



Absolute Income

Diversifying Asset Classes
to
Generate Income

About Tradition Capital Management

- Summit, NJ based boutique asset manager founded in 2000
- 21 employees; 7 investment committee professionals averaging 31 years of experience
- Rich history of traditional research-driven investing
- A proven track record of success (GIPS verification)
- Personal assets invested alongside clients
- Firm-wide client-centric culture
- \$655 million in Assets Under Management (AUM)

Tradition Investment Strategies

- ❑ Diversified Global Strategies
- ❑ Absolute Income
- ❑ U.S. Equity Strategies
 - Dividend Value
 - All-Cap Advantage
- ❑ Tax-Efficient Portfolios
- ❑ Customized Portfolios
- ❑ Balanced Portfolios
- ❑ Fixed Income Portfolios

Interest Rate Risk Higher & Bond Yields Lower

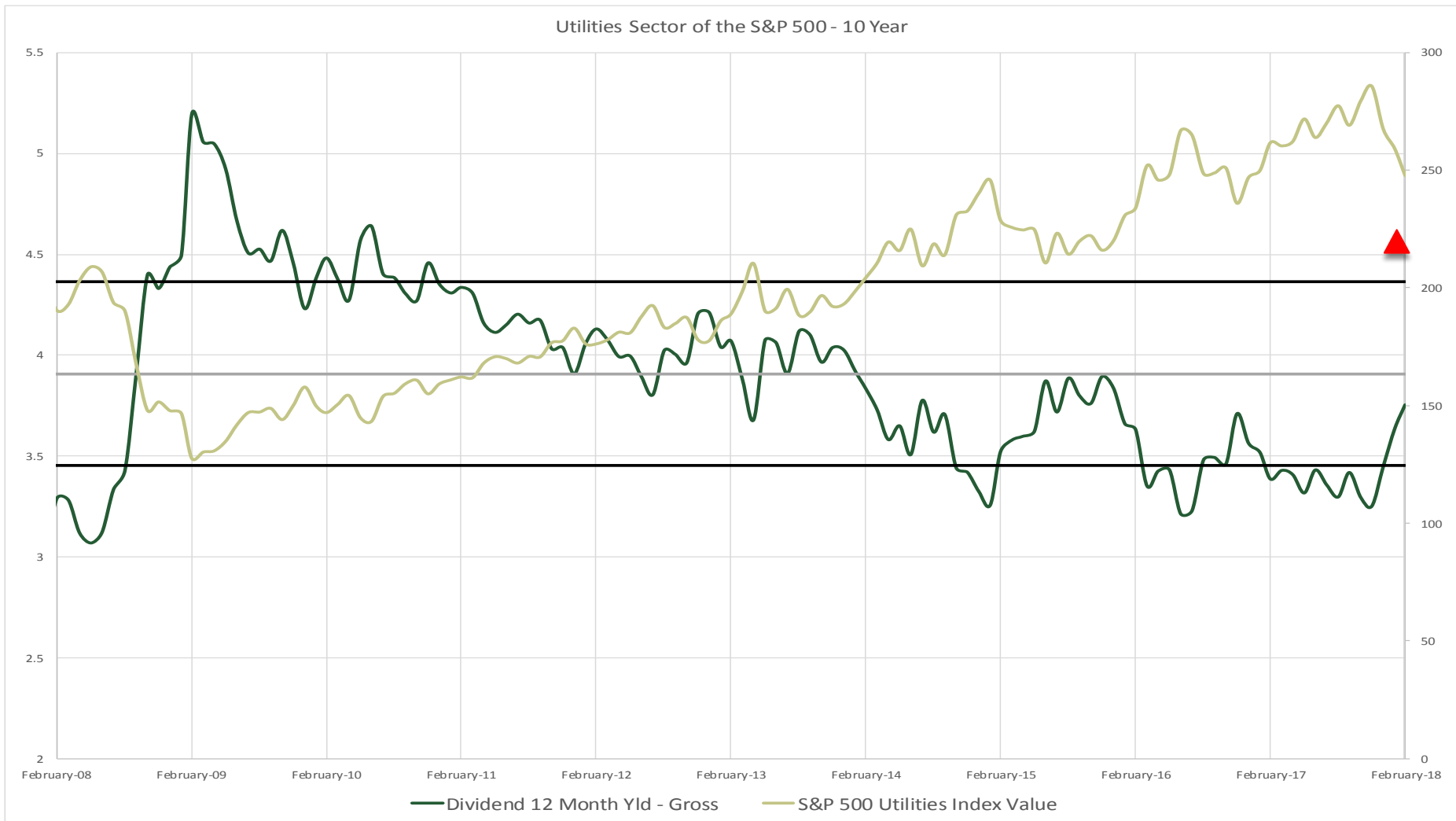
U.S. Barclays Aggregate Index Yield and Duration (Interest Rate Risk)



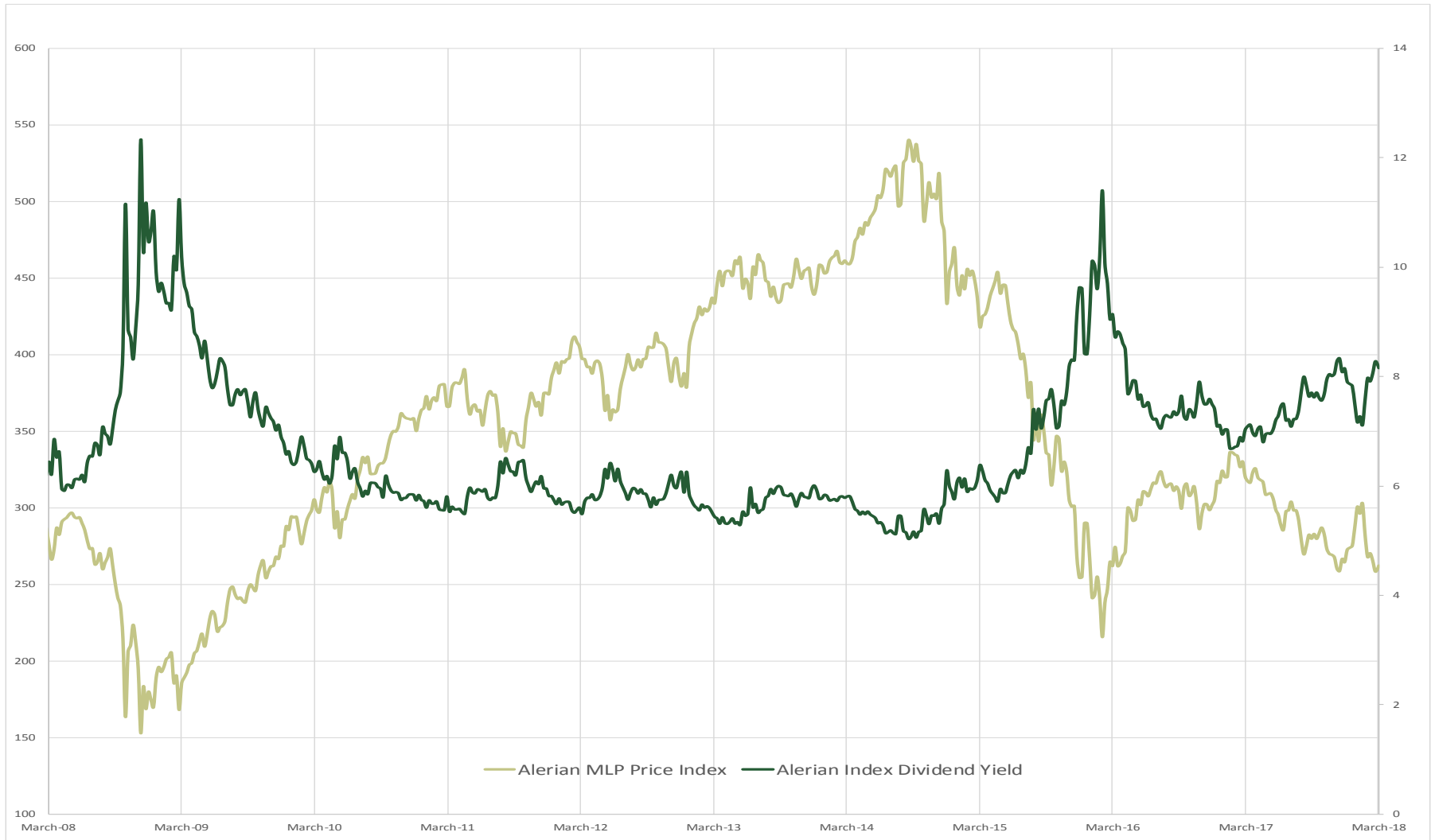
Typical Assets for Investors In Search of Yield

- High Dividend Paying Stock (Utility Stocks)
- Master Limited Partnerships (MLPs)
- High Yield Bonds
- Real Estate Investment Trusts (REITs)

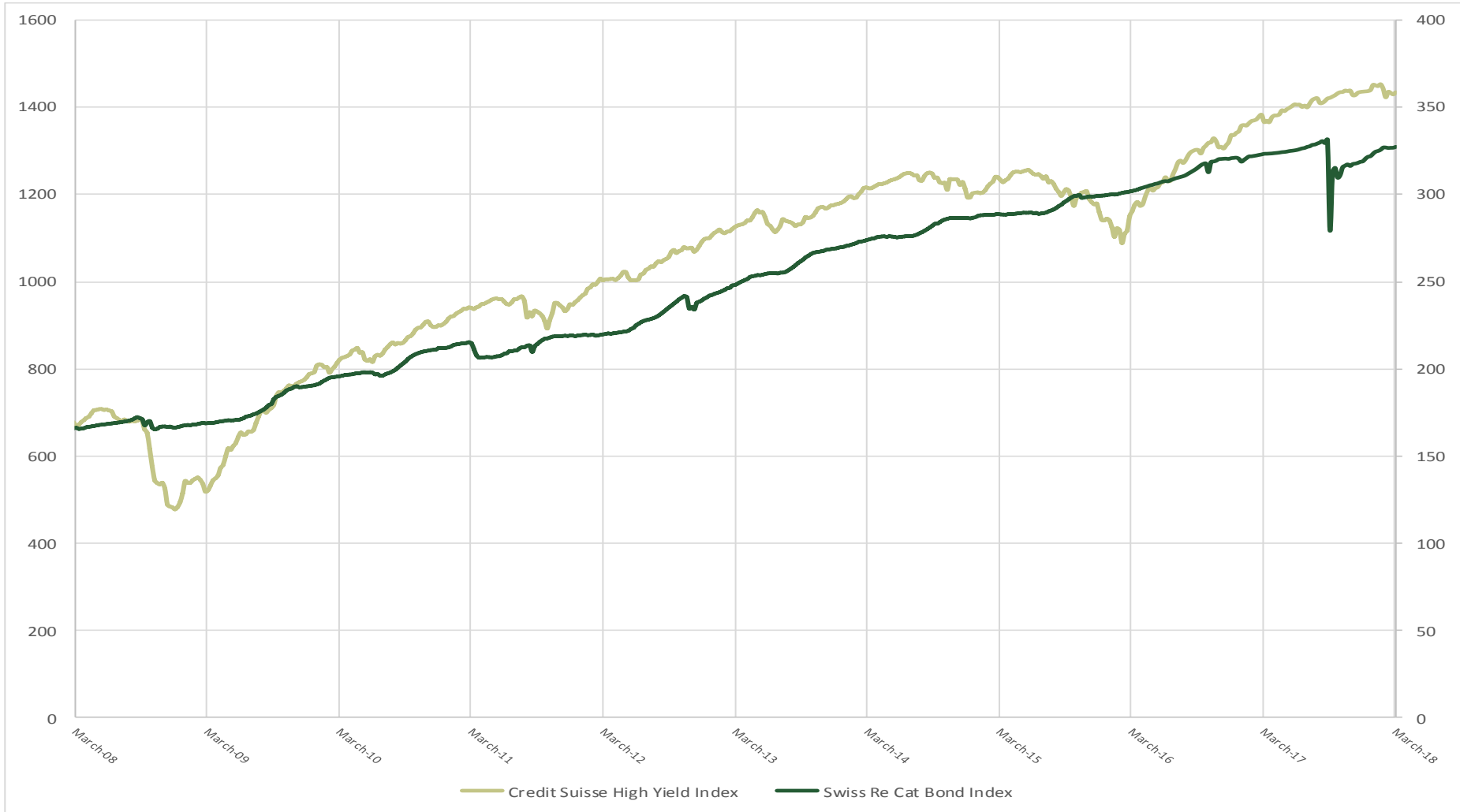
Utility Stocks Yields are Down and Risks are Up



MLPs Provide Income but High Volatility

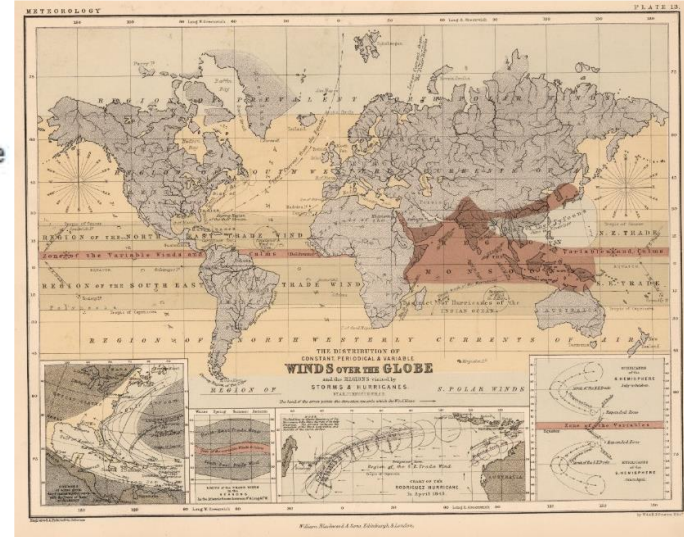


High Yield Bond Funds vs Reinsurance

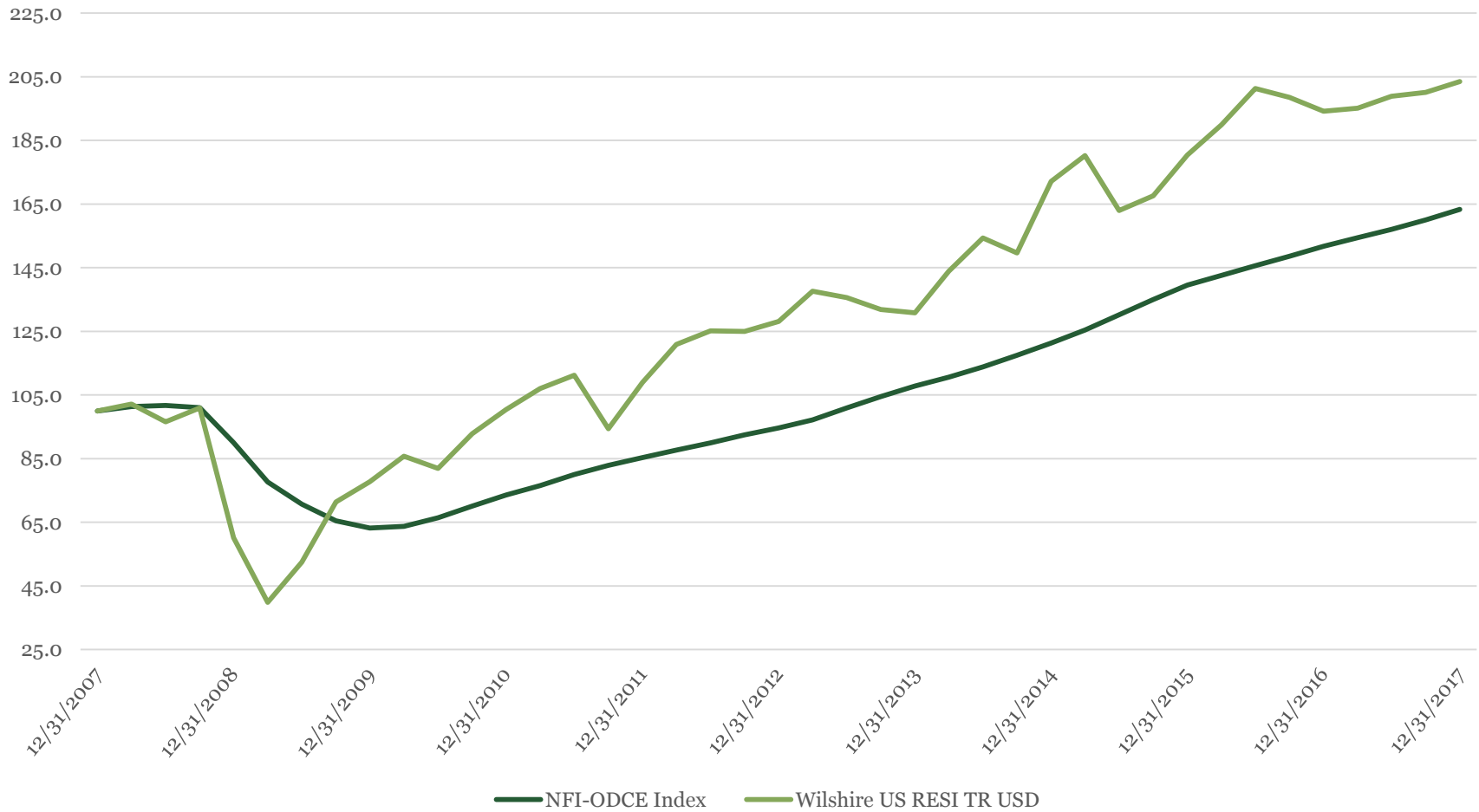


The History of Reinsurance

- 1370 First recorded reinsurance contract covering a ship sailing from Genoa to Bruges.
- c1688 Opening of Lloyd's Coffee House in London, which became a leading reinsurance market.
- c1820 First fire reinsurance treaty in Germany.
- 1852 Cologne Re – the first independent reinsurance company – began writing business following the Great Fire of Hamburg in 1842.
- 1863 The predecessors of UBS and Credit Suisse formed Swiss Re in Zurich following a large fire in Glarus, which destroyed two-thirds of the town.
- 1880 Munich Re was established in Germany.
- c1885 The first excess of loss reinsurance was sold by Cuthbert Heath at Lloyd's.
- 1906 The San Francisco earthquake demonstrated the ability of the reinsurance market to fund catastrophic losses.
- 1967 Berkshire Hathaway bought National Indemnity, its first reinsurance business.
- 1985/86 ACE and XL were established in Bermuda.
- 1993 Bermuda's Class of '93 was capitalised with over \$3.5 billion following Hurricane Andrew in August 1992. New reinsurance companies included Renaissance, Partner, and Tempest (now part of Chubb).
- 2001 The Class of '01 (AWAC, Arch, Aspen, AXIS, Endurance, Montpelier and Platinum) raised more than \$8 billion following the 9/11 terrorist attacks.
- 2005 Following Hurricanes Katrina, Rita, and Wilma (and Charley, Francis Ivan, and Jeanne the year before) the reinsurance industry was recapitalised with the Class of '05. New companies including Ariel, Lancashire and Validus raised over \$5 billion. In addition to this, several London Market companies followed Catlin in capitalising Bermuda-based entities and investors used sidecars on a large scale to access the reinsurance market.
- 2015 A record 19% of property catastrophe limit was 'alternative' capital including catastrophe bonds and collateralised reinsurance.

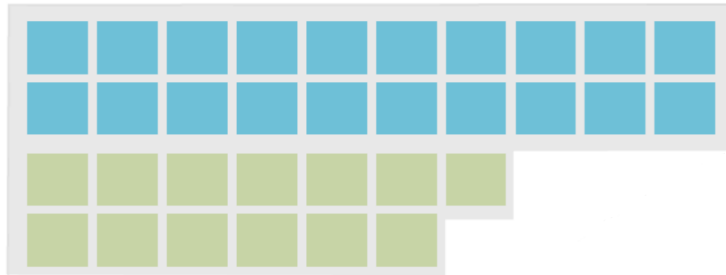


REITs vs Private Real Estate



U.S. Stocks and Bonds are a Fraction of the Investable Universe

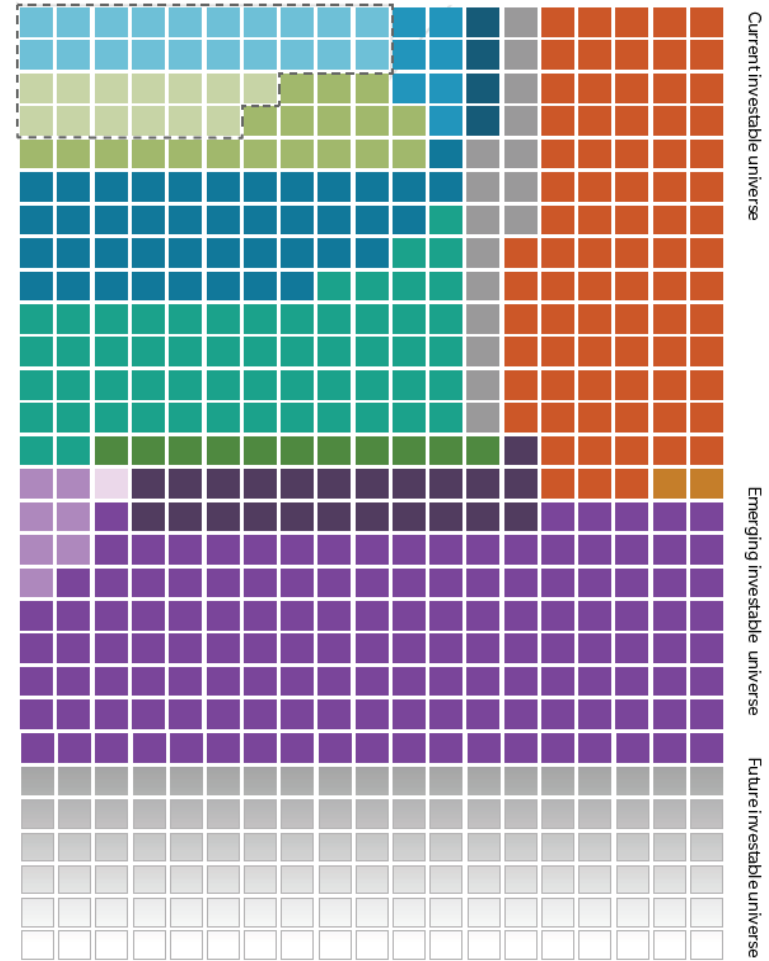
\$20 Trillion S&P 500



\$13 Trillion US Treasuries



\$437 Trillion

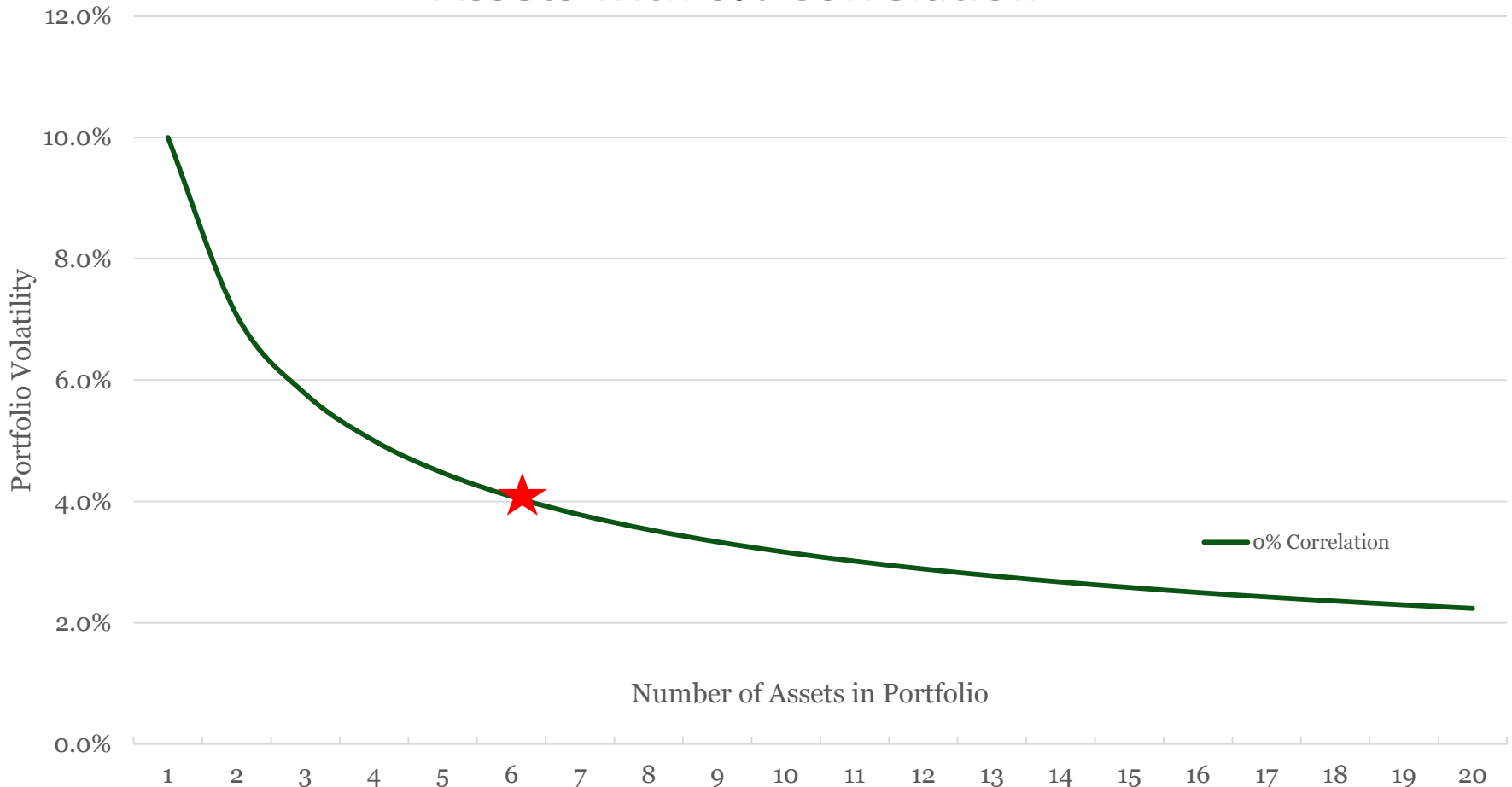


1. For a complete description of sources by asset class, see Appendix A.

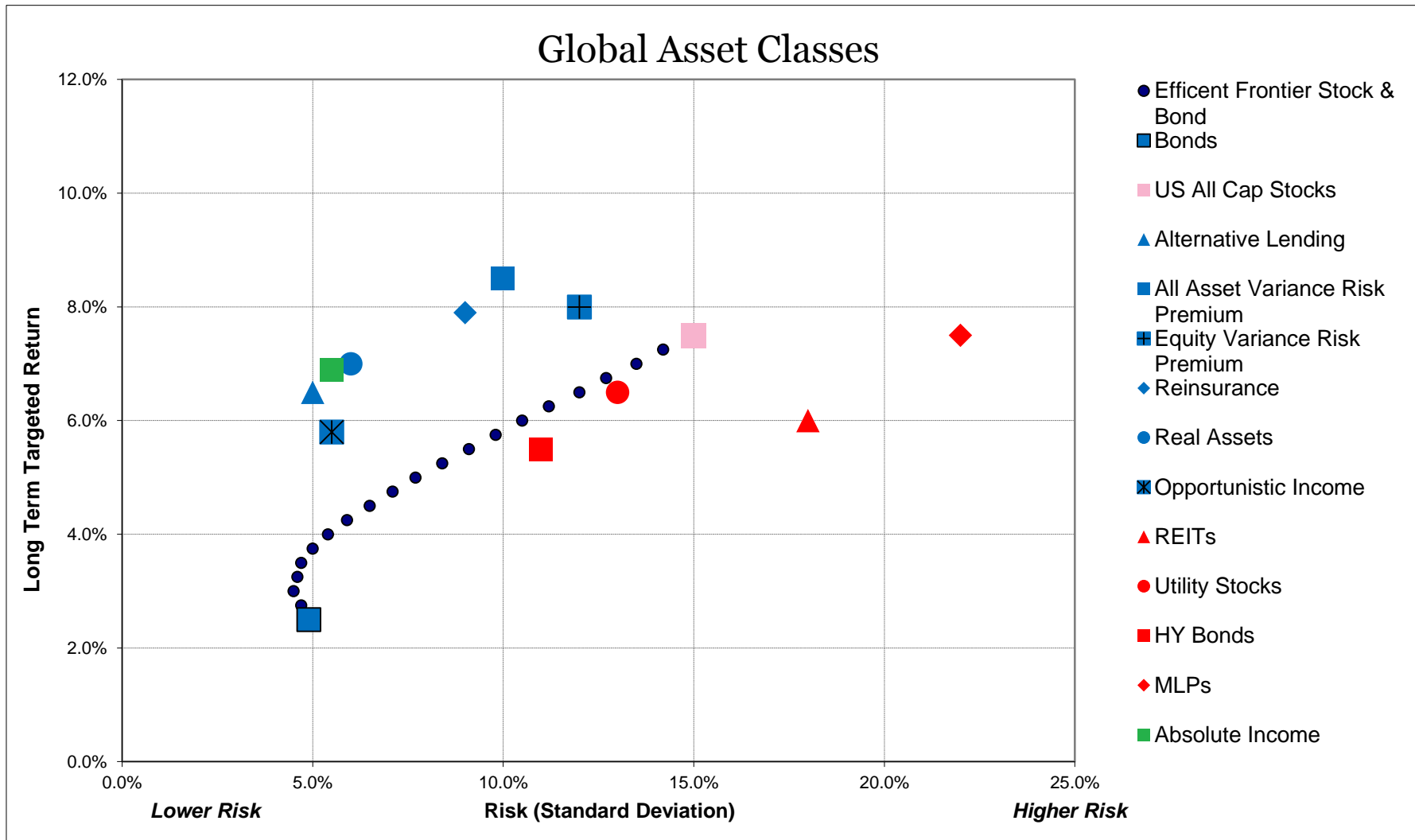
Sources: ACLI, AON, BIS, Bloomberg, CoreLogic, Federal Reserve Board, Guy Carpenter, NAIC, OECD, Oliver Wyman estimates, Preqin, Savill's, SIFMA, SNL, TEFAF, Thomson Reuters, UN, University of St Gallens, World Federation of Exchanges.

Understanding Correlation

Portfolio Risk Reduction from Adding Additional Assets with 0% Correlation



How Much Risk am I Taking?



Absolute Income Strategy – March 31, 2018

Style Summary:

Absolute Income is designed for investors who require higher yields with lower volatility. The portfolio uses assets that have little to no correlation to each other. The blended target for this strategy consists of fixed income, infrastructure, variance risk premium (VRP) harvesting, alternative lending, private real estate, Equity VRP harvesting, BDCs and reinsurance funds. All asset classes are in an ETF or mutual fund structure.

Absolute Income Model Portfolio Statistics:

- Non-correlated asset classes.
- Modest expected standard deviation of 5.5%

Asset Class	Percentage	Expected Yield	Expected Return
Fixed Income	22.5%	4.78%	5.76%
Reinsurance	17.0%	8.70%	8.70%
Alternative Lending	10.0%	6.50%	6.50%
All Asset VRP Harvesting	8.5%	8.50%	8.50%
Private Real Estate	20.0%	5.00%	7.00%
BDCs	5.0%	8.50%	8.50%
Infrastructure	10.0%	4.00%	8.50%
Equity VRP Harvesting	7.0%	6.00%	6.00%

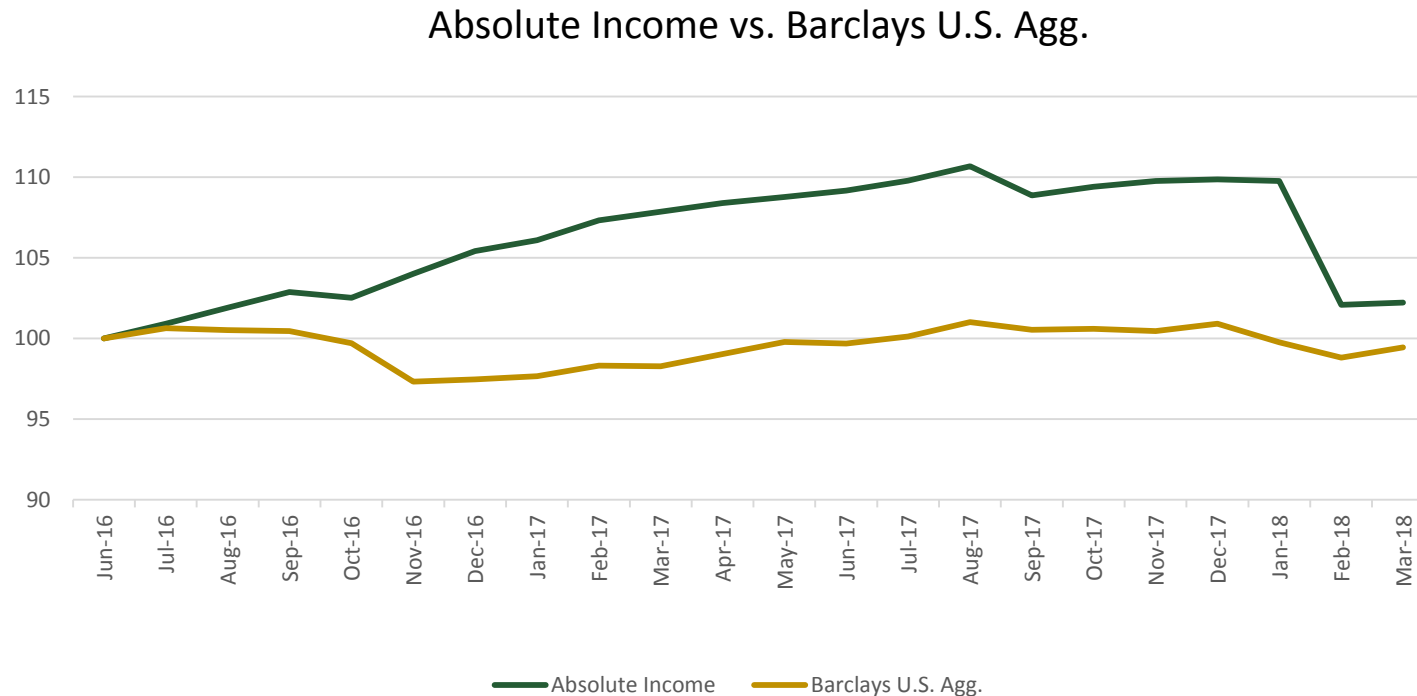
Portfolio Weighted Average	6.17%	7.24%
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Performance as of March 31, 2018

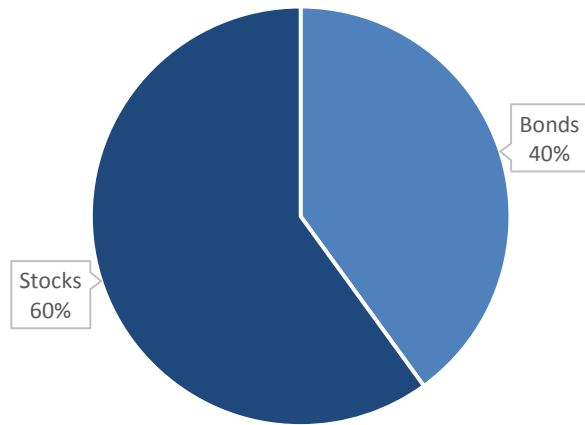
Trailing Returns: Absolute Income vs. U.S. Bonds						
Month End 3/31/2018	Since Inception June 2016 Annualized	Since Inception June 2016 Cumulative	YTD 2018	2017	2016	12 Months
Absolute Income	1.36%	2.25%	-6.95%	4.20%	5.62%	-5.25%
Absolute Income Net of Fees	0.95%	1.49%	-7.07%	3.83%	5.37%	-5.65%
Barclays U.S. Agg Bond Index	-0.32%	-0.54%	-1.46%	3.54%	-2.53%	1.20%

Absolute Income vs. Barclays U.S. Aggregate June 30, 2016 – March 31, 2018

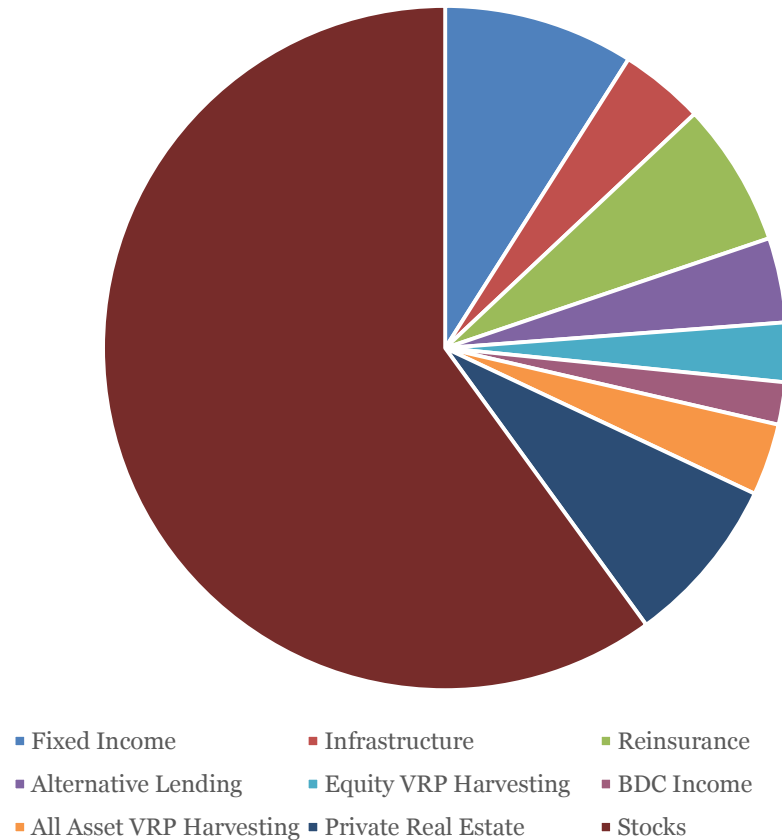


Let Us Help You Make the Move From Stocks and Bonds to Stocks and Income

60% Stocks & 40% Bonds



60% Stocks & 40% Income



Investment Committee

	Name	Role	Education	Experience	Tenure
	Benjamin C. Halliburton, CFA Managing Director	Chief Investment Officer	Vanderbilt University, BS Duke University (Fuqua), MBA	31 years	2000
	Alan J. Reef Managing Director	Portfolio Manager	U. of Pennsylvania (Wharton), BS New York University (Stern), MBA	37 years	2012
	Denis M. Turko Managing Director	Portfolio Manager	Yale University, BS Columbia University, MBA	52 years	2009
	Christopher J. Trompeter, CFA Managing Director	Portfolio Manager	St. Lawrence University, BA	38 years	2000
	Stephen Ely Managing Director	Portfolio Manager	Princeton University, BA New York University (Stern)	53 years	2009
	Marc L. Davis, CFA Senior Vice President	Senior Analyst	Columbia College, BA New York University (Law School), JD	20 years	2002
	Adam Levy Managing Director	Portfolio Manager	U. of Pennsylvania (Wharton), BS MIT (Sloan), MBA	20 years	2015

Disclosures:

Tradition Capital Management, LLC (“Tradition”) is an SEC (Securities and Exchange Commission) Registered Investment Adviser (RIA).

Investing in stocks, bonds, and other assets which present various forms of risk to investors could result in losses and positive returns are not guaranteed. Diversification only reduces risk of capital loss but does not eliminate this risk. Measures of expected return and/or expected risk are not forecasts of returns or risks but are only statistical definitions for modeling purposes based upon financial and statistical analyses. Past performance is no indication of future results, and all investments or assets could lose value in the future due to a variety of financial factors. Due to volatility exhibited in various markets, including but not limited to stocks, bonds and other forms of investable assets these markets may not perform in a similar manner in the future. Among risks which can affect value, financial assets are also exposed to potential inflation and liquidity risks. Investors may experience different results in any chosen investment strategy or portfolio depending on the time and placement of capital into any assets associated thereto. The performance of a specific individual client account may vary substantially from the performance results reflected above. This Absolute Income strategy is constructed to diversify from an all-bond portfolio, directed toward investment among assets that may largely, though not necessarily completely, be non-bond alternatives. Clients are cautioned that they should carefully consider fully diversifying their total personal investment allocations to incorporate a variety of investment assets which also may include stocks, stock mutual funds and ETFs, international assets, bonds and fixed income instruments (where appropriate), and other non-stock/bond investments (e.g., without limitation, Real Estate and other assets).

Tradition claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Tradition has been independently verified for the periods October 17, 2000 through December 31, 2015. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards through December 31, 2015. Verification does not ensure the accuracy of any specific composite presentation. A copy of the verification reports are available upon request. Tradition’s investment management annual base fee schedule as detailed in Form ADV Part 2 is as follows: 1.0% on the first \$5MM, 0.8% over \$5MM. Actual investment advisory fees incurred by clients may vary. Copies of the ADV and Privacy policy are available upon request. In March 2009 and August 2015 respectively, Haven Capital Management LLC (“Haven”) and Candor Wealth Advisors LLC joined Tradition. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request by contacting Tradition through their website at www.traditioncm.com.