** Closed-end funds generally do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange. The specific risk factors related to closed-end funds vary depending upon the structure of each fund. Shares of closed-end funds frequently trade at a premium or discount relative to their net asset value ("NAV"). If Paragon purchases shares of a closed-end fund at a discount to its NAV, there can be no assurance that the discount will decrease, and it is possible that the discount may increase and affect whether the client will realize a gain or loss on the investment.

Many closed-end funds invest using borrowed money to seek higher returns. This triggers greater risk and could cause the share price to fluctuate accordingly, especially because the closed-end fund will also have to pay interest or dividends on its leverage, effectively reducing the return value.

Many closed-end funds also choose to distribute a fixed percentage of net assets regardless of the fund's actual interest income and capital gains. Consequently, distributions by a closed-end fund may include a return of capital, which would reduce the fund's NAV and its earnings capacity.

Closed-end funds may invest in a greater amount of illiquid securities than open-end mutual funds. Investments in illiquid securities pose risks related to uncertainty in valuations, volatile market prices, and limitations on resale that may have an adverse effect on the ability of the fund to dispose of the securities promptly or at reasonable prices.

Closed-end funds carry liquidity risks, which exist when particular investments are difficult to purchase and sell, possibly preventing Paragon from selling out of such illiquid securities at an advantageous price.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Long-term purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline



sharply in value before we make the decision to sell.

### ***Margin transactions***

Paragon generally does not use margin strategies. We will execute margin strategies only at a client's direction and not in discretionary portfolios. In those circumstances, we may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in using the leverage available through margin transactions is that, if the value of the margined securities should fall, you may receive a margin call – requiring either the additional deposit of cash, or sale of securities, in order to settle the call. This may occur at a time when it is otherwise not favorable to sell a security. You must complete an application for margin privileges with your account custodian, and they must approve that request, prior to the ability to use this strategy.

### ***Borrowing Against Assets/Risks.***

A client who has a need to borrow money could determine to do so by using:

- Margin-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- Pledged Assets Loan- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Paragon does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). Paragon does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Paragon:

- by taking the loan rather than liquidating assets in the client's account, Paragon continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by Paragon, Paragon will receive an advisory fee on the invested amount; and,
- if Paragon's advisory fee is based upon the higher margined account value, Paragon will earn a correspondingly higher advisory fee. This could provide Paragon with a disincentive to encourage the client to discontinue the use of margin.

The client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

### ***Option writing***

Paragon generally does not use options strategies in accounts we manage with discretionary authority. Options strategies will only be recommended and implemented based upon individual client needs (such as large, inherited stock positions) and only after detailed discussion of the strategy with that particular client.

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives you the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock is likely to increase substantially before the option expires.
- A put gives you the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock is likely to fall before the option expires.

You must complete an application for options privileges with your account custodian, and they must approve that request, prior to the ability to use this strategy.

### **RISK OF LOSS**

Securities investments are **not guaranteed and you may lose money on your investments**. You should be prepared to bear this risk. We ask that you work with us to help us understand your tolerance for risk.

#### **Item 9**

##### ***Disciplinary Information***

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

#### **Item 10**

##### ***Other Financial Industry Activities and Affiliations***

Neither Paragon, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Paragon, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### **Conflicts of Interest – General**

Clients should be aware that the receipt of additional compensation by Paragon and its management persons or employees when additional assets are placed with our firm creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn additional compensation from advisory clients when considering placing additional assets with our firm;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a

reasonable and independent basis for the investment advice provided to clients.

Paragon does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

#### **Item 11**

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

#### ***Fiduciary Duty to Clients***

Paragon and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

#### ***Overview***

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. For purposes of this Code, the term "security" includes not only stocks, but also options, rights, warrants, futures contracts, and convertible securities. This policy is not applicable for securities that are not "reportable securities", which includes mutual funds, money market funds, CDs, commercial paper, and government treasuries. It is also not applicable to most Exchange Traded Funds (ETFs), since these are becoming as commonly used as mutual funds. If an ETF is considered a 'thinly traded' security, meaning the daily trading volume is low and there may be a limited number of interested buyers and sellers, then the Code's rules will apply to employee purchase or sale.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

#### ***Policies and Procedures for Implementation of Code of Ethics***

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.

- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

### ***Employees' Reporting Requirements***

Our Code of Ethics includes policies and procedures for the review of employees' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

### ***Use of Material Non-Public Information Prohibited***

Paragon's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

### ***Other Prohibited Actions***

Paragon and individuals associated with our firm are prohibited from engaging in principal transactions. Principal transactions are transactions that occur with our clients from our own accounts. Paragon and individuals associated with our firm are prohibited from transactions that buy securities from you for our own accounts, or sell securities to you from our own accounts.

Paragon and individuals associated with our firm are prohibited from engaging in agency cross transactions. An agency cross transaction happens when one person serves as broker to both the buyer and the seller. Paragon individuals associated with our firm are prohibited from acting in this capacity that would help one client sell a holding directly to another client. The reason for this rule is to ensure there is no favoritism of one client over another.

### ***Copy of Code of Ethics Available to Clients***

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Michelle Ash at [michelle.ash@wealthguards.com](mailto:michelle.ash@wealthguards.com), or by calling us at (904) 861-0093.

## **Item 12**

### ***Brokerage Practices***

In the event that the client requests that Paragon recommend a broker-dealer/custodian for execution and/or custodial services, Paragon generally recommends that investment advisory accounts be maintained at Fidelity and/or TD Ameritrade. Prior to engaging Paragon to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Paragon setting forth the terms and conditions under which Paragon shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Paragon considers in recommending Fidelity and/or TD Ameritrade (or any other broker-dealer/custodian to clients) include historical relationship with Paragon, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Paragon's clients shall comply with Paragon's duty to seek best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Paragon determines, in good faith, that the transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Paragon will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Paragon's investment advisory fee.

### ***Non-Soft Dollar Research and Benefits***

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Paragon receives from Fidelity and/or TD Ameritrade (or another broker-dealer/custodian, investment manager, platform or fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Paragon to better monitor and service client accounts maintained at such institutions. Included within the support services obtained by Paragon are investment-related research, pricing information and market data, software/hardware/other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services from independent third parties, and marketing assistance.

As indicated above, certain of the support services and/or products that are received assist Paragon in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Paragon to manage and further develop its business enterprise.

There is no corresponding commitment made by Paragon to Fidelity, TD Ameritrade, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Paragon's Chief Compliance Officer, Michelle Ash, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.

### ***Directed Brokerage***

Paragon recommends that its clients utilize the brokerage and custodial services provided by Fidelity and/or TD Ameritrade. The Firm generally does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Firm will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Paragon. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Paragon to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Paragon. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### ***Order Aggregation and Block Trading***

Transactions for each client account generally will be effected independently, unless Firm decides to purchase or sell the same securities for several clients at approximately the same time. Firm may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

### ***Tradeaways, Prime Brokerage, and Fees***

Relative to its discretionary Investment Supervisory Services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian.

## Item 13

### *Review of Accounts*

#### **INVESTMENT SUPERVISORY SERVICE and WEALTH MANAGEMENT SERVICE- INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within individual portfolio management services accounts are continually monitored, the actual accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by one or more of the following individuals:

- Jonathan N. Castle, Managing Partner and Chief Investment Officer
- Ian Aguilar, Partner and Deputy Chief Investment Officer
- Scott Snider, Partner
- Michael Mikonis, Senior Financial Planner
- Michelle Ash, Managing Partner
- Jenn King, Assistant Director – Financial Planning
- Emma Jones, Portfolio Management Associate
- Theresa Nichols, Customer Service Associate

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

#### **WEALTH MANAGEMENT SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically reviews will be offered one to three times per year. Frequency will depend on client assets under management, planning needs, and complexity.

**REPORTS:** Wealth Management clients who engage us by a Wealth Management contract will receive ongoing planning reports made available through the eMoney or RightCapital platforms. Additional reports will not typically be provided unless specifically requested, and generally as determined to be applicable to the client's need and situation.

#### **GENERAL INFORMATION APPLICABLE TO ALL SERVICES**

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with us and to keep us informed of any changes thereto.

## Item 14

### *Client Referrals and Other Compensation*

As indicated at Item 12 above, Paragon can receive from Fidelity and/or TD Ameritrade without cost (and/or at a discount), support services and/or products. Paragon's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity and/or TD Ameritrade (or any other institution) as result of this arrangement. There is no corresponding commitment made by Paragon to Fidelity, TD Ameritrade, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Paragon's Chief Compliance Officer, Michelle Ash, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.

## **SOLICITOR REFERRALS**

Our firm does **NOT** receive referral fees from independent persons or firms for us introducing clients to them, whereby our firm is acting as the Solicitor.

### **Item 15** ***Custody***

Paragon shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Fidelity, TD Ameritrade, etc.) at least quarterly.

To the extent that Paragon provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Paragon with the account statements received from the account custodian.

The account custodian does not verify the accuracy of Paragon's advisory fee calculation.

Paragon engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9, but which practices and/or services are not subject to an annual surprise CPA examination in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter.

### **Item 16** ***Investment Discretion***

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

### **Item 17** ***Voting Client Securities***

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

- Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
- Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

### **Item 18** ***Financial Information***

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Paragon Wealth Strategies, LLC has no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement in this document.

Paragon Wealth Strategies, LLC has not been the subject of a bankruptcy petition at any time.

**ANY QUESTIONS:**

**Paragon's Chief Compliance Officer, Michelle Ash, remains available to address any questions regarding this Part 2A.**