

# DIVIDEND VALUE STRATEGY

**September 30, 2023**



**TRADITION**  
INVESTMENT MANAGEMENT

# VALUE-ADDED KEY DIFFERENTIATORS

## Dividend Value Strategy

- Top Quartile 5-Year Performance with 3.4% Annualized Outperformance
- 5.1% Dividend Yield Projected Next Year
- 8.2% expected growth for Dividends and Earnings
- Plan Sponsor Network (PSN) Top Guns Manager of the Decade

Success Drivers	Tradition
Decades of experience managing portfolios	✓
Disciplined decision-making process	✓
Repeatable and transparent process	✓
Disciplined analytical skills	✓
Proactive sell discipline process	✓
Agility of a "boutique" manager	✓
Co-investments with clients	✓
Investment team structured for accountability	✓
Proven performance results over several market cycles	✓

# PORTFOLIO MANAGER

Benjamin C. Halliburton, CFA

Mr. Halliburton is the Founder and Chief Investment Officer at Tradition. He has been named PSN Manager of the Decade for two separate decades. He has over 35 years of professional investing experience.

Mr. Halliburton was the founder of Tradition and its predecessor companies. Prior to the predecessor companies, he was a partner, portfolio manager, research director, and investment policy committee member at Brundage, Story and Rose, which Bessemer Trust acquired, where he was responsible for the firm's equity selection process and designed, developed, and managed the firm's Disciplined Growth Strategy. Mr. Halliburton holds the Chartered Financial Analyst designation and earned an MBA from Duke's Fuqua School of Business in 1990, where he was distinguished as a Fuqua Scholar. He earned a Bachelor of Science from Vanderbilt University, graduating Magna Cum Laude in 1985.



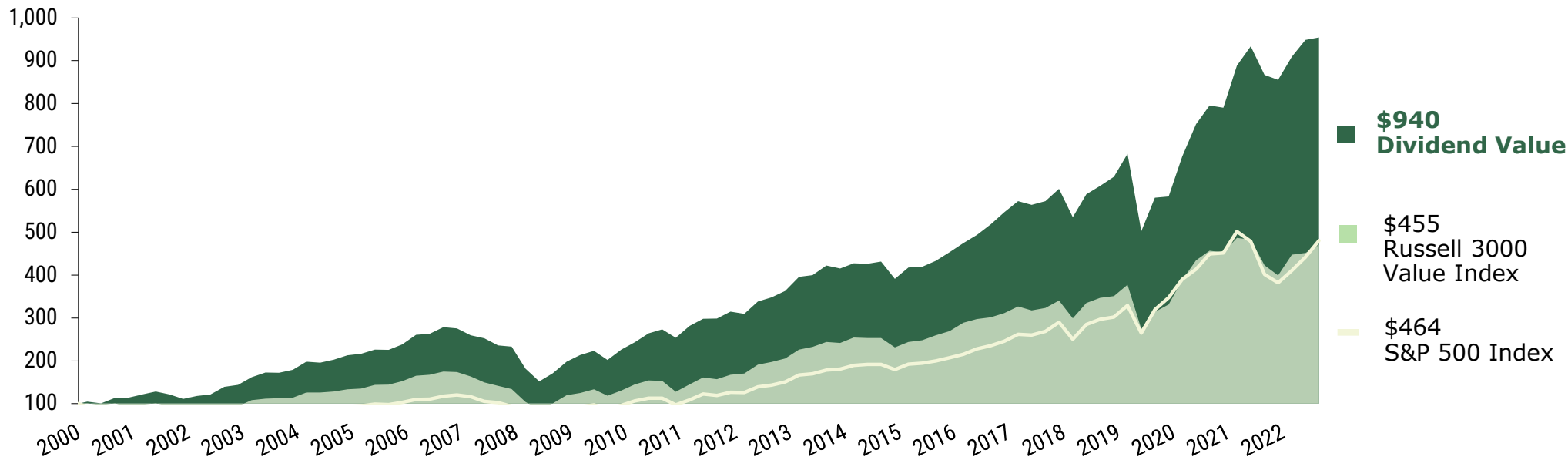
Financial Intelligence owned Informa's universes were created using information collected through the PSN investment manager questionnaire and use only gross of fee returns. The top ten performers for the latest ten-year period become the PSN Top Guns Manager of the Decade.

# DIVIDEND VALUE STRATEGY

- Portfolio of companies that are growing earnings, increasing cashflows, raising dividends and feature above-average yields, while trading at a discount to our calculation of intrinsic value.
- High dividend-yielding portfolio of companies, and since no company wants to reduce its dividends, projects management's future confidence in their business.
- A total return portfolio that offers potential growth and above-market income.
- Bottom-up stock selection from the focus research list.
- A "go anywhere" portfolio, meaning small, medium, and large companies can be constituents of the portfolio.
- Research-driven insights, using analytical methods and models fine-tuned and coded by the portfolio manager since 1990.
- Consistent long-term track record of alpha and income generation.
- Consistently high risk-adjusted returns.

# DIVIDEND VALUE PERFORMANCE

Growth of \$100 from Inception to September 30, 2023



	Since Inception	20 Years	10 Years	5 Years	3 Years	1 Year
<b>Dividend Value Gross</b>	10.3%	9.8%	10.0%	9.4%	17.3%	10.0%
<b>Dividend Value Net</b>	9.3%	8.8%	9.0%	8.4%	16.3%	9.0%
<b>Russell 3000 Value</b>	6.8%	8.2%	8.3%	6.0%	11.2%	14.1%
<b>S&amp;P 500</b>	6.9%	9.7%	11.9%	9.9%	10.2%	21.6%

\*Inception:10/31/2000

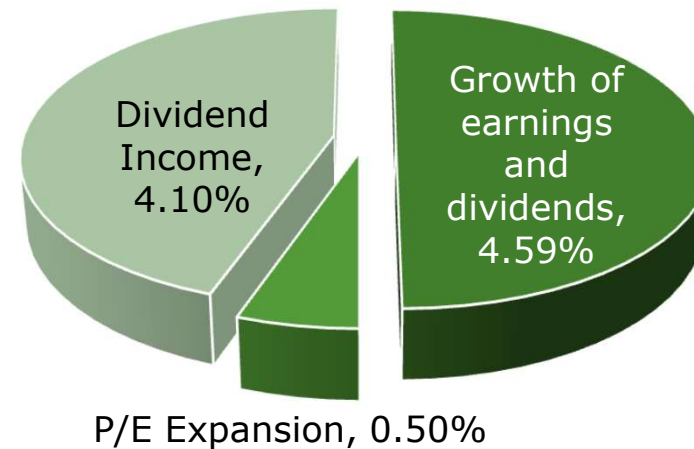
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# AN APPROACH SUPPORTED BY ACADEMIC RESEARCH

## Why Invest in a Dividend Strategy?

- Dividends have accounted for approximately 45% of stock market returns.
- Growing dividends and high sustainable payout ratios may lead to better profits and greater shareholder value.
- Increased dividends reflect management's confidence in sustaining future cash flow.
- Higher dividends impose financial discipline on management.
- Dividend strategies tend to offer an improved risk/reward tradeoff.
- Dividend Value provides investors with a growing income stream.

### S&P 500 Historical Total Return = 9.19%



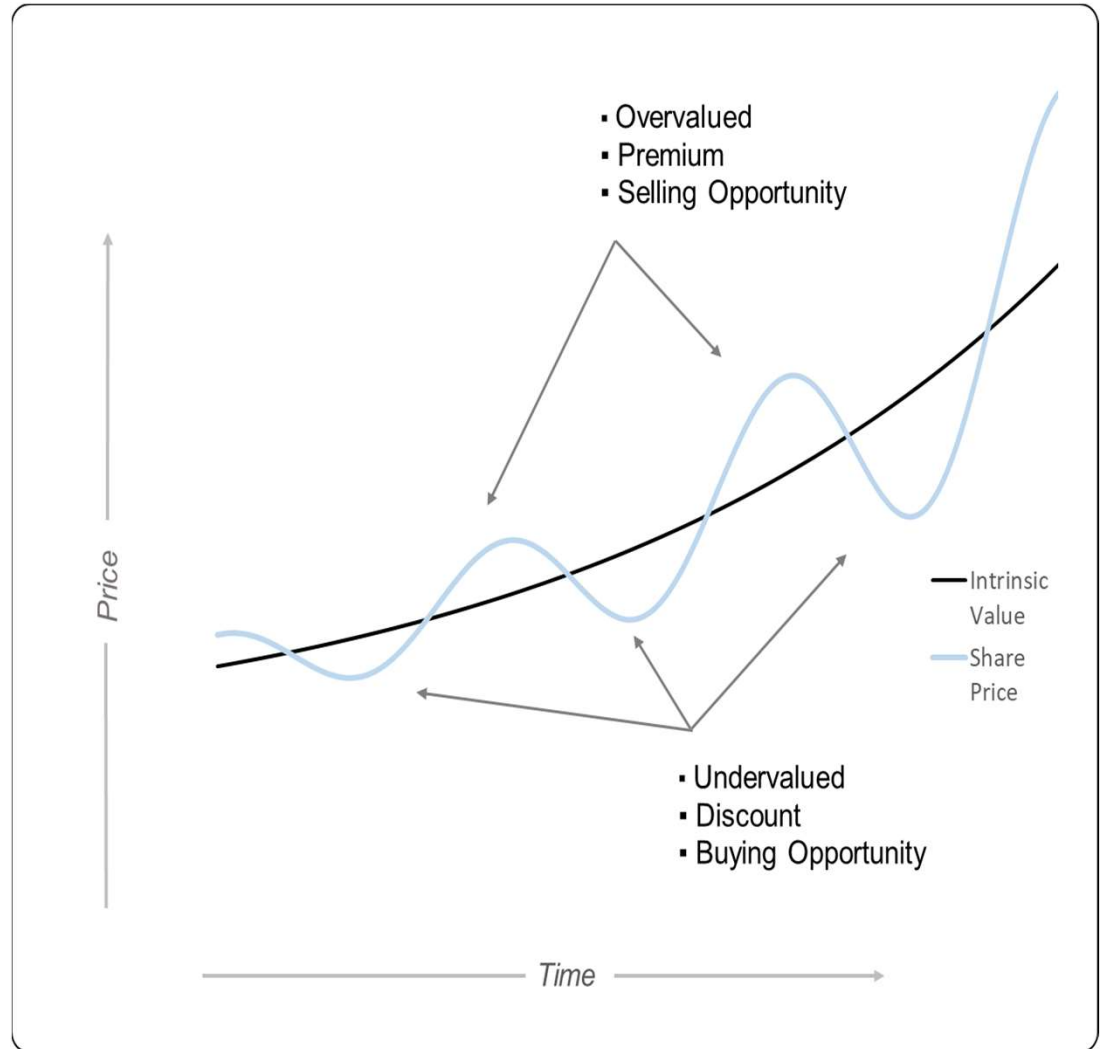
Dividend income combined with earnings and dividend growth have accounted for approximately 95% of S&P 500's total return from 1910 to 2020.

SHILLER, R. J. (2020)  
<http://www.econ.yale.edu/~shiller/data.htm>

# INVESTMENT PHILOSOPHY

## A Well-Disciplined Approach

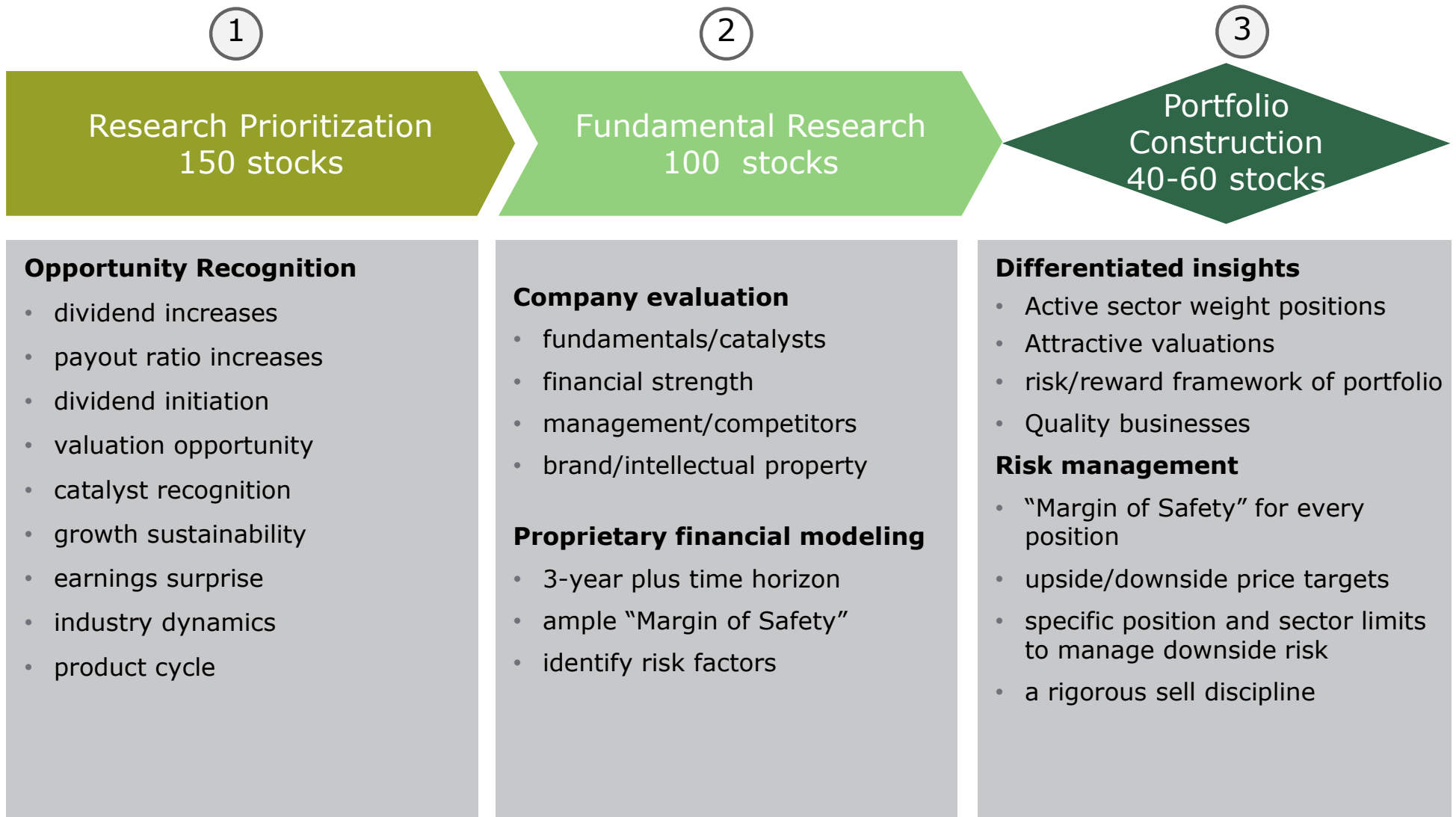
- Markets are inefficient in the short term; fear and greed create opportunities for the long-term investor.
- Share prices often fluctuate above/below their intrinsic value (our estimate of a company's economic worth).
- Fundamental research uncovers opportunities to capitalize and to manage risk.
- We invest only if our proprietary research suggests a stock is undervalued.
- Higher-yielding stock portfolios can provide attractive total returns with downside protection.



For illustrative purposes only.

# REPEATABLE AND SUSTAINABLE INVESTMENT PROCESS

Translating Research Insights Into Consistent Alpha and Income





# METICULOUS SELL DISCIPLINE PROCESS



# RESEARCH PROCESS

Identifying Solid Alpha and Income Generators

1

## Purchase Candidates

### Quantitative Screening

- current dividend yield
- dividend growth rate
- dividend growth + yield
- relative PE
- $PE / (\text{Div. Gr.} + \text{Yield})$  ratio
- total debt to capital

### Qualitative Factors

- Substantial competitive advantages

2

## Bottom-Up Business Analysis

### Income statement

- revenue drivers
- Margins
- Solid balance sheets (quality)

### Business Economics

- growing revenues, EPS and dividends
- Free cash-flow generation
- Attractive return on capital
- Industry-specific factors
- Competitive advantage

3

## Anticipated Change

### Company Factors

- brand strength
- intellectual property
- distribution capabilities
- management change
- business restructuring
- new product launch
- potential negatives

### Industry Factors

- macro-environment
- consolidation
- demand growth
- capacity constraints
- product development

4

## Business Prospects

### Fundamentals

- future cash earnings power
- incorporate the impact of change into the valuation model
- management's ability to deliver

### Tolerance

- time-horizon
- calculation of intrinsic value (estimated economic value)
- risk/reward assessment

# PORTFOLIO CHARACTERISTICS

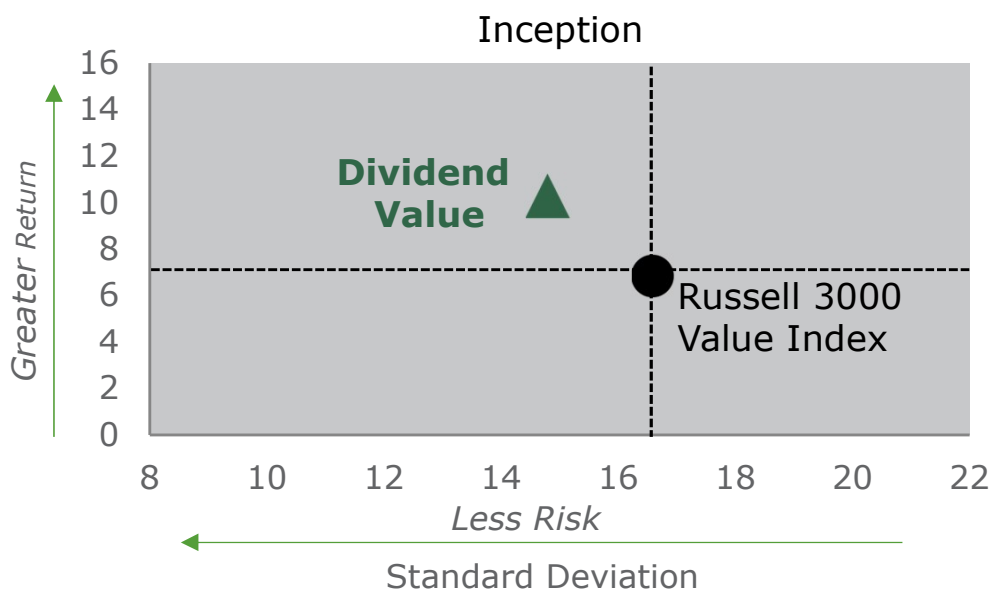
	<b>Dividend Value</b>	<b>Russell 1000 Value ETF</b>
Dividend Yield (As of 3Q23)	4.8%	2.3%
2024 Projected Dividend Yield	5.1%	2.5%
Dividend Growth (5-year estimate)	8.2%	6.5%
Return on Equity (weighted)	14.1%	14.6%
Long-Term Earnings Growth	8.2%	6.5%
Debt to Total Capital	35.8%	39.8%
Price / Earnings Ratio (forward 1-year estimate)	13.2	15.6
Price / Earnings Divided by Growth Rate (PEG)	1.69	2.4
Weighted Average Market Cap (\$ Billion)	\$45.5	\$152.5
Number of Stocks	42	846

Source: Tradition Investment Management. As of September 30, 2023.

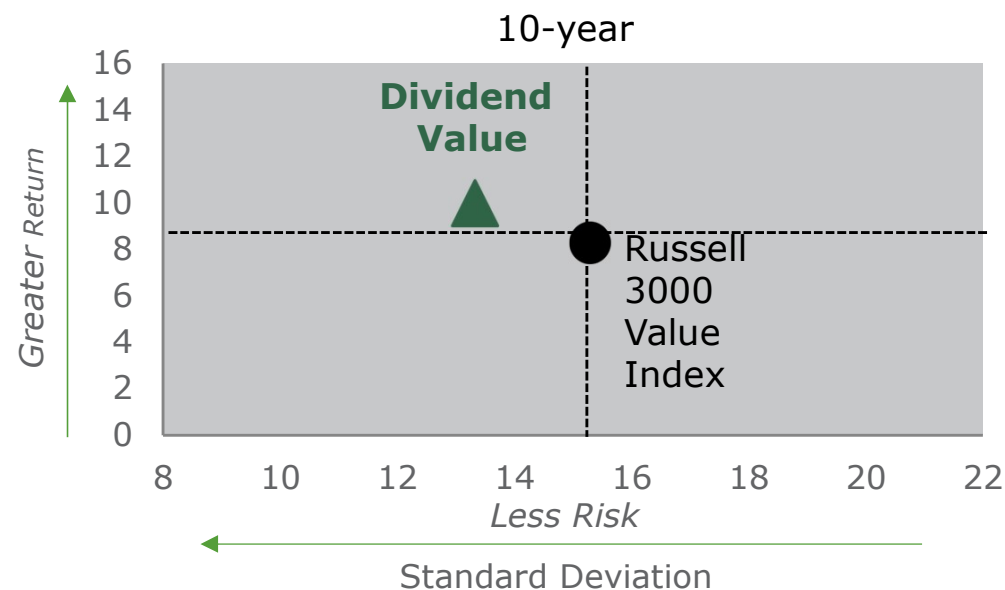
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# DIVIDEND VALUE STRATEGY

Risk Reward period ending September 30, 2023



Inception 10/31/2000



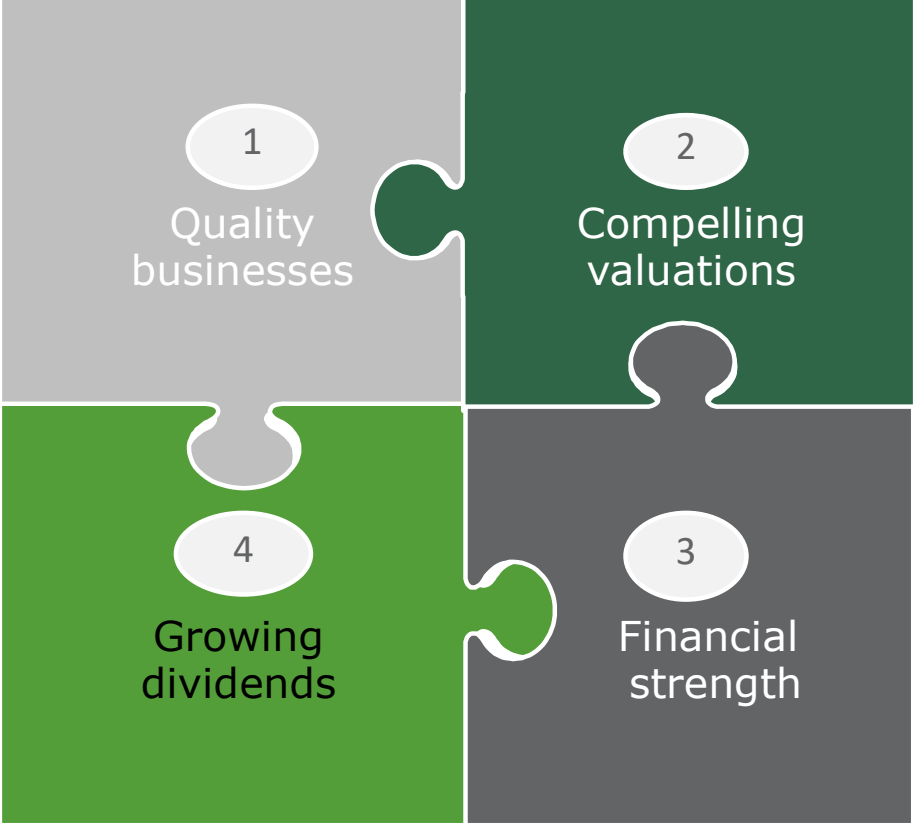
10-year

	Return	Standard Deviation	Return	Standard Deviation
Dividend Value (Gross)	10.28%	14.8	9.98%	13.3
Dividend Value (Net)	9.28%	14.8	8.98%	13.3
Out-performance (Net)	2.44%	-	0.71%	-
Russell 3000 Value Index	6.84%	16.6	8.28%	15.3

Source: For the period ending 09/30/2023.

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# DIVIDEND VALUE'S KEY DRIVERS TO INVESTMENT PROCESS



# SECTOR WEIGHTINGS

	Dividend Value	Russell 1000 Value ETF
Communication Services	0.0%	2.5%
Consumer Discretionary	4.6%	5.0%
Consumer Staples	5.5%	8.3%
Energy	16.9%	9.1%
Financials	5.5%	20.6%
Health Care	11.2%	15.3%
Industrials	3.6%	13.2%
Information Technology	5.4%	9.1%
Materials	12.8%	4.8%
Real Estate	3.6%	4.7%
Telecommunication Services	2.1%	2.5%
Utilities	2.0%	4.9%
Cash	26.7%	0.0%

Source: Tradition Investment Management. As of September 30, 2023.

# TOP TEN HOLDINGS

	Sector	% of Portfolio
Qualcomm	Information Technology	3.5%
CVS Health	Health Care	3.4%
Equitrans Midstream	Energy	3.3%
Civitas Resources	Energy	3.1%
Gold Fields	Materials	3.0%
GlobalX MLP ETF	Energy	2.9%
Riley Exploration	Energy	2.9%
Slate Grocery REIT	Real Estate	2.7%
Everest Group	Financials	2.7%
Sibanye Stillwater	Materials	2.4%

Source: Tradition Investment Management, as of September 30, 2023.

This chart is not a solicitation to buy or an offer to purchase or sell any of the securities listed.

For informational purposes only.

# REPRESENTATIVE PORTFOLIO

## Consumer Staples

Diageo  
Walgreens Boots  
General Mills  
Molson-Coors

## Consumer Discretionary

Toyota  
Hasbro  
Stellantis

## Materials

Gold Fields  
B2Gold  
Barrick Gold  
Newmont Mining  
Pan American Silver  
Sibanye Stillwater

## Financials

Farmer-Mac  
Compass Diversified Holdings  
Everest Group  
Silvercrest Asset Management

## Real Estate

Slate Grocery REIT

## Communication Services

None

## Telecom

AT&T

## Industrials

MSC Industrial Direct  
Raytheon Technologies  
General Dynamics

## Health Care

Cigna  
CVS Health  
Johnson and Johnson  
Medtronic  
Perrigo

## Utilities

National Fuel Gas

## Information Technology

Cisco  
Himax Technologies  
Qualcomm  
Skyworks Solutions

## Energy

Antero Midstream  
Chesapeake Energy  
Civitas  
Comstock Resources  
Enbridge  
EQT  
Equitrans Midstream  
Riley Exploration  
Suncor Energy

As of September 30, 2023. The portfolio holdings are not investment recommendations and may no longer be held in the portfolio. For illustrative purposes only.



# DIVIDEND YIELD & INCOME PROJECTIONS

## THE IMPORTANCE OF GROWTH

Projections based on a one million-dollar investment

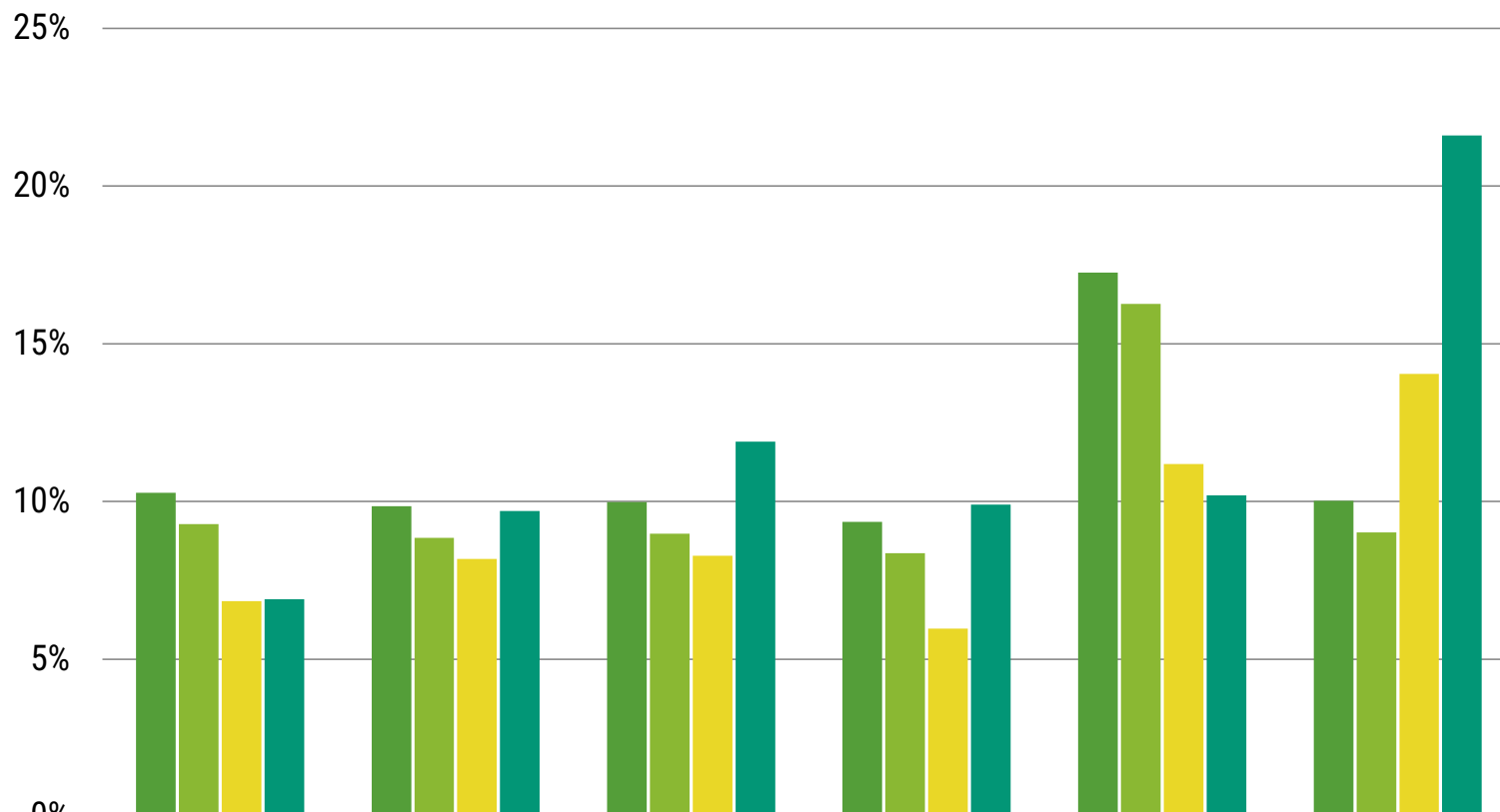
Year	Estimated Yield	Projected Income
2023	4.80%	\$48,000
2024	5.10%	\$51,000
2025	5.52%	\$55,182
2026	5.97%	\$59,707
2027	6.46%	\$64,603
2028	6.99%	\$69,900
2029	7.56%	\$75,632
2030	8.18%	\$81,834
2031	8.85%	\$88,544
2032	9.58%	\$95,805
2033	10.37%	\$103,661
2034	11.22%	\$112,161

Source: Tradition Investment Management. As of September 30, 2023.

**Projections are not guaranteed and are for illustration purposes only.**

# ANNUALIZED PERFORMANCE

Period ending September 30, 2023

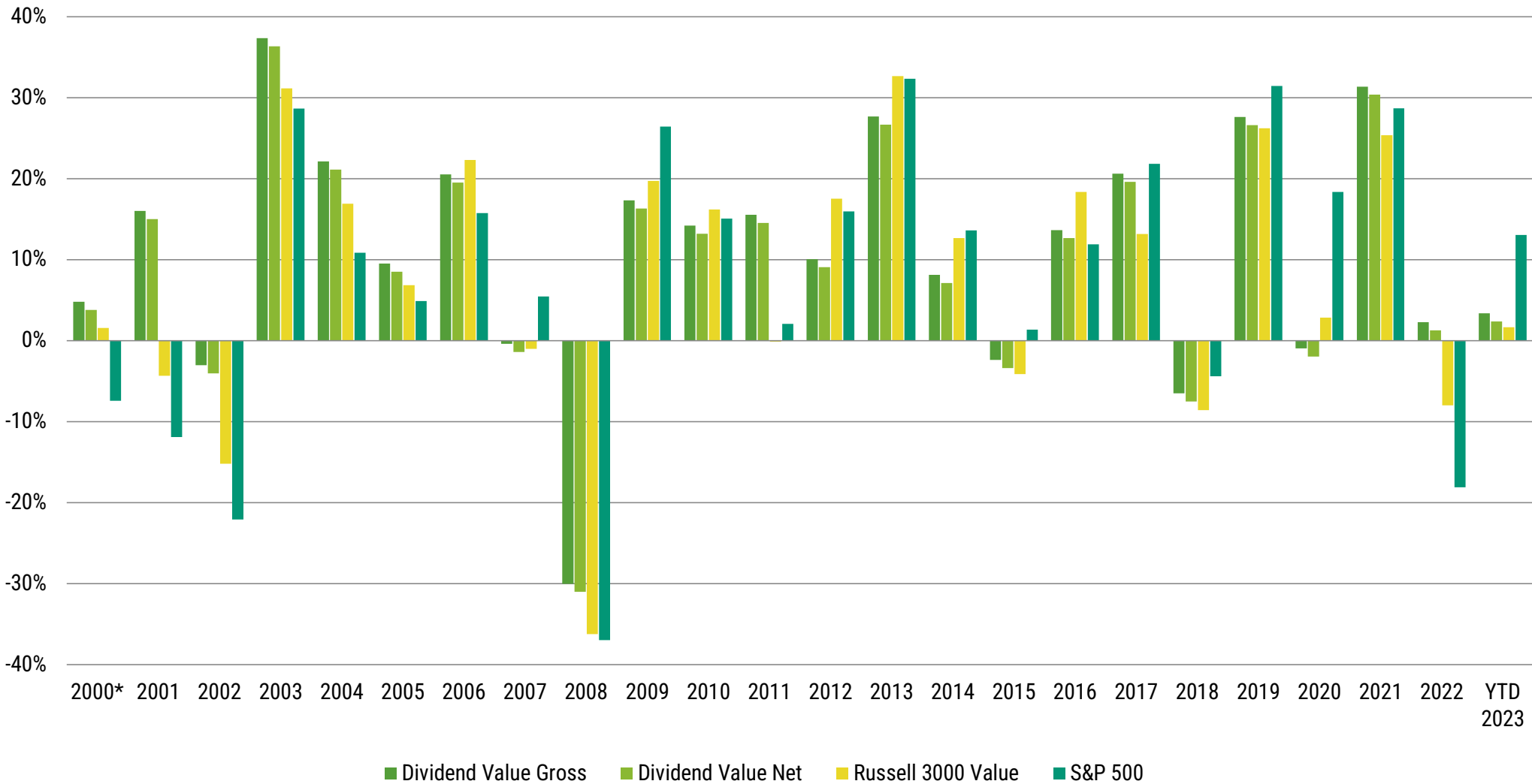


	Since 10/31/00*	20 Years	10 Years	5 Years	3 Years	1 Year
■ Dividend Value Gross	10.3%	9.9%	10.0%	9.4%	17.3%	10.0%
■ Dividend Value Net	9.3%	8.9%	9.0%	8.4%	16.3%	9.0%
■ Russell 3000 Value Index	6.8%	8.2%	8.3%	6.0%	11.2%	14.1%
■ S&P 500 Index	6.9%	9.7%	11.9%	9.9%	10.2%	21.6%

Past performance does not guarantee or indicate future results. Assumes fee of 1.0%. Actual fees will vary. Figures rounded to nearest tenth. Please read the firm's full performance disclosure at the end of this presentation. For supplemental purposes only.

# DIVIDEND VALUE ANNUAL PERFORMANCE

Period ending September 30, 2023



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	<b>Dividend Value Gross</b>	<b>Dividend Value Net</b>	<b>Russell 3000 Value</b>	<b>S&amp;P 500</b>
<b>YTD 2023</b>	3.38%	2.38%	1.67%	13.07%
<b>2022</b>	2.38%	1.38%	-7.98%	-18.11%
<b>2021</b>	31.37%	30.37%	25.36%	28.69%
<b>2020</b>	-0.95%	-1.95%	2.86%	18.37%
<b>2019</b>	27.61%	26.61%	26.23%	31.45%
<b>2018</b>	-6.50%	-7.50%	-8.57%	-4.39%
<b>2017</b>	20.62%	19.62%	13.17%	21.84%
<b>2016</b>	13.66%	12.66%	18.38%	11.90%
<b>2015</b>	-2.38%	-3.38%	-4.13%	1.38%
<b>2014</b>	8.13%	7.13%	12.69%	13.63%
<b>2013</b>	27.69%	26.69%	32.67%	32.33%
<b>2012</b>	10.07%	9.07%	17.53%	15.97%
<b>2011</b>	15.55%	14.55%	-0.11%	2.09%
<b>2010</b>	14.21%	13.21%	16.20%	15.06%
<b>2009</b>	17.33%	16.33%	19.74%	26.45%
<b>2008</b>	-30.03%	-31.03%	-36.23%	-36.98%
<b>2007</b>	-0.38%	-1.38%	-1.01%	5.48%
<b>2006</b>	20.54%	19.54%	22.32%	15.76%
<b>2005</b>	9.53%	8.53%	6.85%	4.90%
<b>2004</b>	22.13%	21.13%	16.91%	10.85%
<b>2003</b>	37.34%	36.34%	31.14%	28.67%
<b>2002</b>	-3.03%	-4.03%	-15.18%	-22.09%
<b>2001</b>	16.01%	15.01%	-4.32%	-11.88%
<b>2000*</b>	4.82%	3.82%	1.57%	-7.42%

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# FEE SCHEDULE

Assets Under Management	Annual Fee
Over \$10,000,001	0.60%
\$5,000,001 - \$10,000,000	0.70%
\$2,000,001 - \$5,000,000	0.80%
\$500,001 - \$2,000,000	1.00%
\$200,001 - \$500,000	1.25%
Up to \$200,000	1.50%

The table displayed above lists our standard fee schedule. Fees can be negotiated based on asset size, account type, overall custodial or platform sponsor relationship, customization needs and client service requirements. This is the firm's discretionary investment advisory only fee schedule.

# DISCLOSURES

# TRADITION INVESTMENT MANAGEMENT DISCLOSURE

Tradition Investment Management is a registered Investment Adviser – CRD# 325015. Tradition Investment Management and its representatives are in compliance with the current filing requirements imposed upon Florida State registered investment advisers and by those other states in which Tradition Investment Management maintains clients. Tradition Investment Management may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. Tradition Investment Management’s web site is limited to the dissemination of general information pertaining to its advisory services, together with access to additional investment-related information, publications, and links. Accordingly, the publication of Tradition Investment Management’s web site on the Internet should not be construed by any consumer and/or prospective client as Tradition Investment Management’s solicitation to effect, or attempt to effect transactions in securities, or the rendering of personalized investment advice for compensation, over the Internet. Any subsequent, direct communication by Tradition Investment Management with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Tradition Investment Management, please contact the state securities regulators for those states in which Tradition Investment Management maintains registration or a notice filing. A copy of Tradition Investment Management’s current written disclosure statement discussing Tradition Investment Management’s business operations, services, and fees is available from Tradition Investment Management upon written request. Tradition Investment Management does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to Tradition Investment Management web site or incorporated herein, and takes no responsibility, therefore. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.

# DIVIDEND VALUE PERFORMANCE DISCLOSURE

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal of an investment will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. The values represented in this report may not reflect the true original cost of your initial investment. Performance returns for time periods longer than 365 days have been annualized. The composite has been maintained since December 2020 by utilizing Mr. Benjamin C. Halliburton's personal Dividend Value portfolio. Prior to December 2020, the composite was maintained as explained below. Cary Street Partners ("CSP") and Tradition Capital Management claimed compliance with the Global Investment Performance Standards (GIPS®) and has previously prepared this report in compliance with the GIPS standards. Performance shown after December 31, 2018, though believed to be accurate, has not been independently verified. In November 2020, Tradition Capital Management became Cary Street Partners Asset Management – Active Management ("CSPAM AM"). In April 2019, Tradition Capital Management became a subsidiary of Cary Street Partners Financial. Prior to July 1, 2009, the Dividend Value composite was under the management of Haven Capital Management LLC. Effective July 1, 2009, Haven Capital Management LLC joined with Tradition Capital Management, LLC. The Dividend Value Equity composite was created on April 1, 2005. Performance presented prior to July 1, 2009, occurred before Dividend Value was under the Tradition RIA. The Haven portfolio managers joined the Tradition team in managing Dividend Value at Tradition. An independent accounting firm performed an examination of this track record; an Independent Accountant's Report is available upon request. Performance is calculated and expressed in U.S. Dollars. Total Haven assets under management on June 30, 2009 were \$133MM. Composite includes accounts valued at \$0.2MM or greater. The Dividend Value Equity composite is comprised of equity accounts, including cash reserves, managed in the dividend value style and for comparison purposes measured against the S&P 500 Index. Wrap accounts are included in the composite; as of 12/2012 the composite is comprised of 8% wrap assets, 12/2013 – 4%, 12/2014 – 6%, 12/2015 – 4%, 12/2016 – 4%, 12/2017 – 4%, 12/2018 – 5%, 12/2019 – 5%. Minimum account size was \$200,000. Prior to 1/2007 no minimum account size was required. The S&P 500 Index returns are before taxes. The S&P 500 (a registered trademark of McGraw-Hill Companies) is an unmanaged index of common stock. Unmanaged indices are for illustrative purposes only. An investor cannot invest directly in an index. The Russell 3000 Value Index returns are before taxes. An index is for illustrative purposes only. Returns are presented gross and net of management fees. The net performance results reflect time-weighted rates of return, the re-investment of dividends and other account earnings, and are net of applicable account transaction and custodial charges, as well as Tradition's management fee. Net fee performance was calculated assuming a 1% fee. Actual management fees may differ. In addition to a management fee, some accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. From December 2020 to present the account is Mr. Halliburton's and is non-fee paying. Prior to January 1, 2002, one non-fee-paying account was included in this composite which represents 100% of the composite. Gross performance includes all of the aforementioned criteria except for the deduction of Tradition's management fee. Given the use of non-fee paying employee accounts in the composite, we have assumed a 1% fee for the net performance figures for all periods. If an account has a 15% of total portfolio withdrawal/deposit, over a 2-month period, the account will be taken out of the composite at the end of the month preceding the withdrawal/deposit and will not be put back in for 3 months. On 1/1/2009, the cash flow policy changed from 15% to 25%. The annual composite dispersion is an asset-weighted standard deviation calculated when there are more than five accounts in the composite for the entire year. The firm maintains a complete list and description of composites, which are available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The data and information necessary to support all items included in compliant presentations is captured and maintained for all years presented on the presentations. Records include custodian statements, and the transaction, position, market value and performance data prior to 2020, all information was stored in Cary Street Partners' and Tradition Capital Management's portfolio accounting systems. Some of this information was prepared by or obtained from third party sources believed to be reliable, but Tradition Investment Management does not guarantee the accuracy or completeness of such information. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Past performance is not indicative of future results. \*Informa Financial Intelligence's proprietary performance screens, PSN Top Guns ranks products in six proprietary categories in over 50 universes. This is a well-respected quarterly ranking and is widely used by institutional asset managers and investors.



# DEFINITION OF TERMS

Alpha is a risk (beta adjusted) measurement. Officially, alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher 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.

Multi-Statistic Quartile Ranking Bar – The Multiple Statistics Quartile Ranking graph ranks various performance and statistics of PSN managers, market indexes or your own self-entered products against a universe. The range of returns/other modern portfolio characteristics in the universe are represented by floating bars. Each bar is broken up into 4 quartiles. The upper quartile represents the top 25% of the managers in the particular universe for the particular time period (you can choose up to eight time periods). The managers, indexes and portfolios are plotted relative to the floating bars.

The Sharpe Ratio, developed by Professor William F. Sharpe, is a measure of reward per unit of risk – the highest the Sharpe ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free investment (by default, T-bills).

Standard Deviation is a statistical measure of volatility; indicates the "risk" associated with a return series. The Fund vs. Universe graph measures a fund's percentile rank for a given statistic relative to the chosen category.

The Up and Down Capture is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns, and how badly the manager was affected by phases of negative benchmark returns.

Total Risk Reward is used to compare the performance and risk (standard deviation) of selected managers against the performance and risk of a market index for a specific period of time. The graph is broken down into 4 quadrants: Less Risk-Less Return, Less Risk-More Return, More Risk-More Return, and More Risk-Less Return. The risk index determines the intersection of the quadrants. In addition to the rate of return and standard deviation, the analysis also calculates optional risk statistics such as alpha, beta, and r-squared.