

A NEW YEAR!

As we begin 2010, there are several things we want to share with you. First of all, thank you for placing your trust in Paragon as your investment advisor. 2009 was a tumultuous year for the economy and the markets, and we are very proud that you chose us to help you through it.

PLEASE NOTE: If there is a yellow envelope marked "Tax Information" included with your reports, it will contain one or two reports. For taxable accounts, there is a schedule of "Realized Gains and Losses" for 2009. For our clients whose fees are paid directly out of their Schwab account(s), there is an "Income and Expense" report which shows what you paid in management fees for the year.

We recently sent a survey, via e-mail, to over 300 of our clients, and various professionals who deal directly with us. We were thrilled that roughly 40% of you responded to the survey. Typically, a 10-15% response rate is considered good, but we knew right from the start that our clients were much more than typical.

The responses covered a broad representative range of our clients. The respondents ranged from 6 months to over 10 years tenure with the firm. We received incredibly complimentary remarks which offered very frank and constructive concerns and suggestions.

The partners looked at, and discussed, every single response that came in and a few things stood out to us. First, we really do have insightful and thoughtful clients. Second, salient comments were dispersed among a variety of clients, not concentrated in one group or another. Finally, the most common compliment or concern was communication.

Some wanted more communication, some less. Some wanted more face-to-face, some wanted more written, including e-mail, and fewer personal meetings. Some wanted all electronic communication; some wanted none. You get the picture.

Obviously, there is no "cookie-cutter" answer to how to address these concerns – and that's great. We don't want to be a "cookie-cutter" company. So, we are re-doubling our efforts to make sure that each client has the exact amount of contact from us that they want, and that they receive it just the way they want.

One last thought on the survey. If you have a comment or suggestion regarding the service you receive from Paragon, PLEASE DO NOT wait for another survey to come your way. We always want to know what you are thinking about the job we are doing; what you think we are doing well, and what you think we could be doing better.

After tumbling 25.4% to a 12-year low in March, the Dow Jones Industrial Average staged a blistering rebound to finish the year up 18.8% at 10428.05

It wasn't just big stocks that rallied. Encouraged by government efforts to restart the financial system and stimulate the economy, investors who had fled from all but the very safest investments in 2008 dove back into the most volatile stocks and bonds, racking up big gains along the way.

The Dow's low point on March 9; when it was down 53.8% from its all-time high in October 2007, turned out to be the start of a powerful rally. Although the gains slowed in December and the Dow slid 120 points on the last day of the year, it finished 2009 up 59.3% from its March low, the fastest climb since 1933. The Nasdaq Composite ended 2009 78.9% above its March low and up 43.9% for the year.

Companies in sectors that had taken the biggest beating in 2008 and early last year surged, including autos and basic materials.

A major unknown is how the markets will fare once the Fed starts siphoning off some of the unprecedented amounts of cash it pumped into the financial markets to support the economy, especially if the Fed moves sooner rather than later.

Investors will pay close attention to hints from the Fed as to how it's going to proceed, and watching for any signs that the central bank's exit strategy is proving disruptive. They especially will watch the housing market, which has been propped up by the Fed's successful effort to keep mortgage rates low through purchases of mortgage-backed securities.

While many companies posted big stock gains in 2009 simply because it turned out they weren't going out of business, investors this year will be more discriminating, Mr. Trennert says. Companies "aren't going to get extra credit for just surviving; you're actually going to have to perform." (Jason DeSena Trennert, Chief Investment Strategist, Strategas Research Partners)

Portions © The Wall Street Journal, January 5, 2010

Finally, we are proud to announce that two of our partners have gained special recognition this year. Ethel Davis was named one of Kansas City's "Most Influential Women" for 2010 by K.C. Magazine, and Craig Novorr received the "Rising Star" award for 2010 from KC Business Magazine. We will have more individual, and firm-wide, recognitions to tell you about in our April newsletter. But for now, congratulations Ethel and Craig!

Thank you for choosing Paragon as your investment management partner. As always, we are actively seeking new clients, so feel free to pass our names on to anyone who you feel might benefit from our services.

Regards,

Howard, Ward, Elizabeth, Ethel & Craig

A copy of our SEC Form ADV Part II is available to you at any time. This document describes who we are, what we do, and how we do it. If you would like to have a copy sent to you please contact Becca at the phone number, or e-mail, listed below. Also, our Proxy voting policy is available to you at any time. If you would like to receive a copy of the policy, or inquire as to how your shares have been voted, please contact Becca at the phone number, or e-mail, listed below.

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Paragon does not disclose such information unless instructed to do so by the client.

We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your non-public personal information.

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