

Registered As: Paragon Capital Management, LLC | **CRD No. 108168**



Form ADV Part 2A – Firm Disclosure Brochure

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This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Paragon Capital Management, LLC (“the firm”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (913) 451-2254 or by email at cnovorr@paragoncap.com. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about the firm to assist you in determining whether to retain the firm. Additional information about Paragon Capital Management, LLC is available on the SEC’s website at www.adviserinfo.sec.gov by searching our CRD number 108168.

Item 2 – Material Changes

The annual summary describes any material changes that may have taken place since the last update of our ADV Part II brochure. This could consist of ownership changes, a change in the fee we charge our clients, any disciplinary events that may have taken place, or other changes of which you should be notified.

There have been no material changes since our last brochure dated March 3, 2022.

At any time, the current Disclosure Brochure is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching the firm name or CRD number 108168. A copy of this Disclosure Brochure may be requested at any time, by contacting (913) 451-2254 or by email at cnovorr@paragoncap.com.

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Item 4 – Advisory Business

Firm Information

The firm was organized in 1998 as an LLC in the state of Kansas to help individuals and business owners pursue their financial goals. The entity registered as an investment advisor with the SEC in 1998.

Once a client's goals have been established, the firm can customize appropriate investments strategies consistent with a client's investment objective and risk profile utilizing the following products and services:

- Financial Planning
- Retirement Strategies
- Asset Allocation
- Investments
- Estate Planning

This disclosure brochure provides information regarding the qualifications, business practices and details of the advisory services and the applicable fees.

Principal Owner

Paragon Capital Management, LLC is owned and operated by Craig Novorr (CRD No. 5204893).

Advisory Services Offered

Paragon Capital Management, LLC provides regular and continuous management and supervision of assets as well as financial planning primarily to individuals, high net worth individuals, foundations, trusts and estates. Assets are managed on a discretionary basis, as selected on the written asset management agreement.

- **Discretionary Authority** – Client grants Advisor ongoing and continuous discretionary authority to execute its investment recommendations without the Client's prior approval of each specific transaction. Under this authority, Client shall allow Advisor to purchase and sell securities and instruments in this Account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the Client in all matters necessary or incidental.

Asset management focuses on investment goals, objectives, risk tolerance consistent with a client's financial situation. Investment portfolios consist primarily of individual stocks, exchange traded funds, mutual funds, US government, municipal, or corporate bonds, preferred stock, structured notes, and money market funds. Paragon may invest client accounts in other types of securities based on the client's goals and risk tolerance. Clients may impose reasonable restrictions on investing in certain types of securities. If a client should choose to hold an investment in their account that we do not monitor, it would be held in the account as an unsupervised asset.

At no time will the firm accept or maintain direct custody of funds or securities. All client assets will be managed within the designated brokerage account[s] held at a qualified custodian, according to the terms of the account opening documents.

If a client does not receive this disclosure brochure at least 48 hours prior to entering into an investment advisory agreement, they have a right to terminate the contract, without penalty, within five business days.

Investment Advisor Representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular Client are dependent upon the Investment Advisor Representative that is working with the Client. Investment Advisor Representatives will consider the individual needs of each Client when providing investment advice. Investment strategies and recommendations are tailored to the individual needs of each Client but generally consist of an asset allocation consistent with:

1. **Income with Capital Preservation.** Designed as a longer-term accumulation account, this investment objective is considered generally the most conservative. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.
2. **Income with Moderate Growth.** This investment objective emphasizes generation of current income with a secondary focus on moderate capital growth.
3. **Growth with Income.** This investment objective emphasizes modest capital growth with some focus on generation of current income.
4. **Growth.** This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on generation of current income.
5. **Aggressive Growth.** This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on generation of current income. This objective has a very high level of risk and is for investors with a longer timer horizon.

Retirement Plan Rollovers

An employee generally has four (4) options for their retirement plan when they leave an employer:

1. Leave the money in his/her former employer's plan, if permitted
2. Rollover the assets to his/her new employer's plan if one is available and permitted
3. Rollover to an Individual Retirement Account (IRA), or
4. Cash out the account value, which has significant tax considerations

Paragon Capital Management, LLC provides educational services pertaining to retirement plan assets that could potentially be rolled-over to an IRA managed by the firm. Education is based on a particular Client's financial circumstances. Paragon Capital Management, LLC has an incentive to recommend such a rollover based on the compensation received, which is mitigated by the fiduciary duty to act in a Client's best interest and acting accordingly.

Client Account Management

Prior to engaging Paragon Capital Management, LLC to provide investment advisory services, each Client is required to enter into an investment advisory agreement with that defines the terms, conditions, authority, and responsibilities.

Sub-Advisory Service

Paragon acts as a sub-advisor to unaffiliated Private Advisors who participate in the Schwab Advisor Marketplace. We are compensated by the Client in the network for services rendered. Paragon's compensation is in addition to the Primary Advisor's advisory fee and is charged directly to the client. Client signs fee schedule (based on Paragon's normal fee schedule which could be negotiable) and Investment Guidelines with Paragon separate from Primary Advisor's fees. The terms and conditions under which the client shall engage us shall generally be set forth in separate written agreements between the client and our firm and the client and the Primary Adviser.

Assets Under Management

Assets under management as of February 3, 2022 are as follows:

Assets under Management	
Discretionary	\$441,122,380

Item 5 – Fees and Compensation

Investment Management

The fee calculation is based on the fair market value of the account(s) as of the end of each quarter. Fees paid to us for management services are paid in arrears quarterly and not in advance of services, and they are deducted directly from our client's account(s) unless other arrangements have been made. Our fee calculation is based on assets under management in each client account. The Adviser calculates the advisory fee based on the prior quarter end value, multiplied by the advisory fee divided by 360 and then multiplied by the actual number of days in the quarter. The fee is deducted based on a separate written authorization between the custodian and the Client.

Fees may be negotiated for larger accounts or accounts affiliated with existing clients but are generally charged in accordance with the following fee schedule:

Fee Schedule	
Assets Under Management	Annual Fee
Up to \$500,000	1.00% (.01)
\$501,000-\$5,000,000	.80% (.008)

\$5,000,001+	Negotiable
Minimum Annual Fee per Household	\$2,500

- Clients will receive quarterly statements from the Custodian that provides details of the advisory fees.
- The investment advisory fee in the first period of service is pro-rated from the inception date of the account[s] to the end of the first quarter.
- Asset management fees are exclusive of and in addition to, brokerage fees, transaction fees, and other related costs and expenses.
- The firm will not have the authority or responsibility to value portfolio securities.

Financial Planning

Financial planning is not billed separately but within the scope of the larger advisory relationship.

Mutual Fund Share Class Disclosures

Paragon Capital Management, LLC strives to select the lowest cost share class available; however, certain mutual fund share classes charge a 12b-1 fee that generally amounts to an additional .25% expense ratio or more. The purpose of 12b-1 fees, as approved by the SEC, are to cover marketing expenses and shareholder services such as support services and “other expenses” such as legal, accounting and the administrative functions of the custodian. When selecting a mutual fund, Investment Advisor Representatives have a fiduciary duty to choose the share class that helps manage the overall fee structure of the account. The entire fee structure includes such fees as the asset management fee, the expense ratio and ticket charges.

- Mutual funds typically offer multiple share classes, including lower-cost share classes that do not charge 12b-1 fees and are therefore usually less expensive.
- Investment Advisor Representatives will consider investing Client funds in 12b-1 fee-paying share classes even when a lower-cost share class is available as appropriate to account for the overall fee structure and tax considerations as well as attributes of a fund not available for lesser fees.

Compensation for Sales of Securities

Paragon Capital Management, LLC does not receive commission compensation for advisory services.

Other Fees and Expenses

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from asset management fees. Clients will also pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses).

If a Client's assets are invested in mutual funds or other pooled investment products, Clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay Advisor the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, Clients could generally avoid the second layer of fees by not using the management services of Paragon Capital Management, LLC and by making their own investment decisions. Further information regarding fees assessed by a mutual fund is available in the appropriate prospectus.

Fees for Serving as Investment Advisor on Certain Trusts

We may also serve as investment advisor on certain trusts requiring a corporate trustee. Fees may differ from our fee schedule based on factors such as the size of account and the corporate trustee selected to administer the trust.

Termination

A contract between Paragon Capital Management, LLC and a Client may at any time be terminated by the Client without the payment of any penalty. This Agreement may be terminated by the Adviser on two weeks' written notice to the Client. This Agreement may be amended at any time by mutual written consent of the parties. . Clients will be given this brochure form ADV Part 2A, forty-eight hours in advance of signing an agreement or they will have five business days to unconditionally cancel the agreement.

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

Paragon Capital Management, LLC does not accept performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a Client (such as a Client that is a hedge fund or other pooled investment vehicle).

Paragon Capital Management, LLC also does not participate in side-by-side management, where an advisor manages accounts that are both charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

Item 7 – Types of Clients

The advisory services offered by Paragon Capital Management, LLC are generally provided to individuals, high net worth individuals, foundations, trusts, and estates.

Clients can also set up foundations that will be managed towards meeting their goals for current and future charitable contributions. Our account minimum is \$500,000 but smaller accounts may be accepted based on several factors including the client relationship.

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

Paragon Capital Management, LLC emphasizes continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The Client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the Client’s circumstances. Once the appropriate portfolio has been determined, it is subject to review and if necessary, rebalanced based upon the Client’s individual needs, stated goals and objectives. Each Client can place reasonable restrictions on the types of investments to be held in the portfolio.

Paragon Capital Management, LLC primarily uses fundamental analysis to make investment decisions. The firm procures research from multiple sources to evaluate investment ideas and to analyze financial data and market conditions such as the general financial health of a company, and/or the analysis of management or competitive advantages, past market data (primarily price and volume), business cycles, as well as patterns and trends.

- **Fundamental Analysis** - Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria consist generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the firm in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The firm monitors these economic indicators to determine if adjustments to strategic allocations are appropriate.

Paragon Capital Management, LLC will typically hold all or a portion of a security for more than a year. Securities may be held for less than a year for the purpose of rebalancing a portfolio, meeting the cash needs of a Client, or if the fundamental rationale for holding the security changes. At times, Paragon Capital Management, LLC will buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector, or asset class.

Risk of Loss

Investing in securities involves certain investment risks. Securities can fluctuate in value or lose value up to the entire principal amount invested. Clients should be prepared to bear the potential risk of loss. Paragon Capital Management, LLC will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. Investment Advisor Representatives monitor economic indicators to determine if adjustments to strategic allocations are appropriate.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis. The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations. Clients should be aware of the following types of risks that apply to investing and are encouraged to discuss the specific risks applicable to their account holdings:

- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. All businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Company Specific Risk** – an unsystemic risk specific to a certain company's operations, executive decisions and reputation which is difficult to quantify.
- **Concentration Risk** – concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.
- **Force Majeure**– a natural and unavoidable catastrophe that interrupts the expected course of events, market structure and access to funds.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or industries. This is a risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification.
- **Pandemic Risk** – Large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political Risk** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Terrorism Risk** – an act of terror or calculated use of violence against the country, market structure or individuals.

All investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s).

Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

Types of Investments

Paragon Capital Management, LLC generally manages Client portfolios that consist of mutual funds, Exchange Traded Equities (ETFs), structured products and individual securities.

- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
 - **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus Clients may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.
 - **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed, and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide invest or liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, Clients may be unable to liquidate all or a portion of their shares in these types of funds.
 - **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Equity** – An investment that generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.
- **Exchange Traded Funds (ETFs)** – An ETF is a portfolio of securities invested to track a market index similar to an index mutual fund, but the shares are traded on an exchange like an equity. An ETF share price fluctuates intraday depending on market conditions instead of having a net asset value (NAV) that is calculated once at the end of the day. The shares may trade at a premium or discount; and as a result, investors pay more or less when purchasing shares and receive more or less than when selling shares. The supply of ETF shares is regulated through a mechanism known as

creation and redemption that involves large specialized investors, known as authorized participants (APs). Authorized participants are large financial institutions with a high degree of buying power, such as market makers, banks or investment companies that provide market liquidity. When there is a shortage of shares in the market, the authorized participant creates more (creation). Conversely, the authorized participant will reduce shares in circulation (redemption) when supply falls short of demand. Multiple authorized participants help improve the liquidity of a particular ETF and stabilize the share price. To the extent that authorized participants cannot or are otherwise unwilling to engage in creation and redemption transactions, shares of an ETF tend to trade at a significant discount or premium and may face trading halts and delisting from the exchange. The performance of ETFs is subject to market risk, including the complete loss of principal. ETFs also have a trading risk based on cost inefficiency if the ETFs are actively traded and a liquidity risk if the ETFs has a large price spread and low trading volume. In addition, investors buying or selling shares in the secondary market pay brokerage commissions, which may be a significant proportional cost not incurred by mutual funds.

- **Fixed Income (Bonds)** - Our fixed income selection is based on generating the appropriate amount of income based on quality and maturity of the debt instruments. We invest in bonds rated “investment grade” or above and generally ladder the bonds so they mature over a period of years. The types of fixed income securities we invest in are U.S. Treasury’s or agencies, corporate bonds, municipal bonds, and preferred stock. Our priorities when selecting fixed income securities are the generation of income and the preservation of capital.
- **Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer’s ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer’s credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- **Cash-** Cash is held in a money market fund available through the custodian. We typically have several choices of the type of fund to use and pick one most appropriate for our clients. Funds are available for taxable or tax-exempt investing. We monitor the rates paid by these funds and the types of investments held by each fund.

Additional types of investments will be considered per Client for asset allocation and risk management purposes.

Item 9 – Disciplinary Information

There are no legal, regulatory, or disciplinary events involving Paragon Capital Management, LLC or any of its Supervised Persons.

Item 10 – Other Financial Industry Activities and Affiliations

Another potential conflict could be an affiliation with another financial entity. Those entities could include, but are not limited to brokers, financial planners, other investment advisors and banks. Paragon is not affiliated with, nor do we participate in, any financial activity with another firm or person in the financial industry.

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

Code of Ethics

Paragon Capital Management, LLC has implemented a Code of Ethics (the “Code”) that defines our fiduciary commitment to each Client. This Code applies to all persons associated with the firm (our “Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. The firm and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of the firm’s Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (913) 451-2254 or by email at cnovorr@paragoncap.com.

Personal Trading with Material Interest

Paragon Capital Management, LLC does not act as principal in any transactions. In addition, the firm does not act as the general partner of a fund or advise an investment company. Paragon Capital Management, LLC does not have a material interest in any securities traded in Client accounts.

Personal Trading in Same Securities as Clients

Paragon Capital Management, LLC allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities, we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting.

Personal Trading at Same Time as Client

Supervised Persons may not purchase or sell any security immediately prior to or immediately after a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

Item 12 – Brokerage Practices

Paragon Capital Management, LLC will generally recommend that Clients establish a brokerage account with Schwab Institutional division of Charles Schwab, Co., Inc. (Schwab), a registered broker-dealer, member SIPC to maintain custody of assets and to effect trades. Schwab provides brokerage and custodial services to independent investment advisory firms, including Paragon Capital Management, LLC. Schwab provides Paragon access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a total of at least \$250 million of the advisor's clients' assets are maintained at Schwab. This minimum may give us an incentive to recommend that you maintain an account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

Benefits Received by Paragon Capital Management, LLC Personnel

Schwab also makes available to Paragon other products services that benefit Paragon but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of Paragon's accounts, including accounts not maintained by Schwab. Schwab's products and services that assist Paragon in managing and administering clients' accounts include software and other technology that (1) provides access to client account data (such as trade confirmations and account statements); (2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (3) provide research, pricing and other market data; (4) facilitate payment of Paragon's fees from some of its accounts; and (5) assist with back-office functions, recordkeeping and client reporting. Schwab also offers other services intended to help Paragon manage and further develop its business enterprise. These services

may include: (1) compliance, legal and business consulting; (2) publications and conferences on practice management and business succession; and (3) access to employee benefits providers, human capital consultants and insurance providers. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Paragon. Schwab may also provide other benefits such as educational events or occasional business entertainment of Paragon personnel. While as a fiduciary, Paragon endeavors to act in its clients' best interests, Paragon's recommendation that clients maintain their assets in accounts at Schwab may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which may create a conflict of interest.

Client Referrals from Solicitors

Paragon receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Paragon's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Paragon. Schwab does not supervise Paragon and has no responsibility for Paragon's management of clients' portfolios or Paragon's other advice or services. Paragon pays Schwab fees to receive client referrals through the Service. Paragon's participation in the Service may raise potential conflicts of interest described below.

Paragon pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Paragon is a percentage of the fees the client owes to Paragon or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Paragon pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Paragon quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by Paragon and not by the client. Paragon has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Paragon charges clients with similar portfolios who were not referred through the Service.

Paragon generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Paragon will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Paragon's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Paragon will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Paragon's fees directly from the accounts.

For accounts of Paragon's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Paragon's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Paragon may have an incentive to cause trades to be executed through Schwab rather than another broker dealer. Paragon, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Paragon's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Soft Dollars - Soft dollars are revenue programs offered by broker/dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. Schwab makes available various products and services designed to assist the firm in managing and administering Client accounts. These services include software and other technology that provide access to Client account data (such as trade confirmation and account statements); facilitation of trade execution (and research reports or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making. These support services are provided based on the overall relationship without a minimum production level or value of assets held with the custodian. Consequently, it is not the result of soft dollar arrangements or any other express arrangements that involve the execution of Client transactions as a condition to receive the services.

Transaction Fees -The Custodian charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The Custodian enables Paragon Capital Management, LLC to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodian's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodians may be higher or lower than those charged by other custodians and broker/dealers.

Best Execution - 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, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all Clients, we may not necessarily obtain the lowest possible commission rates for specific Client account transactions.

Directed Brokerage - We select the brokers used to place trades in our clients' accounts. The selection is based on several key issues such as quality, price, and speed in executing the trade. Occasionally, a client may wish to direct their trades through a different broker. If a client directs a trade through a different broker, our

ability to achieve best execution may be wholly or partially limited by the directed brokerage arrangement including our inability to obtain the best price or the most favorable execution.

Aggregating and Allocating Trades - We have the ability to aggregate trades in a security when trades are being placed with a broker. Aggregating trades ensures that all accounts will have paid or received the same price when trading the same security. Large blocks of trades or the purchase or sale of thinly traded securities are closely monitored to ensure that our clients receive the best possible execution. We do not limit the allocation of any security to an account or disadvantage any client account over another. Our aggregation policy is in place to ensure that investment opportunities are allocated to our clients on an equitable basis. We monitor all trading activity to make sure that any trades placed by partners or staff would not negatively impact the price at which a client would trade the same security. When rebalancing individual accounts, trades are generally not aggregated as not all accounts are trading the same security in the same time frame.

Trade Errors - As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to our actions, or inaction, or actions of others, our policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Paragon Capital Management in any way.

If the error is the responsibility of Paragon Capital Management, any client transaction will be corrected, and Paragon Capital Management will be responsible for any client loss resulting from an inaccurate or erroneous order. Any gain resulting from a trade error would be retained by the client.

Item 13 – Review of Accounts

For those Clients to whom Paragon Capital Management, LLC provides investment advisory services, account reviews are conducted on an ongoing basis by the Investment Advisor Representative. All Clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their Investment Advisor Representative. In addition, each Client relationship shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may also be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Paragon Capital Management, LLC if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

Clients will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client can also establish electronic access to the Custodian's website so they can view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s].

Item 14 – Client Referrals and Other Compensation

Client Referrals from Solicitors

Paragon receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through Paragon’s participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Paragon. Schwab does not supervise Paragon and has no responsibility for Paragon’s management of clients’ portfolios or Paragon’s other advice or services. Paragon pays Schwab fees to receive client referrals through the Service. Paragon’s participation in the Service may raise potential conflicts of interest described as described above in Item 12.

Item 15 – Custody

Paragon Capital Management, LLC does not accept or maintain actual custody of funds or securities. A qualified custodian is responsible to provide Clients with trade confirmations, tax forms and quarterly statements that include account balance(s). Clients are advised to carefully review the information provided by the custodian and notify their Investment Advisor Representative with any questions or if such information is not received.

- Clients authorize the custodian by separate agreement to deduct advisory fees on behalf of Paragon Capital Management, LLC.

Item 16 – Investment Discretion

Clients can determine to engage Paragon Capital Management, LLC to provide investment advisory services on a discretionary basis. Prior to Paragon Capital Management, LLC assuming discretionary authority over a Client’s account, the Client shall be required to execute an Investment Advisory Agreement, naming Paragon Capital Management, LLC as the Client’s attorney and agent in fact, granting Paragon Capital Management, LLC full authority to buy, sell, or otherwise effect investment transactions involving the assets in the Client’s name found in the discretionary account.

Item 17 – Voting Client Securities

Proxy Voting

In certain situations, Paragon Capital Management, LLC has the responsibility for voting proxies for portfolio securities consistent with the best economic interest of the Clients. The firm maintain policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about the Firm’s proxy policies and practices.

In certain situations, Paragon Capital Management, LLC does not accept proxy-voting responsibility for Client. These Clients will receive proxy statements directly from the Custodian. Paragon Capital Management, LLC can assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

To assist with proxy voting for Client accounts, Paragon has engaged Proxytrust. (“Proxytrust”). Proxytrust is an independent third party that specializes in providing a variety of fiduciary-level proxy related services to institutional investment managers. Proxytrust provides us with in-depth research, voting recommendations, vote execution and recordkeeping.

Paragon may have a conflict of interest related to voting certain securities of publicly held companies to which the firm provides investment advisory services. Because proxies are voted pursuant to standing ISS US Benchmark Policies most votes are made based on overall voting parameters rather than their application to any particular company, thereby reducing or eliminating the effect of any potential conflict of interest.

If we determine that our Firm or one of our employees faces a material conflict of interest in voting your proxy (e.g., an employee of Proxytrust may personally benefit if the proxy is voted in a certain direction), our procedures provide for Proxytrust as an independent party to determine the appropriate vote. We will use our best judgment to vote proxies in the best interests of our clients and will typically follow the recommendations of Proxytrust. In the event that we decide to vote a proxy (or a particular proposal within a proxy) in a manner different from the Proxytrust recommendation, we will document the reasons supporting the decision. In the event that we intend to deviate from the proxy voting recommendation of Proxytrust and where the public company is an entity with which we have a significant business relationship, then we shall bring the proxy voting issue to the attention of affected clients for guidance on how to vote the proxy.

Clients may request information regarding how Paragon Capital Management voted a Client’s proxies and Clients may request a copy of the Firm’s proxy voting policies and procedures by emailing cnovoor@paragoncap.com . The client retains the right to vote all proxies and have the custodian forward all proxy material directly to them instead of Paragon.

Class Action Lawsuits

Class Action Litigation Filing Service. We have retained the services of Chicago Clearing Corporation (“CCC”) to assist with the proliferation of securities class action litigation and the complexities of the claim filing process. CCC’s sole business is securing class action claims. CCC monitors each claim that a client may have, collects the applicable trade history and documentation (beneficial owner name and tax identification), interprets the terms of each settlement, files the appropriate claim form, interacts with the administrators and distributes client’s award on its behalf. CCC charges a contingency fee of 15%, which is subtracted from client’s award when the award is paid. If a client chooses to participate in this service, the client will be required to provide private information to CCC to assist with the class action suit research, which information CCC is contractually obligated to keep confidential. Client may opt out of this service pursuant to the Firm’s Investment Management Agreement, but, if client does so, neither we nor CCC will monitor any class action suits from which the client may be entitled to awards or process any claim forms on the client’s behalf.

Item 18 – Financial Information

Neither the firm, nor its management, have any adverse financial situations to disclose and have not been subject to a bankruptcy or financial compromise.

- The firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.