

Changes for the Better

In our ongoing effort to deliver the best possible client experience, we are constantly looking for ways to improve our products, our processes, our programs, and our presentations. Over a year ago, we began a comprehensive analysis of our systems that resulted in a decision to upgrade our hardware platforms and software applications; from operating systems, to back office practices, to portfolio management and accounting, to client reporting and contact. After 19 years of incremental changes, we felt that the technology landscape had changed enough that a complete overhaul was not only beneficial, it was vital.

So, for the better part of 2017 we took the time and effort to transition to new systems. Because it was such a comprehensive upgrade, some portions of it are visible to you, while other important improvements are strictly “behind-the-scenes”. However, we are confident that these changes will enhance our cyber-security, improve our efficiency, and better support our purposes, but most importantly, they will advance our ability to communicate timely, and meaningful, information to you.

Included with this newsletter is a copy of our new, and we believe improved, quarterly report. ***The quarter-end information is exactly what has been conveyed in previous reports.*** However, we are beginning to introduce graphics into the reports to make them easier to understand, and to present more historical perspective.

- Page 2 of the new report shows asset allocation, the most vital component to the total return of any investment portfolio over time. At the top left of the page is your current portfolio asset allocation, categorized by equities, fixed-income and cash in pie-chart and table form. Just to the right of that is the same asset allocation information, but in a time series. This allows you to see trends over time and documents any material changes that have occurred. The lower portion of the page shows the beginning value of the portfolio(s), which when adjusted by net contributions and investment gains leads us to the current market value.
- Page 3 of the new report is a statement of cash flows. The chart on the upper half of the page shows net contributions to the account (black line) versus the market value over time (blue area). This allows you to see how major contributions or withdrawals for the account affect the overall value of the account. The lower section of the page is another representation of the beginning value/net contribution/investment gains/current value over different time periods and with investment returns by percentages added.
- Page 4 of the report is the standard Time-Weighted Rate of Return (TWR) table that we have been providing for almost 20 years. The layout is somewhat different in style, but as always, the most current period is on the far left hand and the returns since inception are on the far right hand column.

- Beginning on page 5 is the Portfolio Appraisal section. It is also quite similar to the previous version of the Paragon quarterly report but has some groupings and sub-totals that provide more detailed information than before.

As time goes on, we will continue to enhance the reports when we feel it improves communication and understanding. We will not change the reports simply to “throw more data” at you.

In addition to reporting, we have improved our abilities to initiate, maintain, and track our communications with you. We believe that this upgrade will allow us to respond to your inquiries and requests more quickly, and more effectively, as well as more accurately when dealing with appropriate third-parties (i.e. custodians, accountants, banks, attorneys).

In addition to technology upgrades, we are pleased to announce that Rich Heideman has joined Paragon as a Senior Analyst. Rich earned his B.S. from the University of Akron, and his M.B.A from the Weatherhead School of Management at Case Western Reserve University. He has over 15 years of experience in the investment industry with firms such as National City Bank Private Client Group and Waddell & Reed Investment Management. Rich also holds a Certified Financial Analyst (CFA) charter.

If you have any questions at all about what we are doing, why we are doing it, or how we are doing it; please do not hesitate to contact any of us. We welcome your feedback.

Craig, Howard, Elizabeth, Ward & Brian

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Wealth Management with a Unique Focus {you}!

In the ongoing effort to continue to give our clients the most detailed and meaningful data available you may have noticed that your Schwab statement now includes, within the detail sections, cost basis information on your individual securities. Although this is information which we provided to you on an ongoing, quarterly basis in the past, it is now available on your custodial statements. We trust that you find it useful. A copy of our SEC Brochure (formerly Form ADV Part II) is available at any time. This document describes who we are, what we do, and how we do it. Also, our Proxy voting policy is available to you at any time. If you would like to receive either of these documents or inquire as to how your shares have been voted, please contact us at a phone number, or e-mail, listed below.

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