

A Summary of Your Relationship with Paragon Advisors, Inc. (June 24, 2020)

Paragon Advisors, Inc. (“Paragon” or “the firm”) is a SEC-registered investment adviser founded in 1996, located in Shaker Heights, Ohio. We are a fee-based multi-family office and financial advisory firm specializing in comprehensive and confidential management of family wealth. Our mission is to organize and centralize all your financial matters: assets, tax strategies, estate and financial planning.

As an investment adviser, our services and fees differ from brokerage services and fees, and it is important for you to understand the differences. Free, simple educational tools are available to you in order to research firms and financial professionals at Investor.gov/CRS. The purpose of this summary is to be a resource that allows you to compare and understand the different types of financial relationships, including the relationship with Paragon.

Below we provide some key subject areas for us to discuss as well as some **conversation starters** to help generate additional dialogue. The *conversation starters* are examples of the types of questions you should consider asking of your financial professional.

What investment services and advice can you provide me?

The core advisory services that we offer to families, individuals, entities, and estates (i.e. retail investors) include asset allocation analysis and recommendation, tax and cash flow planning and tax return preparation, estate and trust planning, insurance analysis, and investment management. Our services are tailored to your unique needs and goals.

We provide ongoing monitoring and continuous advice on investing your funds based on your individual circumstances. Through personal discussions, we determine your individual objectives, time horizons, risk tolerance, and liquidity needs. We work with you to establish targeted ranges among asset classes and aggregate your investment assets into a comprehensive asset allocation. We typically recommend a variety of investment vehicles, including mutual funds, exchange-traded funds, separately managed equity accounts, bonds, and alternative investments and managers. Some of these alternative investments may include private fund vehicles managed by our affiliate, Falmouth Investment Company. Our role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. Our clients are under no obligation to consider or make an investment in a private investment recommendation.

We manage advisory accounts on a discretionary or non-discretionary basis, according to your request. Account supervision is guided by your objectives as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. While there is no specific asset minimum to be a Paragon client, we find that our services are best suited for families with a net worth in excess of \$10 million. In addition, the funds or money managers we recommend may impose their own account minimums. For more information regarding Paragon’s advisory services, please see our Form ADV Part 2A brochure found at www.paragonadvisors.net.

Given my financial situation, should I choose an investment advisory service? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

For most clients, we charge an annual retainer for the core services. We tailor the fee based upon the complexity of your financial situation. We consider the level of income, assets owned, the composition of the asset mix, and the level of service to be performed. We negotiate the annual retainer fees for the core services at the beginning of the client relationship. We monitor the retainer amount at least annually to ensure that it is appropriate for the level of service. If, at any point, we find our time commitment to a client’s situation is significantly over or under the retainer, we will address the retainer with you to determine if an adjustment or special bill is warranted.

We bill the retainer fee quarterly in advance, and bill any out of pocket expenses incurred on your behalf quarterly in arrears. Although not typical, some clients are billed based on actual time incurred at the standard hourly rates. We bill

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these fees at least quarterly in arrears. We also have the ability to deduct our fees directly from your account if more convenient. We do not charge performance-related fees (fee based upon gains of a client portfolio).

In addition to our fees, you will likely be subject to fees and expenses at both the fund or manager level and the custodian level. *Fund/Manager-Level:* Any mutual fund shares, ETFs, and private funds (including funds managed by Falmouth Investment Company) held in your account are typically subject to fund-related expenses (e.g., management fees and other fund expenses) described in each fund's prospectus or private placement memorandum. *Custodian-Level:* You are generally responsible for paying brokerage commissions and/or transaction fees incurred in connection with transactions in your accounts (e.g., transaction fees are typically charged for certain no-load mutual funds; commissions are charged for individual equity or ETF transactions). In either case, all fees and expenses paid to the firm are separate and distinct from the fees and expenses charged by custodians and individual funds.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information regarding our advisory fees, please see additional details in our firm's Form ADV Part 2A brochure www.paragonadvisors.net.

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

- The firm recommends securities (or other investment products) to advisory clients in which its related person (Falmouth) has some other proprietary (ownership) interest.
- The firm recommends to advisory clients the purchase of securities for which its related person (Falmouth) serves as general partner and has a sales interest.

How might your conflicts of interest affect me, and how will you address them?

For more information regarding our firm's conflicts of interest, please see additional details in our Form ADV Part 2A brochure www.paragonadvisors.net.

How do your financial professionals make money?

Our financial professionals receive cash compensation for their services. We consider factors such as level of experience, job performance, professional designations, value to the firm, the time and complexity of services provided to meet a client's needs, and other subjective factors to determine each professional's base salary and discretionary bonus.

Do you or your financial professionals have legal or disciplinary history?

No firm professionals have any legal or disciplinary history. Free and simple tools are available to you in order to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

If you still have questions or would like to learn more about our investment advisory services, or you would like to request a copy of this relationship summary, please visit us at www.paragonadvisors.net, email us at paragon@paragonadvisors.net, or call us at 216-491-3990.

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?