



# TRADITION ADVISERS

# About Tradition Advisers

- Tradition Capital Management LLC (Tradition) is an independent full-service investment management boutique founded in 2000.
- Tradition has over \$660 million in Assets Under Management (AUM).
- Tradition Advisers is the private wealth management group of Tradition serving private individuals and families.
- 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
- ❑ Diversifying Strategies

# 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 and 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 in order to participate in their business growth. Individual stocks allow for superior customization for:
  - ❑ Concentrated position diversification
  - ❑ Tax planning
  - ❑ Socially responsible investing
  - ❑ Charitable giving
- As capital gains and dividends get preferential tax treatment, individual stocks are tax-advantaged investments.
- To accommodate smaller accounts, portfolios can be electronically accessed via [TraditionAdvisers.net](http://TraditionAdvisers.net).

# Tradition's Team

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- Tradition's team is comprised of:
  - Investment Committee of seven professionals averaging 31 years of experience.
  - Wealth Management Group of seven professionals averaging 16 years of experience.
  - Professionals hold 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).
  - Professionals earned degrees from the following select universities: Vanderbilt, Duke, Penn (Wharton), NYU, Yale, Columbia, St. Lawrence, Princeton, MIT, St. Joseph's, Temple, George Washington, Rutgers, William Paterson, and Bucknell.

# Investment Committee

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

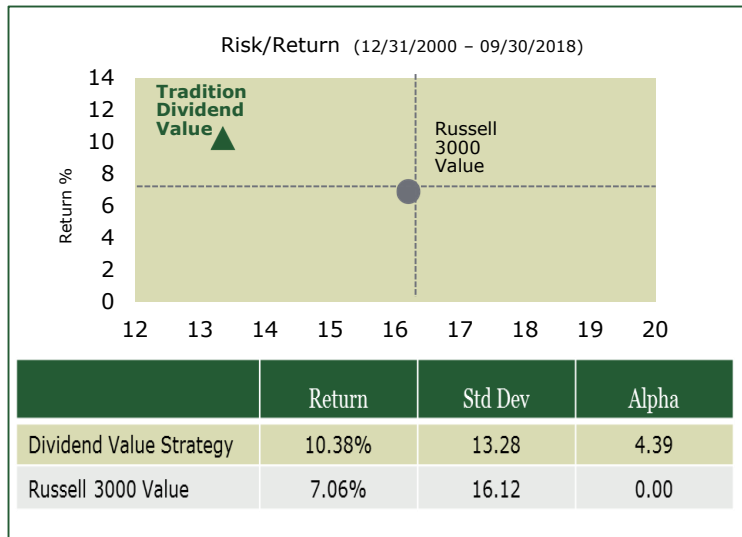
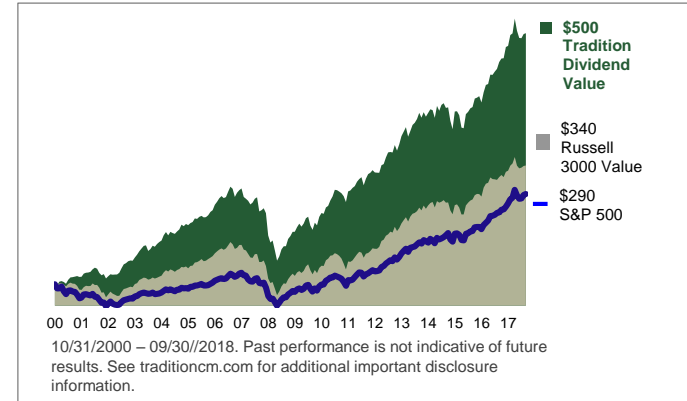
# Wealth Management Group

	Name	Role	Education
	Michael C. Provine, J.D., LL.M Managing Director	Adviser	St. Joseph's University, BS Temple University, J.D., LL.M
	Frani Feit, CFP® Managing Director	Adviser	George Washington University, BBA CERTIFIED FINANCIAL PLANNER™
	Chip Wieczorek, CFP® Senior Vice President	Adviser	Rutgers University, BA CERTIFIED FINANCIAL PLANNER™
	Michael Ciccone, CFP® Associate Vice President	Adviser	William Paterson University, BS CERTIFIED FINANCIAL PLANNER™
	Benjamin Zager Vice President	Adviser	George Washington University, BBA
	Jeffrey Welch Vice President	Adviser	Rutgers University, BS
	Jessica M. Corazza Associate Vice President	Planner	Bucknell University, BA

# Dividend Value

## The Tradition Client Experience

- ❑ A long-term track record of outperformance relative to benchmark indices and peers
- ❑ Reliable above-market income
- ❑ Consistently high risk-adjusted returns
- ❑ Investors have benefitted from:
  - ❖ a repeatable and sustainable research-driven investment process
  - ❖ protection during volatile bear market cycles



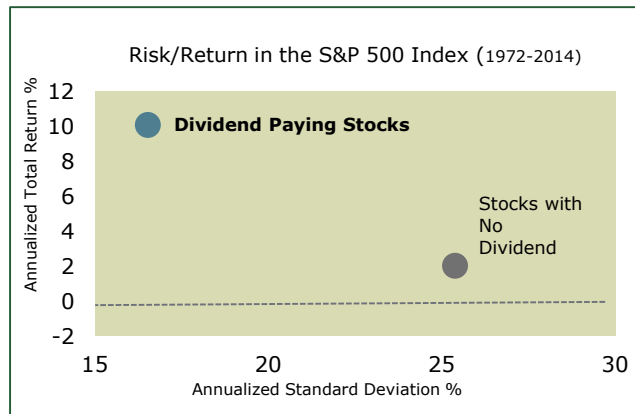
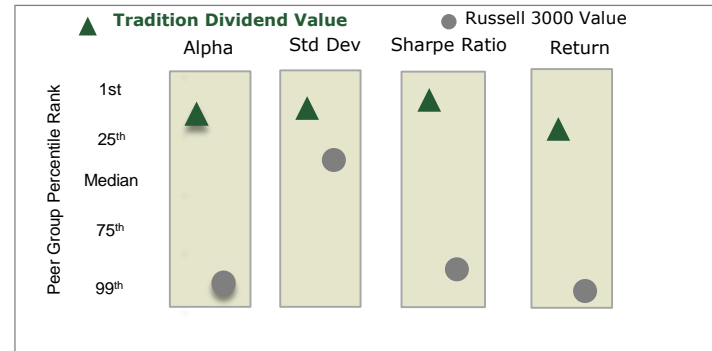
## A Proven Approach

- ❑ A portfolio with above-average dividend growth and yield has historically outperformed the market and experienced less volatility
- ❑ Tradition's disciplined, research-driven process identifies opportunities that:
  - ❖ source potential alpha
  - ❖ generate above-market income
  - ❖ control and manage risk
- ❑ Strategy seeks alpha across the entire capitalization spectrum
- ❑ Tradition's approach offers a high probability of success

# Dividend Value

## Tradition Dividend Value: A Peer Group Leader

- Top quartile rankings across key portfolio metrics
- Portfolio managed by an experienced management team supported by research analyst specialists
- Thorough research leads to conviction in our top holdings
- Key metrics are indicative of a focus on the longer-term time horizon and demonstrates an ability to manage client expectations



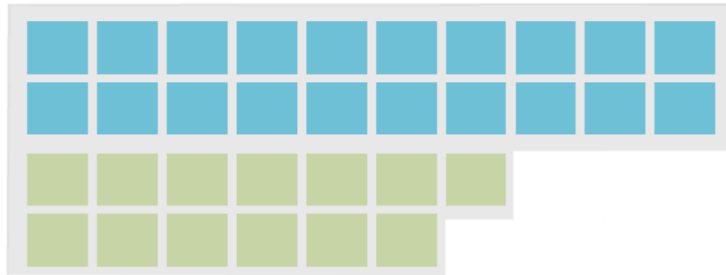
## Tradition's Research Goal: Identify Stocks with Growing Dividends

- Dividends have historically accounted for approximately 40% of historical stock market returns
- Academic research has demonstrated that dividend strategies offer an improved risk/reward tradeoff
- Growing dividends and sustainable payout ratios lead to:
  - ❖ better profits
  - ❖ greater increases in shareholder value
  - ❖ confidence in sustaining future cash flows



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

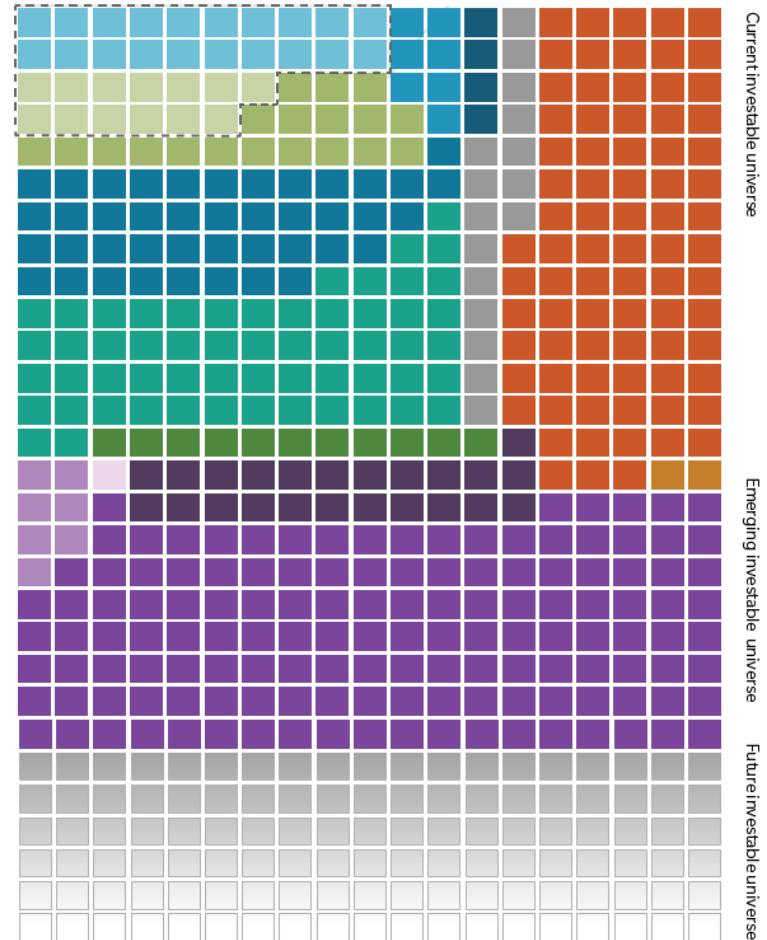
\$20 Trillion S&P 500



\$13 Trillion US Treasuries



\$437 Trillion

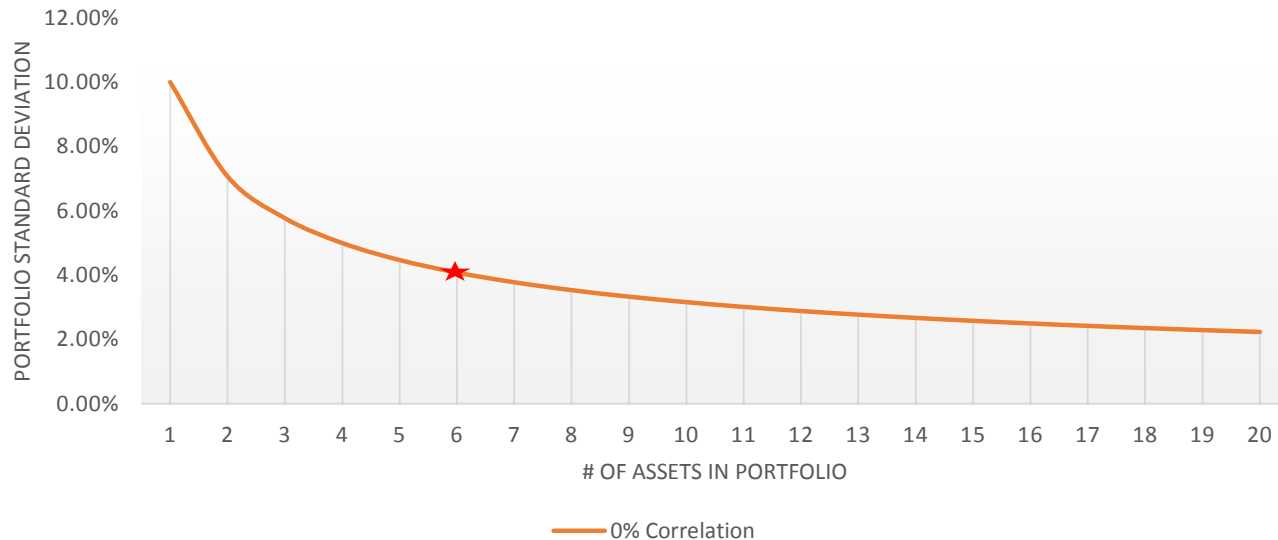


1. For a complete description of sources by asset class, see Appendix A.

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 Assets of Lower Correlations

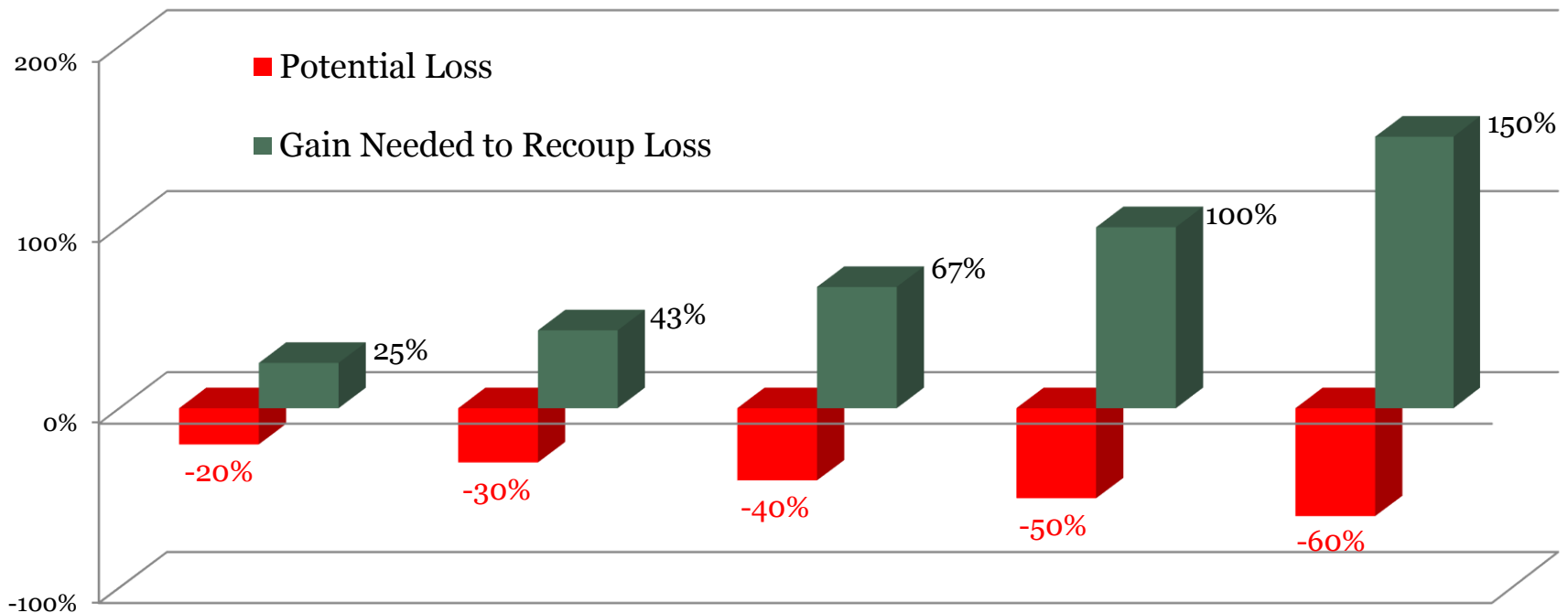


- The only “free lunch” in the investment world is diversification. The combining of two or more assets with the same expected return, but a less than perfect (less than 1.0) correlation to each other will lower your portfolio risk (standard deviation) without lowering your expected returns. **The lower 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

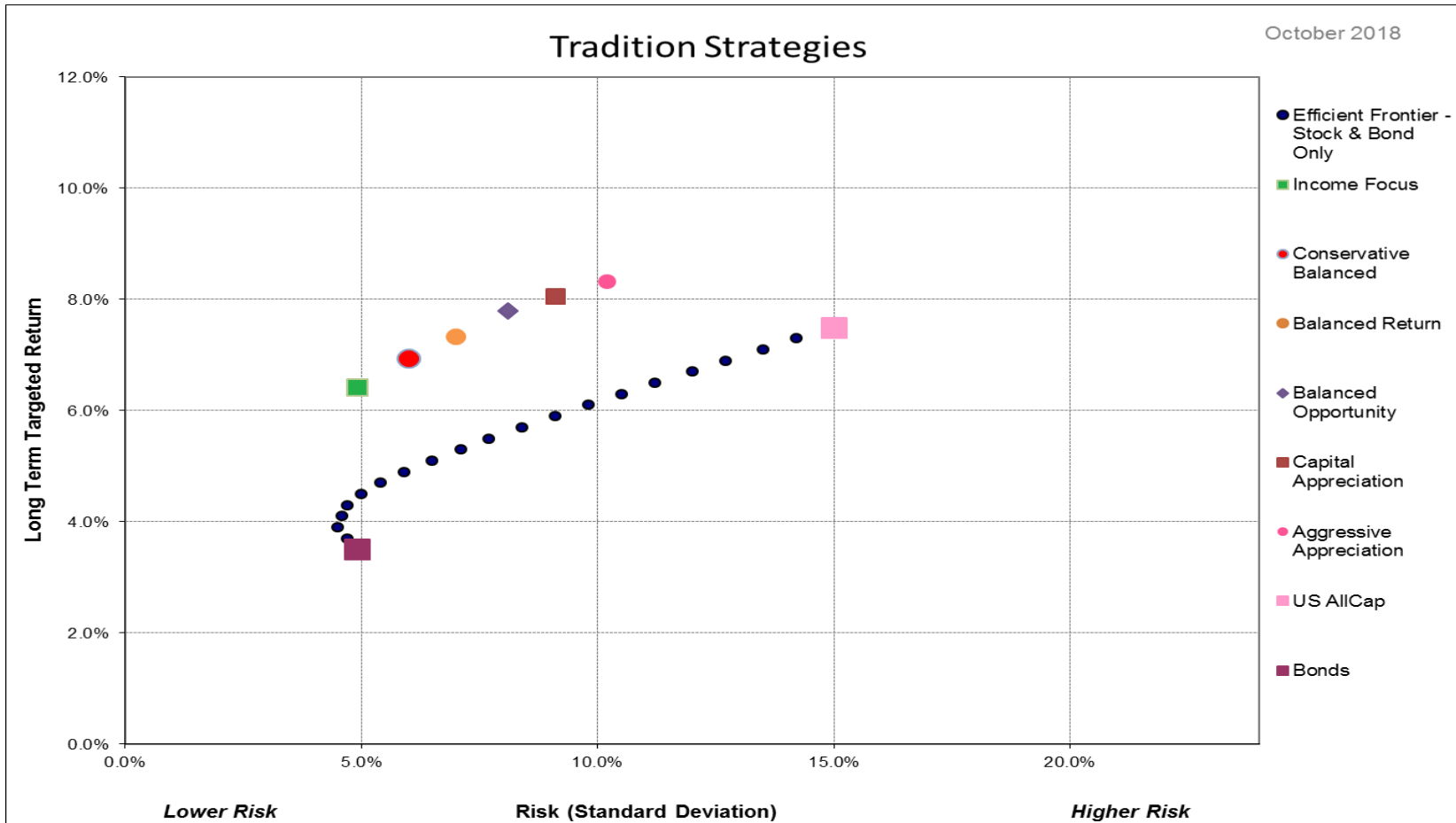
- Tradition's focus is the preservation of your capital. The graph below shows why this is so important and illustrates the necessary gain (green bar) needed to recover from a possible investment loss (red bar) and get back to break-even.
- At every loss level the necessary recovery gain to get back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

## Implications of a Bear Market



# Tradition Strategies

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



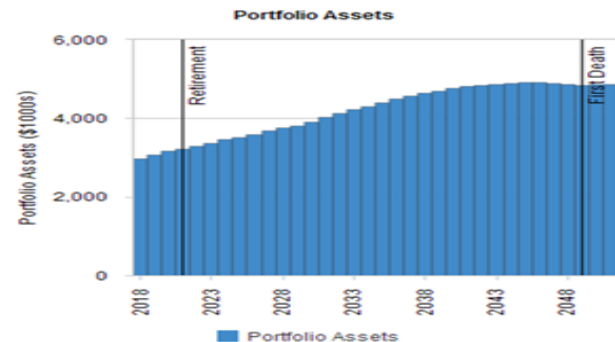
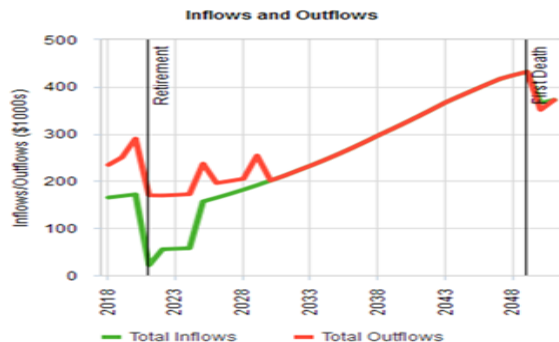
# Planning Proficiencies

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- **Retirement:** choosing the optimal time to retire
- **Cash Flow:** looking at the whole picture
- **Generational:** building a legacy tax efficiently
- **Educational:** how to fund expenses for future generations
- **Charitable:** the most cost effective ways to donate

# Cash Flow - Planning and Analysis

Year	Age	Income Flows	Investment Income	Planned Distributions	Total Inflows	Total Expenses	Planned Savings	Total Outflows	Net Cash Flow	Total Portfolio Assets
2018	64/62	\$165,000	\$0	\$0	\$165,000	\$217,814	\$16,500	\$234,314	(\$69,314)	\$2,965,514
2019	65/63	168,300	0	0	168,300	233,340	16,830	250,170	(81,870)	3,079,510
2020	66/64	171,666	0	0	171,666	272,777	17,167	289,944	(118,278)	3,165,619
<b>2021</b>	<b>67/65</b>	<b>21,287</b>	<b>0</b>	<b>0</b>	<b>21,287</b>	<b>169,612</b>	<b>0</b>	<b>169,612</b>	<b>(148,325)</b>	<b>3,209,022</b>
2022	68/66	55,276	0	0	55,276	169,255	0	169,255	(113,979)	3,290,615
2023	69/67	56,381	0	0	56,381	170,548	0	170,548	(114,167)	3,378,316
2024	70/68	57,508	0	0	57,508	172,057	0	172,057	(114,549)	3,472,396
2025	71/69	58,658	0	97,992	156,650	236,850	0	236,850	(80,200)	3,510,083
2026	72/70	59,832	0	104,681	164,513	195,735	0	195,735	(31,222)	3,593,161
2027	73/71	61,029	0	111,820	172,849	200,054	0	200,054	(27,205)	3,679,039
2028	74/72	62,250	0	119,442	181,692	204,665	0	204,665	(22,973)	3,767,622
2029	75/73	63,495	0	127,574	191,069	253,995	0	253,995	(62,926)	3,814,378
2030	76/74	64,765	0	136,254	201,019	201,019	0	201,019	0	3,919,032
2031	77/75	66,060	0	144,829	210,889	210,889	0	210,889	0	4,022,345
2032	78/76	67,381	0	154,663	222,044	222,044	0	222,044	0	4,122,958
2033	79/77	68,729	0	164,306	233,035	233,035	0	233,035	0	4,220,871
*Intervening rows hidden for illustration purposes only										
2044	90/88	85,455	0	294,471	379,926	379,926	0	379,926	0	4,898,270
2045	91/89	87,164	0	305,260	392,424	392,424	0	392,424	0	4,907,865
2046	92/90	88,907	0	315,850	404,757	404,757	0	404,757	0	4,907,354
2047	93/91	90,685	0	326,116	416,801	416,801	0	416,801	0	4,896,344
2048	94/92	92,499	0	332,215	424,714	424,714	0	424,714	0	4,878,255
<b>2049</b>	<b>95/93</b>	<b>94,349</b>	<b>0</b>	<b>337,442</b>	<b>431,791</b>	<b>431,791</b>	<b>0</b>	<b>431,791</b>	<b>0</b>	<b>4,838,448</b>
2050	96/94	61,898	0	304,086	365,984	350,984	0	350,984	15,000	4,860,023
2051	97/95	63,136	0	308,873	372,009	372,009	0	372,009	0	4,862,011



# Comprehensive Advisory Fee

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- 1.00 on the first \$5 million of assets.
- 0.80% on the balance.

# 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).