

The Paragon Way

Over the years we have discussed our investment process many times in these newsletters. For both stocks and bonds, we take a long-term, conservative, individualized approach to trading securities. We have described our research process and how it is constantly evolving based on good choices we have made, and sometimes “not so good” choices we have made.

For each piece of data that comes across our desks we first must verify it to make sure that it is a fact. We then put the fact in context to deliver information, not just random points of data. The third step is to analyze the information to try and generate knowledge in order to make appropriate investment decisions. Among the tangible steps we have taken to improve this process are expanding the breadth of our data sources to enhance the flow of information, and by hiring another experienced investment analyst to add depth to our evaluation.

By adding resources to the analytical process, we have shortened the time from data gathering to decision making and have been able to generate more ideas from which to choose investments. This process holds true for both asset allocation (stocks vs. bonds, large vs. small, domestic vs. international, etc.) as well as security selection (which stock, which bond?).

Part of the genius of Howard’s founding Paragon Capital 20 years ago was that he realized the benefit of constantly improving processes. By hiring like-minded professionals, and keeping an extremely flat organizational structure, we have avoided the tendency of growing companies to complicate the process with multiple meetings, committees, and approvals. More importantly, we have kept the office at “one degree of separation”. If we have an idea, we take it quickly to the decision makers. If we have a question, we take it directly to those who can answer the question or solve the problem. By sharing information formally, informally, and consistently we can take advantage of the decades of experience and knowledge that we have assembled at Paragon.

In addition to keeping the distance between data gathering and investment decision short we have also made a conscious choice to keep improving our process between investment decision and portfolio deployment. This means that investment decisions are implemented quickly and consistently throughout the portfolios that we manage. This is not a cookie cutter approach, but a method to make sure that each of our clients can take advantage of the combined experience of the firm regardless of whom their primary contact might be.

As we have refined the portfolio implementation process through the years, we have noticed that by shortening the time between decision and deployment we can make more nuanced choices for your individual portfolios based on your specific needs. This may result in more active trading as we are able to take advantage of investment variables with more customized distinctions driving our decisions.

So now with the benefits of long-term experience and technology, what we historically kept track of personally we can now keep track of across the firm. And degrees of difference that we used to have to identify individually, can now be found, and tailored to your needs with much more timeliness.

All in all, we feel that the current processes we have in place to service your needs and manage your portfolios are as finely-tuned, and as sensitive to changes in the economy and the markets as they have been over the last 20 years. You are truly getting the best of The Paragon Way.

Thank you for your trust in Paragon Management, for your input and feedback to changes we have made over the last 20 years, and for your continued confidence as we continue to serve you better over the next 20 years.

Craig, Howard & Ward

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Quarterly Reports

We have received positive feedback from our recent format changes. However, we understand that there is still some uncertainty regarding certain sections of the new report. We are always happy to sit down with you, or schedule a phone call, to explain the report in greater detail. If you think this would be helpful, please let us know.

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.

As a Registered Investment Advisor, Paragon Capital Management receives and collects non -public personal information from various activities and statements. 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