



Tradition Environmental, Social, Governance (“ESG”) Focus

- Equity portfolio focused on companies exhibiting excellence in environmental, social and governance criteria with attractive fundamentals and valuation opportunity
- Diversified portfolio seeks 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:** 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



The following Environmental, Social and Governance factors may drive sustainable competitive advantage in portfolio companies.

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.	4.5%
Waste Management	3.6%
Alphabet	3.6%
PNC Financial Services	3.5%
Citigroup	3.4%
CVS Health Corp.	3.3%
Thermo Fisher Scientific	3.3%
CBRE Group	3.3%
TJX Companies	3.2%
Ingersoll-Rand	3.1%

Portfolio Characteristics (as of 12/31/19)

	ESG Focus	S&P 500
Dividend Yield	1.8%	1.8%
Price/Earnings Ratio	14.8x	18.4x
ROE-Bloomberg Estimate	23.4%	18.7%
Avg. Mkt. Cap (\$Billion)	\$170.2	\$291.2
3-year Earnings Growth	14.5%	11.7%
Number of Stocks	38	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

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