



# TRADITION ADVISERS

# About Tradition Advisers

- Tradition Capital Management LLC (Tradition) is an independent full-service investment management boutique founded in 2000.
- Tradition has over \$655 million in Assets Under Management (AUM).
- Tradition Advisers is the private wealth management group of Tradition:
  - Our clients are primarily private individuals and families.
  - Tradition offers customized equity and fixed income portfolios.
  - We source complementary investments to diversify risk and improve risk adjusted returns.
- Tradition Advisers provides integrated and comprehensive wealth management services including generational planning, tax planning, trust administration and retirement planning.

## Tradition Investment Strategies

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

# Our Distinguishing Characteristics

---

- Tradition is an SEC Registered Investment Adviser (RIA) with a fiduciary responsibility to always put our client's interests first.
- We build custom portfolios to meet the needs of our clients with respect to their income requirements as well as safety and capital appreciation objectives.
- Tradition's portfolios combine quality stock ownership, to grow your wealth, with diversifying strategies to preserve and enhance it.
- We invest in companies through individual stocks and participate in their business growth. Individual stocks allow for superior customization for Socially Responsible Investing, diversification around concentrated positions, charitable giving, and tax planning.
- Capital gains and dividends from stocks receive preferential tax treatment.
- To accommodate smaller accounts, portfolios can be managed electronically via TraditionAdvisers.net.

# Tradition's Team


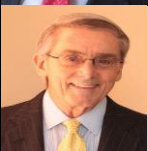

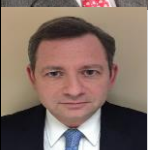
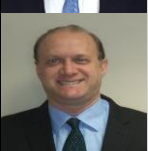
---

Tradition's team is comprised of:


Seven investment committee professionals averaging 31 years of experience.

- Eight Wealth Management Group professionals averaging 24 years of experience.
- Employees holding the designations and/or degrees of Certified Financial Planner (3), Chartered Financial Analyst (3), Master of Law (taxation) (1), and Master of Business Administration (4).
- Employees earning degrees from the following select universities: Duke (Fuqua), Vanderbilt, Penn (Wharton), MIT (Sloan), Yale, NYU (Stern), Columbia, St. Lawrence, Princeton, St. Joseph's, Temple, George Washington, Rutgers, William Paterson, and Bucknell.

# 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

# Wealth Management Group

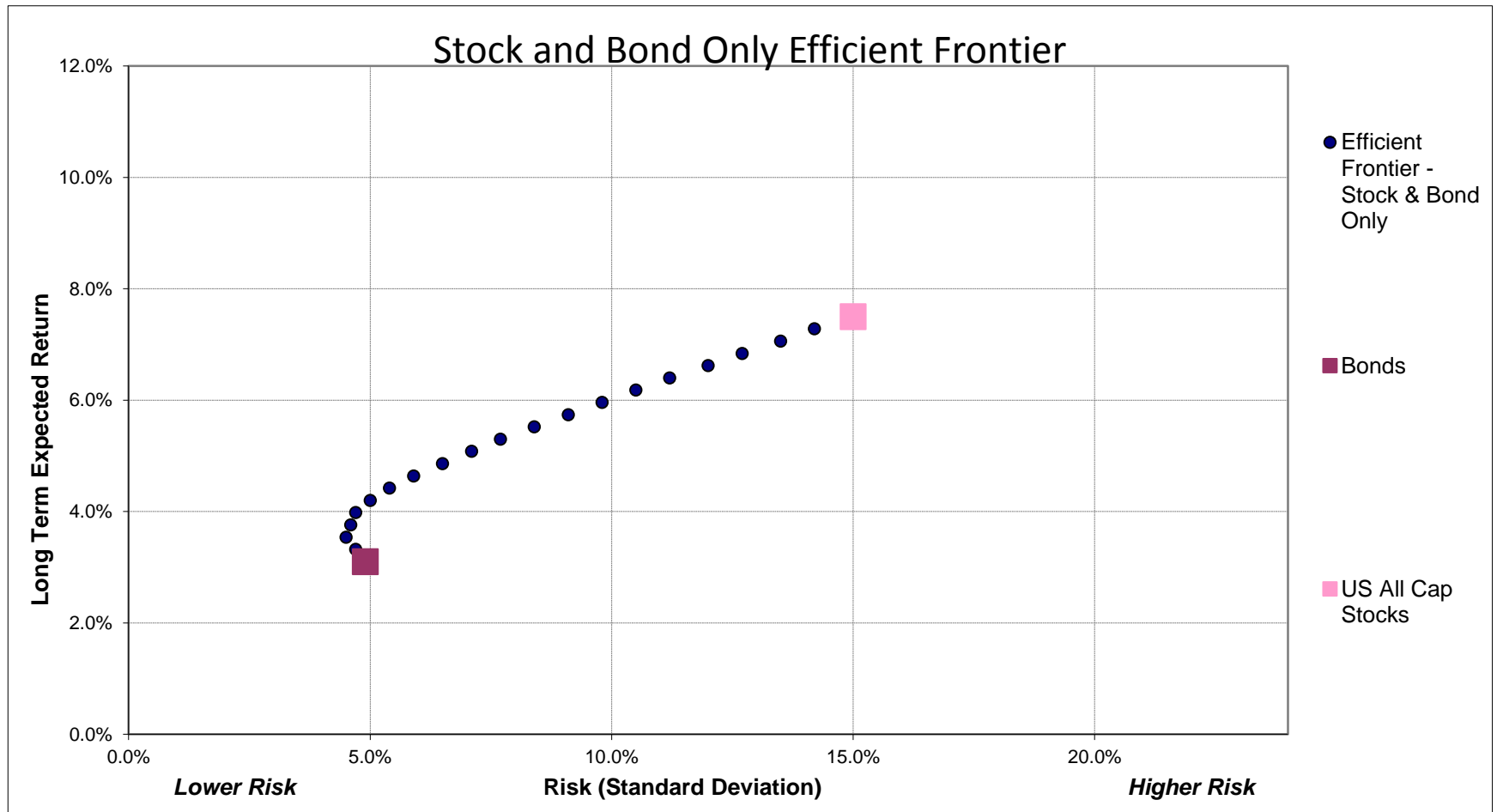
	Name	Role	Education	Experience	Tenure
	Michael C. Provine, J.D., LL.M Managing Director	Adviser	St. Joseph's University, BS Temple University, J.D., LL.M	38 years	2000
	Frani Feit, CFP® Managing Director	Adviser	George Washington University, BBA CERTIFIED FINANCIAL PLANNER™	22 years	2013
	Chip Wieczorek, CFP® Senior Vice President	Adviser	Rutgers University, BA CERTIFIED FINANCIAL PLANNER™	12 years	2015
	Robert Richardson Senior Vice President	Adviser	George Washington University, BS	32 years	2017
	Michael Ciccone, CFP® Associate Vice President	Adviser	William Paterson University, BS CERTIFIED FINANCIAL PLANNER™	5 years	2014
	Benjamin Zager, CPA Vice President	Adviser	George Washington University, BBA	33 years	2017
	Jeffrey Welch Vice President	Adviser	Rutgers University, BS	11 years	2010
	Jessica M. Corazza Associate Vice President	Planner	Bucknell University, BA	15 years	2017

# Obtaining Optimal Diversification

---

- With the addition of less correlated asset classes (Reinsurance, Private Equity Real Estate, Alternative Lending, and Variance Risk Premium Harvesting) we strive to achieve potentially higher expected returns at a lower level of risk than conventional stock/bond portfolios.
  - Income Focus
  - Conservative Balanced
  - Balanced Return
  - Balanced Opportunity
  - Capital Appreciation
  - Aggressive Appreciation

# The Efficient Frontier



See full disclaimer on the last page of presentation.



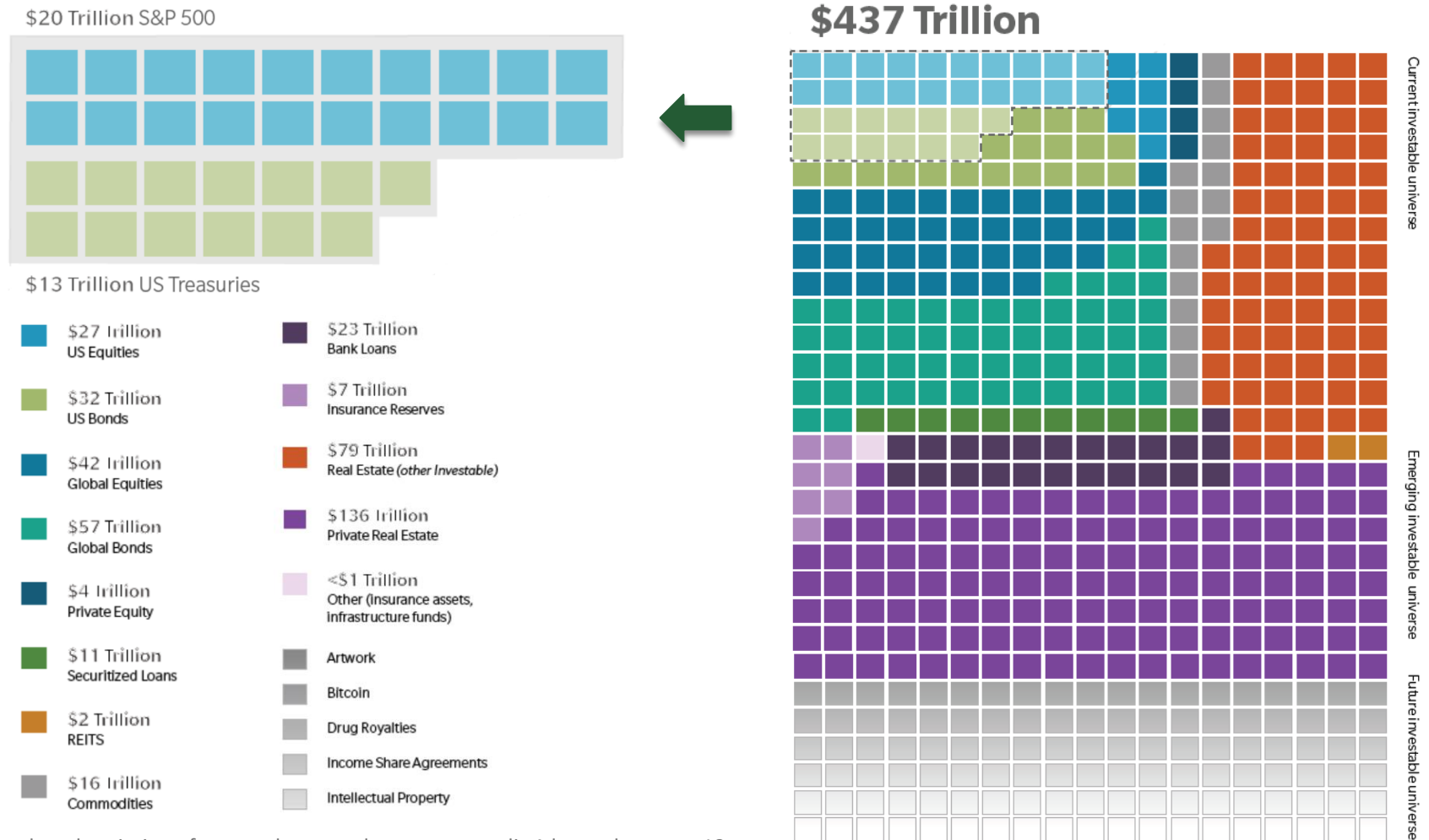
# Points Along the Efficient Frontier

## Stock and Bond Only Efficient Frontier

Asset Class Mix		Long Term Expected Return	Expected Risk
US All Cap	Bonds		
0%	100%	3.10%	4.9%
10%	90%	3.54%	4.5%
20%	80%	3.98%	4.7%
30%	70%	4.42%	5.4%
40%	60%	4.86%	6.5%
45%	55%	5.08%	7.1%
50%	50%	5.30%	7.7%
55%	45%	5.52%	8.4%
60%	40%	5.74%	9.1%
70%	30%	6.18%	10.5%
80%	20%	6.62%	12.0%
90%	10%	7.06%	13.5%
100%	0%	7.50%	15.0%

See full disclaimer on the last page of presentation.

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



1. For a complete description of sources by asset class, see appendix A located on page 18.

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.

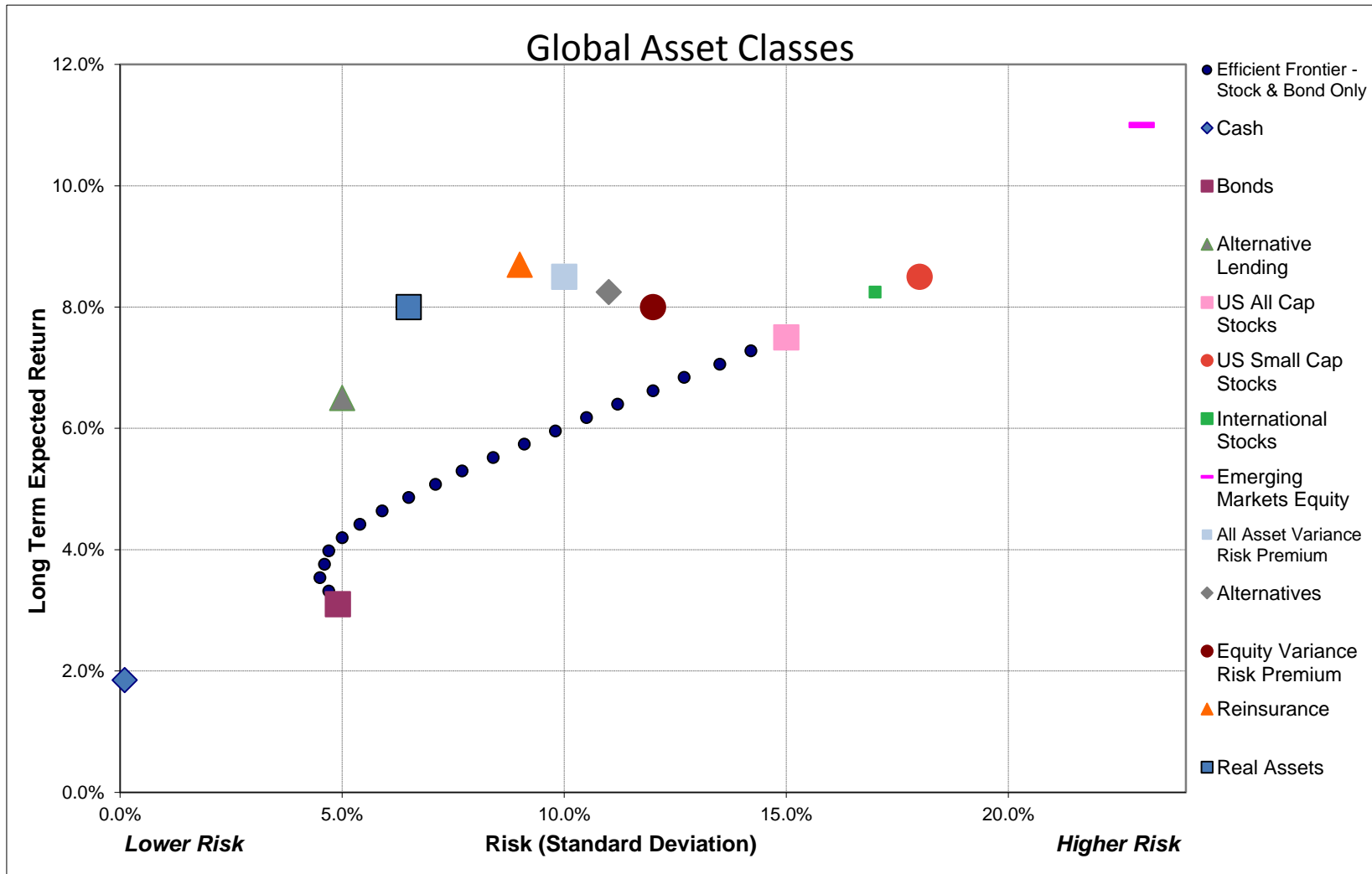
# Global Asset Class Returns

- The good news is we are not limited to investing exclusively in U.S. stocks and bonds.

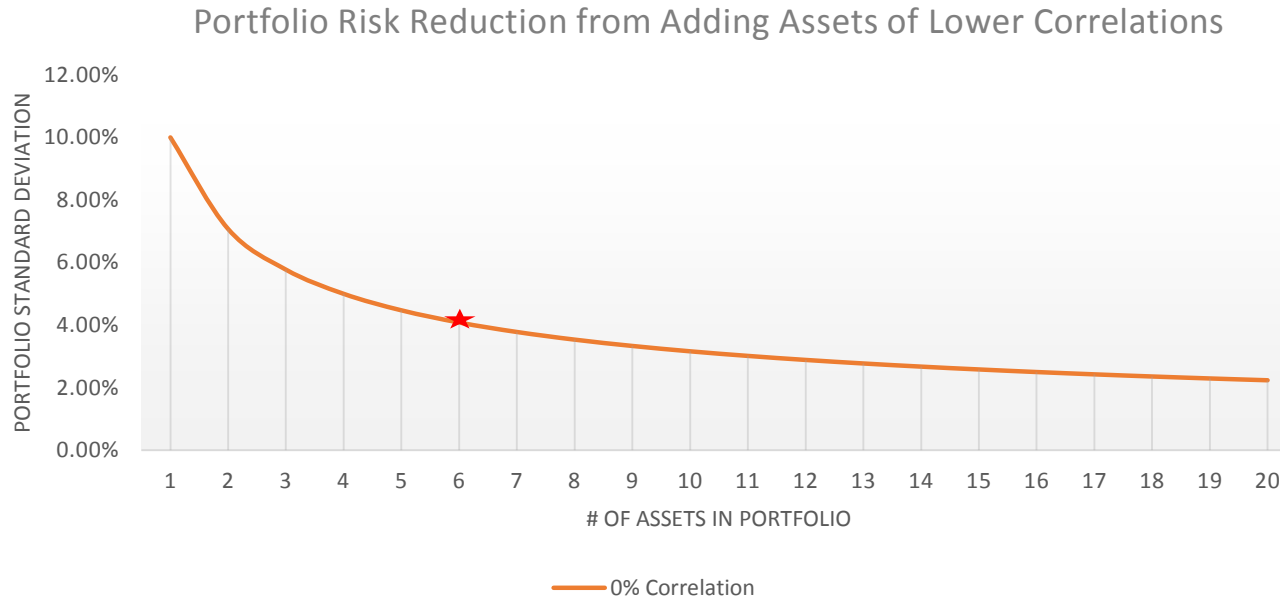
**Asset Class Returns**

Asset Class	Long Term Expected Return	Expected Risk
Cash	1.85%	0.1%
Bonds	3.10%	4.9%
Alternative Lending	6.50%	5.0%
US All Cap Stocks	7.50%	15.0%
US Small Cap Stocks	8.50%	18.0%
International Stocks	8.25%	17.0%
Emerging Markets Equity	11.00%	23.0%
All Asset Variance Risk Premium	8.50%	10.0%
Alternatives	8.25%	11.0%
Equity Variance Risk Premium	8.00%	12.0%
Reinsurance	8.70%	9.0%
Real Assets	8.00%	6.5%

# Global Asset Classes-Risk & Expected Return



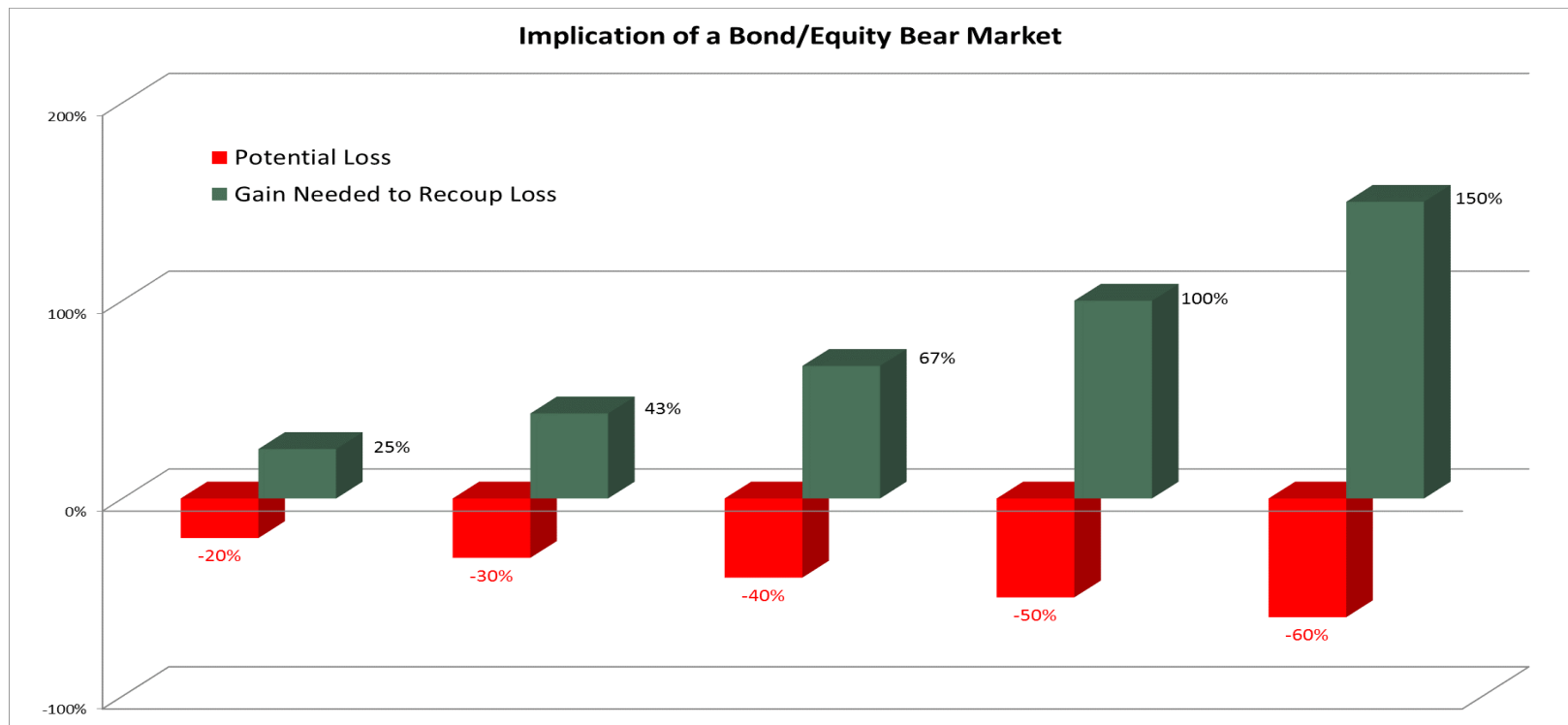
# Understanding Correlation



- The only “free lunch” in the investment world is diversification. The combining of two or more assets with the same expected return, but a less than perfect (less than 1.0) correlation to each other will lower your portfolio risk (standard deviation) without lowering your expected returns. **The lower the correlation to each other, the stronger the portfolio risk-adjusted benefits.**
- Asset classes like private real estate, reinsurance, variance risk premium capture, alternative lending, infrastructure, agriculture and timber have very low correlations to more common asset classes like stocks and bonds.

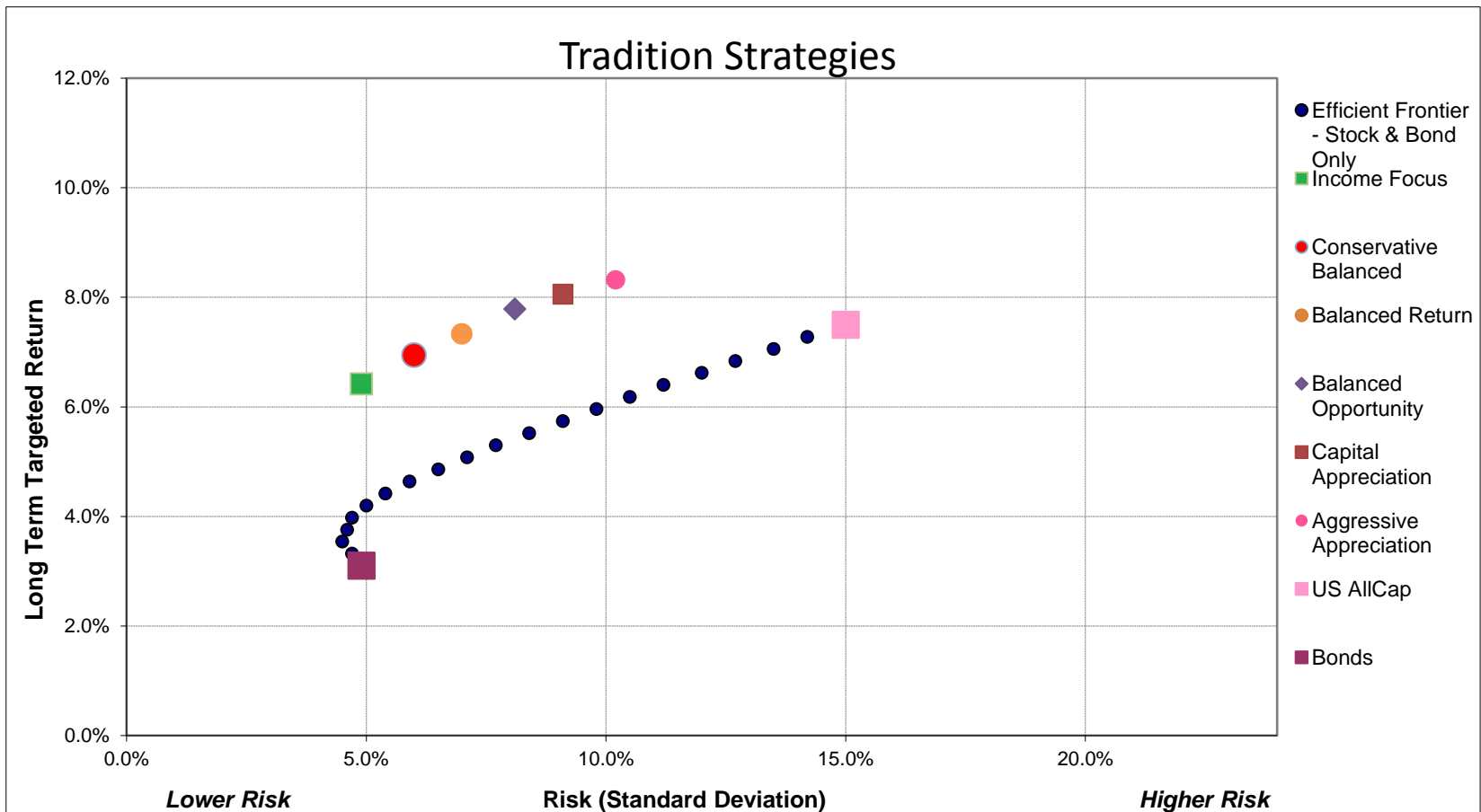
# Implication of a Significant Bear Market

- Tradition's focus is the preservation of your capital. The graph below shows why this is so important and illustrates the necessary gain (green bar) needed to recover from a possible investment loss (red bar) and get back to break-even.
- At every loss level the necessary recovery gain to get back to break-even is significantly larger on a percentage basis.



# Tradition Strategies

The graph below shows how these diversified strategies compare to the original stock and bond only efficient frontier.



# Tradition's Model Strategies

Higher expected returns or lower expected risk.

## Model Strategies

Strategy	Long Term Targeted Return	Expected Risk
Income Focus	6.42%	4.9%
Conservative Balanced	6.94%	6.0%
Balanced Return	7.33%	7.0%
Balanced Opportunity	7.79%	8.1%
Capital Appreciation	8.06%	9.1%
Aggressive Appreciation	8.32%	10.2%



# Comprehensive Advisory Fee

---

- 1% on the first \$5 million of assets.
- .80% on the balance.

# Appendix A: The Expanding Investable Universe

ASSET CLASS	SOURCE
US equities	Bloomberg, World Federation of Exchanges
US bonds	Bloomberg, Federal Reserve Board, SIFMA
Global equities	World Federation of Exchanges
Global bonds	BIS, SIFMA
Private equity	Preqin
Securitized Loans	Thomson Reuters, SIFMA
Insurance assets	Aon, Bloomberg, Guy Carpenter, NAIC, University of St Gallens ILS report
Real estate (REITs)	SNL
Real estate (other investable)	Savill's
Infrastructure funds	Bloomberg
Commodities	UN Commodity Statistics Report
Private real estate	Savill's
Insurance reserves	ACLI, AON
Bank loans	Bloomberg, CoreLogic, FDIC, Federal Reserve Board

## NOTES:

1. Data shown are the most recent available.
2. Securitized loans includes CLO, CAO, CBO, ABS, CMBS, and RMBS (agency and non-agency).
3. Insurance assets includes catastrophe bonds/ILS, life securitization, and surplus notes. Insurance assets are included in "Other" in Exhibit 3.
4. Bank loans includes residential mortgages, HELOCs, small business, corporate, commercial real estate, and syndicated / leveraged loans.
5. Insurance reserves includes global P&C and Life insurance reserves.
6. Real estate includes residential, commercial, and farmland available for investment, less the value of REITs.
7. Infrastructure funds are included in "Other" in Exhibit 3.
8. Private real estate includes residential, commercial, and farmland not yet available for investment.

# Disclosures

Tradition Advisers is the private wealth management group of Tradition Capital Management LLC (Tradition). Tradition is an SEC (Securities and Exchange Commission) Registered Investment Adviser under the Federal Investment Advisers Act and provides portfolio management and related services for a fee.

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. 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).

The above graphs are for illustrative purposes only to show possible return profiles of various asset classes. These illustrations are not historical returns nor is it a projection of future returns. Past performance is not indicative of future results. Investing involves risk and may result in losses. At a given time, any risk asset class or asset may lose money and result in substantial losses. Inflation risk is an additional risk for financial assets. These illustrations are not GIPS compliant and are shown only for illustrative purposes. Tradition does not make any assertions, estimates or guarantees about future results. Future results are unpredictable and could result in losses. Targeted Long-term Returns are not forecasts nor guarantees, but are merely reasonable long-term goals for strategies. Actual results could vary materially from these Targeted Long-term Returns and could result in losses.

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. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are also available upon request by contacting Tradition through their website at [www.traditioncm.com](http://www.traditioncm.com).

In March 2009 and August 2015 respectively, Haven Capital Management LLC ("Haven") and Candor Wealth Advisors LLC joined Tradition Capital Management LLC. Tradition's investment management annual base fee schedule, as detailed in Form ADV Part 2A, 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 by contacting Tradition through their website at [www.traditioncm.com](http://www.traditioncm.com).