



### Tradition ESG Focus

- Equity portfolio focused on companies exhibiting excellence in environmental, social and governance criteria with attractive fundamentals and valuation opportunity
- Diversified portfolio seeks best in class opportunities across all economic sectors
- Rigorous analysis combines the Tradition research process with positive ESG criteria
- Tradition experience with management behavior and performance across a wide universe of investment opportunities
- Companies demonstrating excellence in governance, environmental practices and social behavior may deliver higher and sustainable financial performance
- Rigorous fundamental research incorporates both financial analysis and ESG criteria to assess growth and offers an increased probability of success.

### Tradition: A Specialist Boutique Firm

- **People:** Portfolio management team offers 250 years of collective investment experience (31 years on average)
- **Philosophy:** Active, value-oriented
- **Process:** Consistent, repeatable, and risk-management focused
- **Performance:** Highly-ranked among peers across key metrics; consistent strong risk-adjusted returns over long-term periods in core strategies
- **Portfolio Construction:** A solid “core” portfolio holding available in balanced, socially- responsible and tax-efficient mandates

### The Case for ESG Investing

#### Additional Alpha\* | Lower Risk | Investor Incentive

- Overlap exists between companies with positive ESG scores, quality and attractive fundamentals
- Company disclosure reports on ESG metrics adds transparency to business fundamentals
- ESG scoring helps uncover both good and poor performers, potentially enhancing the sell decision
- Investment in companies “doing the right things” may not sacrifice returns.

\***Alpha** is a risk (beta adjusted) measurement. Officially, alpha measures the difference between a portfolio actual returns and what it might be expected to deliver based on its level of risk. High risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers had the same return, but one had a lower beta, that manager would have a higher alpha.



## TRADITION ASSET MANAGEMENT

A LUXON FINANCIAL COMPANY

Dividend Value

All-Cap Advantage

ESG Focus/Female Focus

Balanced

Fixed Income



**Environmental, Social and Governance Excellence drives  
Sustainable Competitive Advantage**

**ENVIRONMENTAL**

- ❑ Efficient use of resources drives manufacturing and service costs lower
- ❑ Energy efficiency in supply chain management and physical plant and equipment
- ❑ Safe operating practices reduce exposure to environmental risks, fines or lawsuits

**SOCIAL**

- ❑ Favorable employee relations contributes to a more productive and engaged workforce
- ❑ Workforce diversity enables creative thinking and differing perspectives in management and staff
- ❑ Engagement with the community enhances customer perceptions

**GOVERNANCE**

- ❑ Independent and diverse board of directors allows for unbiased due diligence on capital allocation decisions and management practices
- ❑ Executive compensation metrics align with stakeholder interests
- ❑ Share structure treats all shareholders equally

**Top Ten Holdings**

JP Morgan Chase & Co.	4%
Waste Management	4%
The TJX Cos.	3%
Alphabet Inc. Class C	3%
PNC Financial	3%
Citigroup	3%
International Flavors & Fragrances	3%
Aqua America Inc.	3%
Thermo Fisher Scientific	3%
CVS Health Corp.	3%

**Portfolio Characteristics (as of 9/30/19)**

	ESG Focus	S&P 500
Dividend Yield	2.1%	1.9%
Price/Earnings Ratio	16.1x	19.5x
ROE-Bloomberg Estimate	28.3%	18.70%
Avg. Mkt. Cap (\$Billion)	\$156.7	\$254.2
3-year Earnings Growth	14.1%	11.6%
Number of Stocks	39	500

**The Tradition Client Experience**

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

**Disclosures:** Tradition Asset Management, LLC ("Tradition") is an SEC (Securities and Exchange Commission) Registered Investment Adviser (RIA) 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. 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. Please visit our website at [www.traditioncm.com](http://www.traditioncm.com) for all the firm's disclosures and to request copies of the most recent Form ADV Part 2A and Privacy policy as well as Tradition's policies for valuing portfolios, calculating performance, and preparing compliant presentations.