

**Paradigm Investment Advisory, LLC**

**FORM ADV PART 2A**

**BROCHURE**

**Item 1 – Cover Page**

David Provinsal  
Chief Compliance Officer  
Paradigm Investment Advisory, LLC  
1140 Highway 22 East, Suite 105  
Bridgewater, NJ 08807

**Effective Date: March 28, 2025**

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Paradigm Investment Advisory, LLC (“Paradigm” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (908) 450-7402.

Paradigm is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the 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 through Paradigm to assist you in determining whether to retain the Advisor.

Additional information about Paradigm and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 334370.



## **Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

Paradigm Advisor Group, LLC has updated its legal name to Paradigm Investment Advisory, LLC.

Paradigm Investment Advisory, LLC has updated its ownership structure. (Item 4)

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## **Item 4 – Advisory Business**

### **A. Description of the Advisory Firm**

Paradigm Investment Advisory, LLC (“Paradigm” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor is organized as a limited liability company (“LLC”) under the laws of Delaware. Paradigm is owned by David Provinsal, Joseph White, and Andrew Koltunowicz.

All statements in this Brochure, including those made in the present tense, describe the prospective business of Paradigm.

### **B. Types of Advisory Services**

Paradigm offers investment advisory services to individuals, high net worth individuals, families, trusts, estates, charitable organizations and businesses (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Paradigm’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### **Investment Management Services**

Paradigm provides customized investment management solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. Paradigm works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create an investment strategy. Paradigm will then construct an investment portfolio, consisting of low-cost, diversified portfolio that may contain mutual funds, exchange-traded funds (“ETFs”) stocks, bonds or options contracts to meet the needs of its Clients. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations, including legacy engagements with third party money managers.

Client portfolios will primarily be constructed using institutional mutual funds, exchange-traded funds (“ETFs”), individual equities, individual bonds, and/or variable annuities. With respect to mutual funds, the Advisor seeks to invest client assets in institutional share classes with the lowest overall expense ratio, where available. Certain Client may have legacy investments in non-institutional mutual fund shares. The Advisor endeavors to sell such legacy non-institutional mutual fund shares when appropriate in accordance with client preferences and tax implications. The Advisor may also utilize other types of investments, as appropriate, to meet the needs of each particular Client. Client portfolios may be fully customized or use one or more of the Advisor’s investment strategies.

Paradigm’s overall investment approach is primarily long-term focused. As detailed above, the Advisor manages various accounts with different investment purposes and time horizons. Certain

accounts may have more or less investment activity than other accounts as a result. This approach is designed to optimize the Client's overall investment strategy. The Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Paradigm will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Paradigm evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Paradigm may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Paradigm may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. Paradigm may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will Paradigm accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. For additional information, please see Item 12 – Brokerage Practices and Item 15 – Custody.

*Use of Independent Managers* – Paradigm may recommend that certain legacy Clients utilize one or more unaffiliated investment managers or investment platforms (collectively "Independent Managers") for all or a portion of a Client's investment portfolio, based on the Client's needs and objectives. In such instances, the Client will be required to authorize and enter into an investment management agreement with an Independent Manager that defines the terms in which the Independent Manager will provide its services. The Advisor will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the Independent Manager's strategy remains aligned with the Client's investment objectives and overall best interests. The Advisor will also assist the Client in the development of the initial policy recommendations and managing the ongoing Client relationship. The Client, prior to entering into an agreement with an Independent Manager, will be provided with the Independent Manager's Form ADV Part 2A - Disclosure Brochure (or a brochure that makes the appropriate disclosures). The disclosure will be provided by the Independent Manager.

### Financial Planning Services

Paradigm will typically provide a variety of financial planning services to individuals and families, either as a component of investment management services or pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives. Generally, such financial planning services will involve preparing a financial plan based on the Client's financial goals and objectives. This planning may encompass one or more areas, including, but not limited to investment planning, retirement planning, personal savings, education savings, insurance needs, and other areas of a Client's financial situation.

A financial plan developed for the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

Paradigm may also refer Clients to an accountant, attorney or another specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For ad-hoc engagements, the Advisor may not provide a written summary. Plans are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly to the Advisor.

Financial planning recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor. Financial planning services may be included in an overall wealth management engagement or provided as a separate service, pursuant to the terms of the agreement with the Client.

#### C. Client-Tailored Advisory Services

Paradigm's investment advisory services are customized and tailored to the unique goals, objectives and needs of each client. The Firm seeks to understand the client's goals, objectives, time horizon, tax position and attitude toward risk and reward. The stated goals and objectives for each client are reflected in the client's overall recommended financial and investment program and advice that is provided on an ongoing basis.

#### D. Wrap Fee Management

Paradigm will typically include the securities transaction fees together with investment advisory fees to provide the Client with a single, bundled fee structure. Including these fees into a single asset-based is considered a "Wrap Fee Program". Paradigm customizes its investment management services for Clients. This Wrap Fee Program Brochure is included as Appendix 1 to this Disclosure Brochure solely to discuss the fees and potential conflicts associated with a bundled fee. Please see Appendix 1 – Wrap Fee Program Brochure, which is included with this Disclosure Brochure.

#### E. Assets Under Management

As of the date of this filing, the Firm manages \$182,812,046 in assets on a discretionary basis.



## **Item 5 – Fees and Compensation**

### **A. Fees for Advisory Services**

The Firm charges a monthly or quarterly annual advisory fee that is agreed upon with each client and set forth in an agreement executed by the Firm and the client. The Firm's annual advisory fee is generally based on a percentage of the client's assets under management or advisement with the Firm. The Firm's fee for investment advisory services is negotiable and varies based on several factors, including, but not limited to, the size of the client relationship, the type, nature and complexity of the investment strategies, products and investments utilized, service intensity, degree of custom work, number of entities, number of family members served and travel requirements.

If based on a percentage of assets under management or advisement, the advisory fee for the initial quarter is payable on a *pro rata* basis, in arrears, based on the period ending value of the net billable assets under management provided to the Firm by third-party sources such as pricing services, custodians, fund managers and administrators, and client-provided sources. For subsequent quarters, the management fee is generally payable in advance based on the average daily value of the client's account(s) on the last day of the previous quarter provided to the Firm by third-party sources such as pricing services, custodians, fund managers and administrators, and client-provided sources.

Clients have five (5) business days from the date of execution of the client agreement to terminate the Firm's services. The investment advisory agreement between the Firm and the client may be terminated at will by either the Firm or the client upon written notice. The Firm does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance. In the event the investment advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

### *Fees for Financial Planning and Consulting Services*

Paradigm offers stand-alone financial planning services on an hourly or fixed fee basis. Hourly fees are at a rate of up to \$350. Fixed fees are negotiated based on the expected number of hours to complete the engagement at the Advisor's hourly rate. Fees may be negotiable at the sole discretion of the Advisor, depending on the nature and complexity of services to be provided. Fees may also be included in an overall investment management relationship. An estimate for total hours and/or costs will be determined prior to establishing the advisory relationship.

### **B. Payment of Fees**

The Firm generally requires clients to have the Firm's annual advisory fee deducted from the client's account(s) held at the client's custodian. Upon engaging the Firm to manage such account(s), a client grants the Firm this limited authority through a written instruction to the custodian of his/her account(s). The client is responsible for verifying the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated.

The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to the Firm.

The Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to the Firm, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.* contingent deferred sales charges) and/or tax ramifications.

Financial planning fees are invoiced up to fifty percent (50%) upon execution of the financial planning agreement with the balance due upon completion of the engagement deliverables. The Advisor may invoice the Client for financial planning fees or arrange for the deduction of planning fees from the Client's account[s] at the Custodian.

#### C. Clients Responsible for Fees Charged by Financial Institutions

In connection with the Firm's management of client assets, a client will incur fees and/or expenses separate from the Firm's annual advisory fee. These additional fees and charges may include transaction charges and the fees/expenses charged by any custodian, broker-dealer, subadvisor, mutual fund, ETF, separate account manager, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), brokerage commissions, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account. Certain clients may also utilize the services of a trust company. The trust company will generally charge fees for its services, which are the responsibility of the client. These fees and/or expenses identified in this paragraph are separate from and in addition to the Firm's annual advisory fee. The client is responsible for all such fees and expenses. These fees are charged by and paid to the broker/dealer or custodian from the clients' accounts.

Clients may from time to time have cash assets invested in money-market funds which charge a management fee on the assets invested in the money-market funds. The Firm also generally charge a fee on cash invested in money-market funds. The Firm in its sole discretion can choose not to bill clients on cash or other asset classes or products as a concession to clients in certain circumstances.

#### D. Prepayment of Fees

##### Investment Management Services

Paradigm is compensated for its investment advisory services in advance of the month or quarter in which investment management services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the

Advisor's agreement at no cost to the Client. After the five- day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is nontransferable without the Client's prior consent.

*Use of Independent Managers* – In the event that a Client should wish to terminate their relationship with the Independent Manager, the terms for the termination will be set forth in the respective agreements between the Client and that Independent Manager. Paradigm will assist the Client with the termination and transition as appropriate.

### Financial Planning Services

Paradigm may be partially compensated for its financial planning services in advance the engagement. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engagement, the percentage of the engagement scope completed by the Advisor. The Advisor will refund any unearned, prepaid financial planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

### E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients

Paradigm does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

### Broker-Dealer Affiliation

Certain individuals who provide investment advisory services, ("Advisory Persons") of Paradigm may also be registered representatives of LPL Financial LLC ("LPL Financial"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In one's separate capacity as registered representatives, Advisory Persons will implement securities transactions under LPL Financial using the business name Paradigm Wealth Management LLC ("PWM") and not through Paradigm (the registered investment advisor). In such instances, an Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products and commissions on variable annuities that are included in the Client's overall investment portfolio. Compensation earned by an Advisory Person in one's capacity as a registered representative is separate and in addition to Paradigm's advisory fees. This practice presents a conflict of interest because Advisory Persons who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. We mitigate this conflict in two ways. First, Clients are under no obligation, contractually or otherwise, to purchase securities

products through one of our Advisory Persons. Second, Paradigm will not charge an ongoing investment advisory fee on any assets implemented in the separate capacity of one of our Advisory Persons.

The Advisor may recommend the use of variable annuity products in connection with its investment management services. The Advisor does not receive any additional compensation for the use of these products. These products may be used to enhance the cashflow for a Client in retirement. Advisory Persons of the Advisor, in their separate capacity as registered representatives of LPL Financial, may recommend and implement one or more variable annuities for the Client. In such instances, the Advisory Person will receive a commission for these investments.

The Advisor (Paradigm) does not receive any compensation for these investments. The Advisor will enter into a separate investment advisory agreement with the Client, at ZERO cost to the Client, for the ongoing discretionary investment management over the variable annuity sub-accounts. The Advisor will manage these investments in connection with the overall investment strategy designed for the Client. Please see Items 4 and 10 for additional details.

### Insurance Agency Affiliation

Certain Advisory Persons are also licensed as independent insurance professionals. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by these persons are separate and in addition to advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of the Advisor who are insurance agents have an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on Client needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. Please see Item 10.

### Item 6 – Performance-Based Fees and Side-by-Side Management

Paradigm does not charge performance-based fees for its investment advisory services. The fees charged by Paradigm are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Paradigm does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### Item 7 – Types of Clients

Paradigm offers investment advisory services to individuals, high net worth individuals, families, trusts, estates, charitable organizations and businesses. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. Paradigm generally does not impose a minimum size for establishing a relationship. However, smaller accounts may be subject to different investment selection and strategies.

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

### **A. Methods of Analysis and Investment Strategies**

Paradigm primarily employs fundamental analysis in developing investment strategies for its Clients. Research and analysis from Paradigm is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. These criteria are generally 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 Advisor 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 Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

As noted above, Paradigm generally employs long-term investment strategies for its Clients, as consistent with each Client's financial goals and overall situation. Paradigm will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Paradigm may also 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.

### **B. Risk of Loss**

All Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Paradigm 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. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

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[s]. 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. Following are some of the risks associated with the Advisor's investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### Individual Equity Risks

Investments will be subjected to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in any portfolio may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

### Fixed Income Risks

Fixed income is subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

### ETF Risks

The performance of an ETF is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.



## Mutual Fund Risks

The performance of a mutual fund is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

## Event Risk

An adverse event, such as a pandemic or government shutdowns, affecting a particular company or that company's industry could depress the price of the stocks or bonds owned by mutual funds or ETFs. The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency.

Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.

## Cybersecurity Risk

The computer systems, networks and devices used by the Advisor and service providers to the Advisor and clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, human error, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by the Advisor and its service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Past performance is not a guarantee of future returns. 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.

**Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the Firm and the integrity of the Firm's management. The Firm has no information to disclose applicable to this Item.

**Item 10 – Other Financial Industry Activities and Affiliations****Broker-Dealer Affiliation**

As noted in Item 5, certain Advisory Persons of Paradigm are also registered representatives of LPL Financial conducting business under the name Paradigm Wealth Management LLC ("PWM"). In an Advisory Person's separate capacity as a registered representative, the Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an Advisory Person of Paradigm in one's separate capacity as a registered representative of LPL Financial. Neither Paradigm nor an Advisory Person will earn ongoing investment advisory fees in connection with any services implemented in the Advisory Person's separate capacity as a registered representative. As noted in Item 5.E., the Advisor will recommend that the Client engage the Advisor to provide discretionary investment management services for the underlying sub-accounts in variable annuities. The Advisor provides this service at no cost to the Client.

Under supervision by LPL Financial, LPL Financial may have access to certain confidential information of the Client, including, but not limited to financial information, investment objectives, transactions and holdings information. Please see our Privacy Policy for more information.

**Insurance Agency Affiliations**

As noted in Item 5, certain Advisory Persons of Paradigm also serve as licensed insurance professionals. Implementations of insurance recommendations are separate and apart from an Advisory Person's role with Paradigm. As insurance professionals, Advisory Persons will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made the Advisor or its Advisory Persons.

**Use of Independent Managers**

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.



Paradigm Wealth Advisory, LLC

As noted above in Response to Item 4, the Advisor is wholly owned by David Provinsal. Mr. Provinsal also wholly owns PWA, an SEC registered investment adviser, making the Advisor and PWA entities under common control. Mr. Provinsal has management and supervisory roles at both firms. We do not believe the relationship between the Advisor and PWA presents a material conflict of interest with our clients. Paradigm has no business relationships with PWA other than the common control that are material to our clients.

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions****A. Description of Code of Ethics**

Paradigm has implemented a Code of Ethics (the “Code”) that defines the Advisor’s fiduciary commitment to each Client. This Code applies to all persons associated with Paradigm (herein “Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor’s duties to the Client. Paradigm and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of 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 the Code, please contact the Advisor at (908) 450-7402.

**B. Personal Trading Material Financial Interests**

Paradigm allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Paradigm does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Paradigm does not have a material interest in any securities traded in Client accounts.

**C. Personal Trading in Same Securities as Clients**

Paradigm allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the code to address insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, Supervised Persons of Paradigm have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Paradigm requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer (“CCO”) or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

#### D. Personal Trading at Same Time as Client

While Paradigm allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will any Supervised Person of Paradigm, transact in any security to the detriment of any Client.**

### Item 12 – Brokerage Practices

#### A. Recommendation of Custodian[s]

Paradigm does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Paradigm to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, Paradigm does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where Paradigm does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by Paradigm. Typically, Paradigm will recommend that Clients establish their accounts at LPL Financial or Schwab, where Paradigm has access to back office support, research and other benefits. While Paradigm receives these economic benefits from LPL Financial and Schwab, the Advisor believes LPL Financial and Schwab provides quality execution and related services for Clients at competitive prices. Price is not the sole factor Paradigm considers in evaluating best execution and the recommendation of the Custodian. Paradigm also considers the quality of the brokerage services provided by LPL Financial and Schwab, including the firm's reputation, execution capabilities, commission rates, and responsiveness to Clients and the Advisor's firm.

Clients are free to use whatever broker-dealer/custodian they choose to implement financial planning recommendations. For investment advisory services, Paradigm would be required to obtain permission to use a broker-dealer or custodian other than LPL Financial due to the oversight role LPL Financial assumes over the Advisory Persons. Please see Item 14 below.

The Advisor primarily invests Client accounts in institutional mutual funds and ETFs. Certain Client portfolios may have positions in non-institutional mutual funds, which often carry a higher expense ratio. Often these funds are no-transaction fee funds which allow the Advisor to trade the funds without incurring securities transaction fees. Please see Item 5.C. above the Wrap Fee Program Brochure below.

Following are additional details regarding the brokerage practices of the Advisor:

***Soft Dollars*** - Soft dollars are revenue programs offered by a broker-dealer/custodian whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **Paradigm does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor does receive certain economic benefits from its relationship with LPL Financial. Please see Item 14 below.**

**Brokerage Referrals** - Paradigm does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**Directed Brokerage** – All Clients are serviced on a “directed brokerage basis”, where Paradigm will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]). Paradigm will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

**B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Paradigm will execute its transactions through the Custodian as authorized by the Client. Paradigm may (or may not) aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Clients’ accounts.

**Item 13 – Review of Accounts**

**A. Frequency of Reviews**

Client accounts are monitored on a regular and continuous basis by Advisory Persons of Paradigm and/or the CCO. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

**B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client’s request. Accounts may 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[s]. The Client is encouraged to notify Paradigm 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

### C. Review Reports

The Client 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 may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

## **Item 14 – Client Referrals and Other Compensation**

### A. Compensation Received by Paradigm

Paradigm does not receive securities commissions from product sponsors, broker-dealers or any un-related third party. Paradigm may refer Clients to various third parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Paradigm may receive non-compensated referrals of new Clients from various third-parties.

#### Participation in Institutional Advisor Platform

Paradigm has established institutional relationship with Schwab and LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support at a reduced or zero cost because the Advisor renders investment management services to Clients that maintain assets through these platforms. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from Schwab and LPL Financial: financial start-up support; reimbursement to Clients for transfer costs to the platform/custodian; receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

*Transition Assistance Benefits* – LPL Financial provides various benefits and payments to Advisory Persons that as also registered representatives of LPL Financial when they are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning their business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Advisory Person's business, satisfying any outstanding debt owed to the Advisory Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Advisory Person's Clients transitioning to

LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Advisory Persons at their prior firm. Such payments are generally based on the size of the Advisory Person's business established at the prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to Advisory Persons of Paradigm in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Advisory Persons creates conflicts of interest relating to Paradigm's advisory business because it creates a financial incentive for Paradigm's representatives to recommend that its Clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on the Advisory Person maintaining its Clients' assets with LPL Financial and therefore Paradigm has an incentive to recommend that Clients maintain their account with LPL Financial in order to generate such benefits.

Paradigm attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to the Clients, rather than the Transition Assistance earned by any particular Advisory Person. Paradigm considers LPL Financial's quality of the brokerage services, including the firm's reputation, execution capabilities, commission rates, and responsiveness to our Clients and our firm when recommending that Clients maintain accounts with LPL Financial. However, Clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

#### B. Compensation to Non-Supervised Persons for Client Referrals

Paradigm may enter into arrangements with certain third parties, called promoters, under which such promoters refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the promoters to refer clients to us, which is a conflict of interest for the promoters. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the promoter. Accordingly, we require promoters to disclose to referred clients, in writing: whether the promoter is a client or a non-client; that the promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

We may pay third-party promoter a percentage of the advisory fees we receive from referred clients. We require third party promoters who introduce potential clients to us to provide the potential client, at the time of the solicitation, with a copy of this disclosure brochure and a copy of a disclosure statement which explains that the solicitor will be compensated for the referral and

contains the terms and conditions of the solicitation arrangement, including the percentage of the advisory fees or other compensation the solicitor is to receive.

### **Item 15 – Custody**

Paradigm does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fee. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Paradigm to utilize the Custodian for the Client's security transactions. Paradigm encourages Clients to review statements provided by the Custodian. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements in these cases, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

### **Item 16 – Investment Discretion**

Clients have the option of providing Paradigm with investment discretion on their behalf pursuant to [a grant of a limited power of attorney contained in Paradigm's investment advisory agreement. By granting Paradigm discretion, a Client authorizes Paradigm to select the type and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales are subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Paradigm. Discretionary authority will only be authorized upon full disclosure to the Client. All discretionary trades made by Paradigm will be in accordance with each Client's investment objectives and goals.

### **Item 17 – Voting Client Securities**

Unless the client directs otherwise in writing, the Firm is responsible for voting client proxies and the client agrees to take appropriate steps to have proxies delivered to the Firm. The client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Firm understands its duty to vote client proxies and to do so in the best interest of its clients. Furthermore, it is understood that any material conflicts between the Firm's interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. The Firm subscribes to a proxy monitor and voting agent service. Clients may request a copy of the Firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our CCO.

### **Item 18 – Financial Information**

Neither Paradigm, nor its management, has any adverse financial situations that would reasonably impair the ability of Paradigm to meet all obligations to its Clients. Paradigm has not been subject to a bankruptcy or financial compromise. Paradigm is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.



**Paradigm Investment Advisory, LLC**

**FORM ADV PART 2A Appendix 1**

**WRAP FEE PROGRAM BROCHURE**

David Provinsal  
Chief Compliance Officer  
Paradigm Investment Advisory, LLC  
1140 Highway 22 East, Suite 105  
Bridgewater, NJ 08807

This Form ADV 2A – Appendix 1 (“Wrap Fee Program Brochure”) provides information about the qualifications and business practices of Paradigm Investment Advisory, LLC (“Paradigm” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (908) 450-7402.

Paradigm is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the 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 through Paradigm to assist you in determining whether to retain the Advisor.

Additional information about Paradigm and its Advisory Persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 334370.

## **Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

Paradigm Advisor Group, LLC has updated its legal name to Paradigm Investment Advisory, LLC.



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## Item 4 – Services Fees and Compensation

### A. Advisory Services

Paradigm Advisor Group, LLC (“Paradigm” or the “Advisor”) provides customized wealth advisory services for its Clients. The Paradigm Wrap Fee Program (the “Wrap Fee Program”) is an investment advisory program sponsored by Paradigm whereby Paradigm includes normal securities transaction fees with its investment advisory fees to provide Clients with a single overall fee.

The Paradigm Wrap Fee Program Brochure is provided solely as a disclosure when Paradigm includes securities transaction fees as part of its overall investment advisory fee (as detailed in Item 5 of the Disclosure Brochure).

Clients may be offered a fee structure that includes, as a single fee, the securities transaction costs for trading in Client accounts along with the investment advisory fees earned by Paradigm. The securities regulations often refer to such a structure as a “Wrap Fee Program”. While traditional Wrap Fee Programs are often rigid, prepackaged investment programs, Paradigm customizes its investment strategies individually for its Clients.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating the combination of securities transaction fees with investment advisory fees. This Wrap Fee Program Brochure will reference back to the Paradigm Form ADV Part 2A (“Disclosure Brochure”) in which this Wrap Fee Program Brochure is an Appendix.

Paradigm offers investment advisory services to individuals, high net worth individuals, families, trusts, estates, charitable organizations and businesses (each referred to as a “Client”). Please see Item 4 of the Disclosure Brochure for details regarding Paradigm’s investment advisory services.

### Program Costs

Advisory Services provided by Paradigm pursuant to a wrap fee structure may cost the Client more or less than purchasing these types of investment management services separately. When managing a client’s account on a wrap fee basis, we receive as compensation for our investment advisory services, the balance of the total wrap fee you pay after custodial, trading and other management costs (including execution and transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee. Schwab and has eliminated commissions for online trades of U.S. equities, ETFs and options (subject to \$.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay a commission to Schwab. We encourage you to review Schwab’s and LPL’s pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab’s most recent pricing schedules available at [schwab.com/aspricingguide](https://schwab.com/aspricingguide) or LPL’s resource available at <https://www.lpl.com/content/dam/lpl-www/documents/disclosures/ria-fee-schedule.pdf>.

Investment advisory fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement[s]. Investment advisory fees are charged at an annual rate ranging from 0.25% to 1.75% depending on several factors, including the level of assets to be managed, the complexity of the services to be provided, the investment phase of the Client, and the overall relationship with the Advisor. Fees are based on the market value of assets under management in each account at the end of the prior quarter. The fee charged to each individual account will vary based on the level of assets in the respective account. Variable annuity sub-accounts managed by the Advisor are not charged an investment advisory fee. Please see Items 5.E. and Item 10 of the Disclosure Brochure.

Investment advisory fees are calculated by the Custodian and deducted from the Client's account[s]. The Client shall instruct the Custodian to automatically deduct the investment advisory fee from the Client's account[s] for each billing period and pay the investment advisory fee[s] to the Advisor. Depending on the advisor relationship, the amount due is calculated by applying the monthly or quarterly rate to the total assets under management with Paradigm at the end of the prior month or quarter, whichever is applicable. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients provide written authorization permitting advisory fees to be deducted by Paradigm to be paid directly from their accounts held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

*Use of Independent Managers* – The Advisor may implement all or a portion of certain legacy Clients' investment portfolios utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager.

Paradigm provides this Wrap Fee Program Brochure as Paradigm pays all typical securities transactions costs associates with Paradigm investment strategies. Certain Clients may have investments in "no-transaction-fee" ("NTF") mutual funds. These funds do not result in a cost to the Advisor for trading in the Client's account[s]. However, these funds do have a higher overall expense ratio and therefore a higher overall cost to the Client as compared to institutional mutual funds, in which the Advisor will incur transaction fees. Clients should only read this Wrap Fee Program Brochure in connection with Paradigm's Disclosure Brochure.

### C. Fees

The Paradigm Wrap Fee Program includes typical securities trading costs incurred in connection with the discretionary investment management services provided by Paradigm. Securities transaction fees for Client-directed trades may be charged to the Client. As noted above, certain Clients may have investments in NTF mutual funds. These funds do not result in a cost to the Advisor for trading in the Client's account[s]. However, these funds do have a higher overall expense ratio and therefore a higher overall cost to the Client as compared to institutional mutual funds, in which the Advisor will incur transaction fees.

Clients engaging Paradigm under this Wrap Fee Program will typically pay a higher overall investment advisory fee, but will not be responsible for securities transaction fees for their accounts. Clients should discuss the expected level of trading in the Client's account[s] to determine whether to engage Paradigm under this Wrap Fee Program or pay for securities transaction fees separately. Fees may be negotiable at the sole discretion of Paradigm.

Clients may also incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s], which are not included as part of the Wrap Fee Program. Such other fees, which may include wire transfer fees, small account fees and other fees charged by the Custodian are not included in Paradigm's Wrap Fee Program. Paradigm does not receive any portion of such fees.

In addition, all fees paid to Paradigm for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee as a shareholder in a fund. Additionally, account activity fees, such as electronic funds and wire transfers fees, certificate delivery fees, markups and markdowns, bid-ask spreads, selling concessions, and other miscellaneous fees and expenses as outlined in the account opening paperwork executed with the Custodian, are generally charged to the Client. Clients are encouraged to refer to the account opening paperwork executed with the Custodian for an outline of all third-party fees not covered under this Wrap Fee Program. Please see Item 5.C. of the Disclosure Brochure.

#### D. Compensation

Paradigm is the sponsor and portfolio manager of this Wrap Fee Program. Paradigm receives investment advisory fees paid by Clients for investment advisory services covered under this Wrap Fee Program.

### **Item 5 - Account Requirements and Types of Clients**

Paradigm offers investment advisory services to individuals, high net worth individuals, families, trusts, estates, charitable organizations, and businesses. Please see Item 7 of the Disclosure Brochure for additional information.

### **Item 6 – Portfolio Selection and Evaluation**

#### A. Portfolio Manager Selection

Paradigm serves as the sponsor and portfolio manager for the Paradigm Wrap Fee Program. Paradigm does not select third-party advisors to manage the Wrap Fee Program.

## B. Related Persons

Paradigm personnel or affiliates serve as portfolio manager[s] for services under this Wrap Fee Program. Paradigm only manages this Wrap Fee Program. Paradigm does not act as portfolio manager for any third-party wrap fee programs.

## C. Supervised Persons

Paradigm Supervised Persons serve as portfolio managers for the Paradigm Wrap Fee Program described in this Wrap Fee Program Brochure. Please refer to the Items 4 and 8 of the Disclosure Brochure for details on the services provided by Paradigm. For information related to the background of Paradigm Supervised Persons, please see Items 9 and 11 of the Disclosure Brochure.

## D. Performance-Based Fees

Paradigm does not charge performance-based fees for its investment advisory services. The fees charged by Paradigm are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client. Paradigm does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients. Please see Item 6 of the Disclosure Brochure.

## E. Methods of Analysis

Paradigm primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Paradigm is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

As noted above, Paradigm generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Paradigm will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Paradigm may also 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.

## F. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Paradigm 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. Please see Item 8.B of the Disclosure Brochure.

### G. Voting Client Securities

Upon written agreement, Clients may elect to either vote proxies by themselves or permit the Firm to be responsible for the voting of client proxies. The client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Firm understands its duty to vote client proxies and to do so in the best interest of its clients. Furthermore, it is understood that any material conflicts between the Firm's interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. The Firm subscribes to a proxy monitor and voting agent service. Clients may request a copy of the Firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our CCO. If a client elects to vote proxies themselves, they will receive proxy statements directly from the Custodian.

### **Item 7 – Client Information Provided to Portfolio Managers**

Paradigm is required to describe the type and frequency of the information it communicates to any external managers that may be involved in managing its Clients' investment portfolios. Paradigm serves as the sole portfolio manager under this Wrap Fee Program and, as such, the Advisor has no information to disclose in relation to regarding this Item.

### **Item 8 – Client Contact with Portfolio Managers**

There is no restriction on the Client's ability to contact Paradigm.

### **Item 9 – Additional Information**

#### Disciplinary Information and Other Financial Industry Activities and Affiliations

There are no legal, regulatory or disciplinary events involving Paradigm's management persons or the firm. The backgrounds of the Advisor and its Advisory Persons are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD#.

#### Other Financial Activities and Affiliations

*Broker-Dealer Affiliation* - Certain Advisory Persons of Paradigm are also be registered representatives of LPL Financial conducting business under the name Paradigm Wealth Management, LLC ("PWM"). In an Advisory Person's separate capacity as a registered representative, the Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an Advisory Person of Paradigm. Neither Paradigm nor an Advisory Person will earn ongoing investment advisory fees in connection with any services implemented in the Advisory Person's separate capacity as a registered representative. Under supervision by LPL Financial, LPL Financial may have access to certain confidential information of the Client, including, but not limited to financial information, investment objectives, transactions and holdings information. Please see the Advisor's Privacy Policy, which is included with this Disclosure Brochure.

*Insurance Agency Affiliations* – Certain Advisory Persons of Paradigm also serve as licensed insurance professionals. Implementations of insurance recommendations are separate and apart from an Advisory Person's role with Paradigm. As insurance professionals, Advisory Persons will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made the Advisor or its Advisory Persons.

*Use of Independent Managers* – The Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

#### A. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information

##### Code of Ethics

Paradigm has implemented a Code of Ethics that defines the Advisor's fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Paradigm (herein "Supervised Persons"). The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Client. Paradigm and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of 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 of Ethics covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code of Ethics, please contact the Advisor at (908) 450-7402.

##### Personal Trading and Conflicts of Interest

Paradigm allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information. The Advisor may have an interest or position in certain securities, which are also recommended to Clients. At no time, will Paradigm or any Supervised Person of Paradigm, transact in any security to the detriment of any Client. Please see Item 11 of the Disclosure Brochure for additional disclosures.

##### Review of Accounts

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of Paradigm and/or the CCO. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.



The Client is encouraged to notify Paradigm if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

### Other Compensation

As noted throughout this Disclosure Brochure, Advisory Persons of Paradigm may also be registered representatives of LPL Financial and/or licensed insurance professionals. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the Item 10 of the Disclosure Brochure.

*Participation in Institutional Advisor Platform* – Paradigm has established institutional relationship with Charles Schwab and Co., Inc (“Schwab”) and LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support at a reduced or zero cost because the Advisor renders investment management services to Clients that maintain assets through these platforms. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from LPL Financial: financial start-up support; reimbursement to Clients for transfer costs to the platform/custodian; receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

*Transition Assistance Benefits* – LPL Financial provides various benefits and payments to Advisory Persons that as also registered representatives of LPL Financial when they are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning their business to the LPL Financial platform (collectively referred to as “Transition Assistance”). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Advisory Person’s business, satisfying any outstanding debt owed to the Advisory Person’s prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Advisory Person’s Clients transitioning to LPL Financial’s custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Advisory Persons at their prior firm. Such payments are generally based on the size of the Advisory Person’s business established at the prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative



receives. Transition Assistance payments and other benefits are provided to Advisory Persons of Paradigm in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Advisory Persons creates conflicts of interest relating to Paradigm's advisory business because it creates a financial incentive for Paradigm's representatives to recommend that its Clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on the Advisory Person maintaining its Clients' assets with LPL Financial and therefore Paradigm has an incentive to recommend that Clients maintain their account with LPL Financial in order to generate such benefits.

Paradigm attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to the Clients, rather than the Transition Assistance earned by any particular Advisory Person. Paradigm considers LPL Financial's quality of the brokerage services, including the firm's reputation, execution capabilities, commission rates, and responsiveness to our Clients and our firm when recommending that Clients maintain accounts with LPL Financial. However, Clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

*Compensation to Non-Supervised Persons for Client Referrals* - Paradigm may enter into arrangements with certain third parties, called promoters, under which such promoters refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the promoters to refer clients to us, which is a conflict of interest for the promoters. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the promoter. Accordingly, we require promoters to disclose to referred clients, in writing: whether the promoter is a client or a non-client; that the promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

We may pay third-party solicitors a percentage of the advisory fees we receive from referred clients. We require third party solicitors who introduce potential clients to us to provide the potential client, at the time of the solicitation, with a copy of this disclosure brochure and a copy of a disclosure statement which explains that the solicitor will be compensated for the referral and contains the terms and conditions of the solicitation arrangement, including the percentage of the advisory fees or other compensation the solicitor is to receive.

#### Financial Information

Neither Paradigm, nor its management, has any adverse financial situations that would reasonably impair the ability of Paradigm to meet all obligations to its Clients. Paradigm is not required to deliver a balance sheet along with this Disclosure Brochure, as Paradigm does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.