

Part 2A of Form ADV: Form Brochure

Tradition Capital Management, LLC

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September 26, 2012

This Brochure provides information about the qualifications and business practices of **TRADITION CAPITAL MANAGEMENT, LLC** ["Tradition"]. If you have any questions about the contents of this Brochure, please contact us at 908-598-0909. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. "Brochure" is a term used in the federal regulations to describe this document and what it contains.

TRADITION CAPITAL MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about **TRADITION CAPITAL MANAGEMENT, LLC** also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Annual Update

Tradition Capital Management, LLC (“Tradition”) previously updated its ADV Part II on March 31, 2012, our last annual update. This section discusses only material changes since the last annual update.

Material Changes since the Last Update

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

This brochure, dated September 26, 2012, is materially different from our previous brochure. Following is a summary of additional material changes:

Beginning September, 2012, Tradition may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. TD Ameritrade is a discount broker-dealer, independent of and unaffiliated with Tradition, and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Tradition pays TD Ameritrade an on-going fee for each successful client referral. This does not apply to already existing clients of Tradition who may or may not have their assets custodied at TD Ameritrade, and were not referred through the AdvisorDirect program. Tradition will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For more information, see *Client Referrals and Other Compensation* (section 14 of this brochure) for specifics of the TD Ameritrade AdvisorDirect Program.

Full Brochure Availability

Currently, our Brochure may be requested by contacting Michael C. Provine, Chief Compliance Officer at 908-598-0909 or mprovine@traditioncm.com. Our Brochure is also available on our web site www.traditioncm.com, also free of charge.

Additional information about Tradition Capital Management, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Tradition who are registered, or are required to be registered, as investment adviser representatives of Tradition.

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Item 4 – Advisory Business

Tradition Capital Management, an independent investment organization that is privately owned by its employees, was founded in 2000 by Benjamin Halliburton, Christopher Trompeter and later joined by Michael Provine.

Tradition's investment advisory services are currently limited to the discretionary and non-discretionary management of investment portfolios for individuals, pension and profit sharing plans, trusts, and business entities, in accordance with the investment objective(s) of the client. To the extent requested by a client, Tradition may provide limited consultation services on investment and non-investment related matters (primarily retirement and estate planning). Tradition is neither an attorney nor an accountant, and no portion of any consultation services should be interpreted by the client as legal or accounting advice. Any such consultation services, to the extent rendered, shall be rendered on an unsolicited basis, for which Tradition shall not receive any separate or additional fee. Tradition may, upon client request, conduct a more comprehensive examination of a client's financial condition and make appropriate recommendations in the areas of cash flow, tax, and estate planning. Tradition may, for this more comprehensive exam, charge a fee in excess of normal investment management charges (below). This additional service would be rendered to a client, and a fee levied upon a separate oral or written agreement with the client. Generally, such services are rendered by Candor Wealth Advisors, LLC an affiliated company, providing investment and planning services to direct private clients.

INVESTMENT IMPLEMENTATION / MANAGEMENT

As of December 31, 2011, Tradition managed \$397, 515,238 (335 clients/618 accounts) on a discretionary basis and \$164,206 (1 client/1 account) on a nondiscretionary basis.

Clients engage Tradition to provide investment management services on a fee-only basis. In the event the client determines to engage Tradition, Tradition shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Tradition. The investment management fee charged shall vary (between 0.30% and 1.00%, see below) depending upon the market value of assets under management and the specific type of investment management services to be rendered. Tradition's annual investment management fee shall be prorated and billed quarterly in advance or in arrears, based upon the market value of the assets on the last business day of the quarter that services are rendered. Tradition generally requires a \$1 million per client minimum for investment management services. Tradition, in its sole discretion, may charge a lesser management fee or waive the \$1 million client minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, accounts referred to adviser by another investment professional, or firm etc.)

To the extent that the client requests that Tradition recommend a broker-dealer/ custodian for execution and/or custodial services (exclusive of those clients that direct Tradition to use a specific broker-dealer/custodian), Tradition generally recommends that investment management accounts be maintained at a single broker-dealer and/or custodians. Upon client request, Tradition will render an opinion regarding the selection of a broker-dealer/custodian based upon Tradition's knowledge of particular broker-dealers or custodians. Factors such as best and least-cost

execution, quality of service, multiplicity of specific services, and Tradition's history with such firms will be considered as more particularly described below in this section and under the expanded explanation of Items 12A and 12B. Also we require a custodial firm to provide a sufficiently robust and complete reporting platform which may therefore restrict the number of firms for consideration.

Prior to engaging Tradition to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Tradition setting forth the terms and conditions under which Tradition shall manage the client's assets, and a separate custodial/clearing agreement with the applicable designated broker-dealer/ custodian. Both Tradition's Investment Advisory Agreement and the custodial/clearing agreement shall authorize the custodian to debit the account for the amount of Tradition's investment management fee and to directly remit that management fee to Tradition in accordance with required SEC procedures. The Investment Advisory Agreement between Tradition and the client will continue in effect until terminated by either party in accordance with the terms of the Investment Advisory Agreement. Tradition's investment management fee shall be prorated and debited through the date of termination, and any remaining balance shall promptly be refunded to the client.

Tradition provides investment management services on both a discretionary and nondiscretionary basis. Investment management assets are primarily allocated among individual debt and equity securities, and, to a lesser extent, among mutual funds or exchange traded funds, in accordance with the investment objectives of the client. Broker-dealers/ custodians charge commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity/debt securities transactions). When beneficial to the client, individual bond transactions may be effected through broker-dealers with whom Tradition has entered into arrangements for prime brokerage clearing services. In addition to Tradition's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

Factors which Tradition considers in recommending a particular broker-dealer/ custodian to clients include financial strength, reputation, execution, pricing, research, and service. Neither Tradition, nor any of its Principals or Associated Persons will receive any portion of the brokerage commissions and/or transactions fees charged to clients. In return for effecting securities transactions through a designated broker-dealer/custodian, Tradition may receive certain investment research products and/or services which assist Tradition in its investment decision-making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934. As of the above date, Tradition receives no such services from any specific broker-dealer.

Tradition does receive amalgamated and combined research from an independent 3rd- Party firm for which Tradition pays hard dollars, which disburses research to Tradition from a variety of broker-dealers based on Tradition maintaining accounts at these broker-dealers. The use of these broker-dealers is usually, but not always, client directed. Although the commissions paid by Tradition's clients shall comply with Tradition's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Tradition determines, in good faith, that the commission is reasonable in relation to the value of the account and institutional services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including

the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Tradition will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products and/or services that may be obtained by Tradition will generally be used to service all of Tradition's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. The brokerage commissions and/or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Tradition's investment management fee.

In performing its services, Tradition shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon.

Tradition's clients are advised to promptly notify Tradition if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Tradition's management services. The client may impose restrictions on investing in certain securities or types of securities.

Neither Tradition nor the client may assign the Investment Advisory Agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of Tradition shall not be considered an assignment.

A copy of Tradition's written disclosure statement as set forth on Part II of Form ADV shall be provided to each client prior to or contemporaneously with the execution of the Investment Advisory Agreement. Any client who has not received a copy of Tradition's written disclosure statement at least forty-eight (48) hours prior to executing the Investment Advisory Agreement shall have five (5) business days subsequent to executing the agreement to terminate Tradition's services without penalty.

Tradition participates in nineteen wrap or outside sponsor programs: Twelve (12) programs (UVest, Stifel Nicolaus, Pershing, LPL Financial Services, Placemark, Morgan Stanley Smith Barney (2 programs), Foliodynamix, Envestnet, Suntrust, Pershing/Lockwood and Lockwood) which are sub-advisory relationships, and seven (7) programs (UBS Financial, Wells Fargo Advisors, Merrill Lynch, RBC Dain, Fidelity, Morgan Stanley Smith Barney, and Raymond James) which are dual contracts (with client). The wrap fee is charged by the sponsoring broker-dealer. Tradition receives a portion of that fee for advisory services.

Tradition also acts as a sub-adviser for clients of its affiliate, Candor Wealth Advisers LLC under a primary advisory agreement between clients and that company (See item 10).

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Tradition is established in a client's written agreement with Tradition.

All fees may be subject to negotiation.

Tradition's fees are based on assets under management. For Tax-exempt accounts of some corporate entities and for taxable and individual accounts, equity and balanced accounts, certain legacy fee schedules may be in effect based on prior negotiated contractual relationships.

Tradition will generally bill its fees on a quarterly basis. Clients may elect to be billed directly for fees or to authorize Tradition to directly debit fees from client accounts. The rates below are annualized rates, billed quarterly in advance or in arrears, of the quarter that services are rendered, with a minimum annual fee of \$10,000. Fees may be negotiated if circumstances related to each account or relationship warrant.

1.00% on the first \$2,000,000 of assets managed
0.80% on the next \$3,000,000 of assets managed
0.50% on the next \$15,000,000 of assets managed
0.30% on assets over \$20,000,000

Tradition's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Tradition's fee, and Tradition shall not receive any portion of these commissions, fees, and costs.

TERMINATION OF SERVICES

The Investment Advisory Agreement may be terminated by either Tradition or the client by 5 days notice to the other. Client shall be entitled to a pro-rata reimbursement of any pre-paid investment management fees, and any earned, unpaid fees will be due and payable.

Item 6 – Performance-Based Fees and Side-By-Side Management

Tradition does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Tradition provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions and foundations, and unions.

Tradition generally requires a \$1 million per client minimum for investment management services. Tradition, in its sole discretion, may charge a lesser management fee or waive the \$1 million client minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, accounts referred to adviser by another investment professional, etc.)

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Risks to financial assets are numerous and varied. We comment below on a few of the risks but do not cover all potential risks. Investing in securities involves risk of loss that clients should be prepared to bear.

All financial assets have the shared risks of volatility and liquidity. The risks are related in that as liquidity is withdrawn price volatility generally increases, which could result in sharp downward move in market prices as prices adjust looking for buyers to provide liquidity. This is a risk for all Tradition Capital Management's asset classes.

Tradition Capital Management runs several equity strategies. We will detail some of the risks of equity investments that apply to all of Tradition's equity strategies but do not opine that all risks are covered. We will divide the discussion into overall equity market risks and individual security risk. Equity markets are volatile and impacted by liquidity and investor sentiment. Many issues impact investor sentiment and thus investors' willingness to participate or purchase equity securities or thus provide liquidity to the market. Investor sentiment is impacted by economic conditions, sovereign monetary policy, political climate, world events, tax rates and other social factors. Sentiment can change rapidly causing major stock price declines in short order. It is difficult if not impossible to forecast these changes in sentiment and the resulting price declines. Investing in stocks thus is a risky proposition that could result in significant losses that are not related to an individual company's fundamentals.

Each equity security has the risks mentioned above and has company or industry related fundamental risks. As above, sentiment and liquidity can create price declines or negatively impact the valuation metrics (price to earnings, sales, book value or EBITDA (**E**arnings **B**efore **I**nterest, **T**axes, **D**epreciation, **A**mortization)) that the market is willing to pay for a company in a particular industry. In addition the company is faced with other fundamental risks like changes in industry, competition, lower demand for its products, technological obsolescence, competitor innovation, patents, regulatory changes, political risks, cost inflation, labor relations, environmental issues, product liability and numerous other fundamental factors. Negative fundamental factors can reduce the value of the company and bring its continuing existence as an ongoing concern into question. In addition, some companies face financial risks as they are dependent on raising capital in the financial markets to fund their operations. Financial markets may refuse to provide this funding.

Tradition Capital Management helps manage or mitigate the risks discussed above by selecting investment strategies and particular securities within diversified portfolios that spread security risk across numerous companies, and particular sectors of investment. We have the additional risk reduction mechanism of running valuation models on our holdings and prospective holdings in order the help avoid purchasing overvalued securities.

Where clients' circumstances are deemed appropriate, Tradition also utilizes hedges or securities that are inversely correlated with market price movements in order to reduce the overall volatility of portfolio of equity securities. While these hedges may reduce overall portfolio volatility, the hedge securities themselves are volatile and may result in losses if the markets move adversely to the hedging purpose, usually where markets move higher. Tradition may utilize inversely correlated equity securities only as hedges and not as speculative trading vehicles.

Fixed income investments have the liquidity and volatility issues of all financial assets. In addition, they have several other asset-class specific risks. All of Tradition Capital Management's fixed income strategies including money markets or other third party funds have these risks. Inflation risk reduces the real value of such investments as purchasing power declines on nominal dollars that are received as principal and interest. Interest rate risk comes from a rise in interest rates that causes a fixed income security to decline in price in order to make the market price based yield competitive with the prevailing interest rate climate. Fixed income securities are also at risk of issuer default or the markets' perception that default risk has increased. In default, either some or all the securities' interest and principal payments will be omitted or delayed. The increase of this possibility can in itself cause the market price for a fixed income security to fall. Tradition Capital Management attempts to manage these risks through diversification and individual security quality focus. This diversification may help reduce default risk but does not eliminate it. Diversification will not curtail inflation or interest rate risk.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Tradition or the integrity of Tradition's management. Tradition has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Tradition Capital Management has entered into a sub-advisory and shared services relationship with Candor Wealth Advisors, LLC, 129 Summit Avenue, Suite 300, Summit, NJ 07901 #801-69415. Candor and TCM are affiliated under common ownership. Clients are contractually clients of both Candor Wealth Advisors, and Tradition Capital Management, under dual contracts, or, under a sub-advisory designation provided by the client or Candor or custodial broker holding client assets, designating Tradition as sub-adviser. Candor and Tradition are affiliated companies and have mutually executed a cooperative service agreement between the companies. Included in that sub-advising and shared services agreement, and in the Privacy Notices of Candor and Tradition are disclosures of interest and practice to share confidential information in order to deliver mutual services and to cross market services between both firms to clients of either firm, but exclusively to direct clients (clients directly contracting for Tradition services and not through an institutional broker-dealer referral source) of Tradition for Candor Services. Other than those for introduction, sales and marketing efforts of either affiliated company, there will be no dissemination or sale of any client information for the sales or marketing efforts of any other company, as more particularly described in such notices, and/or client agreement. No cross marketing or introduction of services offered by Candor or any other affiliate will be permitted to clients of entities referred by and through institutional broker-dealer programs, platforms or business segments and referral.

Item 11 – Code of Ethics (Code of Fiduciary and Regulatory Compliance and Conduct)

Tradition has adopted a Code of Fiduciary and Regulatory Compliance and Conduct (the "Code") for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information,

a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at Tradition must acknowledge the terms of the Code annually, or as amended.

Tradition anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Tradition has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Tradition, its affiliates and/or clients, directly or indirectly, have a position of interest. Tradition's employees and persons associated with Tradition are required to follow Tradition's Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of Tradition and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Tradition's clients. The Code of Fiduciary and Regulatory Compliance and Conduct is designed to assure that the personal securities transactions, activities and interests of the employees of Tradition will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of any transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, to reasonably prevent conflicts of interest between Tradition and its clients.

Tradition's clients or prospective clients may request a copy of the firm's Code by contacting Michael C. Provine, Chief Compliance Officer.

It is Tradition's policy that the firm will not affect any principal securities transactions for client accounts. Tradition does however allow cross transactions under certain conditions. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

When Tradition engages in cross transactions it does not receive any additional compensation, other than its advisory fee. Tradition Capital Management is not a dually registered broker-dealer, is not affiliated with any broker-dealer, and does not have any soft dollar arrangements with any broker-dealer, particularly with one providing recordkeeping, custodial or execution services for affected cross-trades.

Tradition continues to carry out its fiduciary responsibility and acts in the best interests of the client, including fulfilling its duty with respect to the best price and execution for the particular transaction for the client.

Tradition will allow cross trades between client accounts under strict circumstances. Cross trades will only be initiated where a liquidation of a bond is required due to a) rebalancing of client portfolios, b) raising cash through the sale of bonds, c) re-allocating of assets to adhere to client's objectives, or d) where factors involving the liquidity of the cross-traded bond and its price in the market is such that the cross-trade will be more advantageous to both the buyer and seller.

Tradition has adopted various procedures to implement the firm's cross trading policy and reviews to monitor and ensure the firm's policy is observed and implemented properly.

Investment Policy

No employee of Tradition may effect for himself or herself or for his or her immediate family (i.e. spouse, minor children) (collectively "Covered Persons") any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Tradition's clients, unless in accordance with the following Firm Procedures.

Firm Procedures

In order to implement Tradition's Investment Policy, the following procedures have been put into place with respect to Tradition and its Covered Persons:

(1) If Tradition is purchasing or considering for purchase any security on behalf of Tradition's client, no Covered Persons may transact in that security prior to adequate opportunity for purchase for discretionary clients by Tradition, or until a decision has been made not to purchase the security on behalf of said clients; and

(2) If Tradition is selling or considering the sale of any security on behalf of Tradition's client, no Covered Persons may transact in that security prior to adequate opportunity to sell on behalf of the discretionary clients by Tradition, or until a decision has been made not to sell the security on behalf of the client.

(3) All employees and Covered Persons who wish to place self-directed independent trades must place such trades through Tradition's trading desk, where a record of such trades shall be kept and reviewed at least quarterly by the compliance officer. The sale or purchase of investments noted below in "Exceptions" may be excluded from these records. Tradition must receive monthly statements from investment custodians for all such investment positions and accounts. All non-employee Covered Persons who maintain outside managed accounts, not managed by Tradition, must arrange for monthly statements to be submitted to Tradition for such accounts. Such accounts must be completely discretionary to the outside manager. If the Covered Person maintains any capability to direct investment sales and purchases (excluding outside cash and money market transactions, and those under "Exceptions", below) such directions must be executed through the Firm's trading desk as above.

Exceptions

(1) This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of Tradition's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of the securities. Under certain circumstances exceptions may be made to the policies stated above. Records of these trades will be maintained with Tradition's records in the manner set forth above. Exceptions must be approved by Tradition's Compliance Officer and a written record shall be kept of same.

(2) Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund

shares in which clients invest, and are therefore not prohibited by Tradition's Investment Policy and Procedures. If Tradition ever enters into an Advisory or Sub-Advisory agreement with any fund under this section, the fund, defined as a "security" under (1) and (2) of the "Firm's Procedures" above, will be subject to the same purchase and sale restrictions under (1) and (2).

(3) Treasury Securities, Agencies, and large (over \$200 million) Corporate issues are excluded from this policy given their liquidity.

In accordance with Section 204A of the Investment Advisers Act of 1940, Tradition also maintains and enforces written policies reasonably designed to prevent the misuse of material nonpublic information by Tradition or any person associated with Tradition.

Item 12 – Brokerage Practices

Please see the previous responses set forth on this Brochure to Item 4. In addition, Tradition's general policies relative to the execution of client securities brokerage transactions are as follows:

(1) Execution of Brokerage Transactions and Placement Brokerage (when applicable). If requested, Tradition will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Tradition reasonably believes will provide "best execution". In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Tradition will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Consistent with obtaining best execution, transactions for a client's account may be effected through broker-dealers in return for research products and/or services which assist Tradition in its investment decision-making process (see response under Item 4, above). Such research generally will be used to service all of Tradition's clients, but brokerage commissions paid by client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where Tradition determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Transactions for each client account generally will be effected independently, unless Tradition decides to purchase or sell the same securities for several clients at approximately the same time. Tradition may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Tradition's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Tradition's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that Tradition determines to aggregate client orders for the purchase or sale of securities, including securities in which Tradition's principal(s) and/or associated person(s) may invest, Tradition shall generally do so in accordance with the parameters set forth in SEC regulations, as they are periodically reported.

Tradition shall not receive any additional compensation or remuneration as a result of the aggregation.

The client may direct Tradition to use a particular broker-dealer (subject to Tradition's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Tradition will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Tradition. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Tradition to effect securities transactions for the client's account(s) through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the account(s) to incur higher commission or transaction costs than the account(s) would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Tradition. Tradition will note a record of client broker/dealer/custodian direction under the client objective records maintained for each account and/or client relationship. Tradition may attempt to, but is not required to, communicate with a Client's designated broker/dealer to arrange a lower-priced commission structure for current, pending or future trades in order to fulfill its duty to seek best execution.

In the event that the transactions for a client's account(s) are effected through a broker-dealer that refers investment management clients to Tradition, there exists the potential for conflict of interest if the account(s) incur higher commission or transaction costs than the account(s) would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Tradition. When an account is referred to Tradition by a broker/dealer, the referral shall be reported to the Compliance Officer and annual reviews of related commissions paid and attendant execution practices shall be performed by the Compliance Officer. Ongoing reviews shall be exclusive of any accounts noted to be "wrap" accounts, wherein brokerage, custodial, and management services are aggregated under a single fee broker-dealer controlled agreement.

Tradition participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Tradition receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)

Tradition may attempt to secure favorable commission terms from custodians, but only with the acquiescence of the client.

Item 13 – Review of Accounts

For those clients to whom Tradition provides investment management services, account reviews are conducted on an ongoing basis by Tradition's Managing Directors and/or Associated Persons.

All investment management (discretionary or non-discretionary) clients are advised that it remains their responsibility to advise Tradition of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to comprehensively review investment objectives and account performance with Tradition on an annual basis, as applicable. Factors involved in reviews of accounts may include, but are not limited to: available cash to invest, equity allocation (percentage) objectives, tax constraints, cash usage constraints and objectives imposed by, or existing with, clients, individual holding purchase or sale decisions, client-imposed purchase restrictions, client-directed purchases or sales, and research directed toward investments to be broadly selected for clients depending upon other factors above.

Investment Policy review meetings wherein broad discussions of particular securities, markets and the general economy take place, occur at least monthly with more frequent meetings depending on the pace or frequency of new equity selections or depending on other investment issues. Client account reviews occur on a frequency dependent on Tradition's personnel's knowledge of the client account factors noted above. Tradition also endeavors to meet with clients at times and places of mutual convenience in order to more comprehensively review investments, performance, and client directions related to respective accounts, on an as-needed basis. Accounts are reviewed (individually, per client, or in a macro sense regarding security selection, involving a broad base of clients) by personnel, individually or collectively, by some or all of the personnel.

As Tradition advisory services are substantially provided on a discretionary basis (without individual client acquiescence for each trade or securities transaction, and, by trade execution by Tradition and not as instituted by client) transactions are broadly executed for many clients at once. The appropriateness of such broadly placed transactions for respective clients is established originally by consultation and agreement, with account guidelines and percentage equity/fixed income objectives communicated to each client, and maintained on Tradition's internal portfolio management system. Such guidelines and objectives create flexible percentage constraints over the value and amount of specific asset class and/or individual security representations placed in an account. As markets move and as clients add or withdraw capital, or for other reasons, Tradition will allow an approximate 10% degree of flexibility in the guidelines (e.g., a 50% account equity target may at times rise to 60% or fall to 40%) without forcing a change in the investments in the account or the seeking of an allowance from a client to change percentage objectives. A variety of market-driven or client-specific reasons may dictate no modifications in such situations. Conversely such percentage movements may also afford opportunities to buy or sell securities to return the account to the target percentages, depending on client instructions or other constraints which may dictate the type, timing and pace of changes to account investment positions where there may be this type of difference to account percentage allocation targets. Certain accounts may also have very narrow advisory/management mandates, such as those referred through wrap or sponsor programs, where there is limited allowance or capacity for variability of strategic or tactical investment methodologies broadly in such accounts."

Item 14 – Client Referrals and Other Compensation

Please see the response set forth in Item 4 pertaining to investment research products and/or services which assist the Tradition in its investment decision-making process for its clients, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934. In addition, although not a material consideration when determining whether to recommend that a

client utilize the services of a particular broker-dealer/custodian, Tradition may receive from a particular broker-dealer/ custodian, without cost, computer software and support services, which allow Tradition to better monitor and service client accounts maintained at a particular broker-dealer/custodian. Tradition may receive the software and support services without cost, because Tradition renders investment management services to clients that maintain accounts at a particular broker-dealer/custodian whose aggregate total assets at a particular broker-dealer/custodian exceed the established minimum required for an investment manager to receive software and support services without cost. As of the date of preparation of the ADV document, no support services have been supplied by any broker-dealer/custodians, nor are there current plans to seek same.

As disclosed under Item 12 above, Tradition began participating in TD Ameritrade's institutional customer program and Tradition may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Tradition's participation in the program and the investment advice it gives to its clients, although Tradition receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Tradition participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Tradition by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Tradition's related persons, although none have been solicited by Tradition or supplied as of the effective date of this amendment. Some of the products and services made available by TD Ameritrade through the program may benefit Tradition but may not benefit its client accounts. These products or services may assist Tradition in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Tradition manage and further develop its business enterprise. The benefits received by Tradition or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Tradition endeavors at all times to put the interests of its clients first, including a duty to seek best execution for trades. Clients should be aware, however, that the receipt of economic benefits by Tradition or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Tradition's choice of TD Ameritrade for custody and brokerage services.

Tradition has an arrangement whereby it compensates third parties for marketing services. Compensation is in the form of a percentage of fees derived from the advisory fee paid by the client. No additional amount is added to any client's advisory fee as a result of this arrangement. The client receives notification of this arrangement before entering into an investment advisory contract with Tradition. Tradition may also pay marketing consultants a flat fee and/or expenses for these services.

As of September, 2012, Tradition may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Tradition may have been selected to participate in

AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Tradition and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Tradition and has no responsibility for Tradition's management of client portfolios or Tradition's other advice or services. Tradition pays TD Ameritrade an on-going fee for each successful client referral. This does not apply to already existing clients of Tradition who may or may not have their assets custodied at TD Ameritrade, and who were not referred through the AdvisorDirect program. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Tradition ("Solicitation Fee"). Tradition will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Tradition from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Tradition on the recommendation of such referred client. Tradition will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Tradition's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Tradition may have an incentive to recommend to clients that the assets under management by Tradition be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Nonetheless, Tradition will endeavor to obtain custodial and brokerage charges and commissions which are competitive with, if not lesser-in-cost, than those available at other brokers and custodians. In addition, Tradition has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Tradition's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

In 2009, Tradition Capital acquired the clients of Haven Capital Management who had utilized the services of an outside firm to solicit clients. While no longer actively engaged in soliciting on behalf of Tradition, this firm receives a continuing compensation stipend for a referral prior to the Tradition acquisition of previous Haven clients.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Tradition urges their clients to carefully review such statements and compare such official custodial records to the account statements that Tradition may provide. Tradition's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Tradition maintains custody as custody is defined under Rule 206(4)-2 under the Adviser's Act of 1940, as follows: Member Michael Provine: Sole trustee for 1 client Charitable Remainder Unitrust, sole trustee for 3 client Irrevocable Trusts, Co –trustee for 3 client Irrevocable Trusts, sole trustee for 3 Revocable Trust, and co-trustee of its affiliate, Tradition Capital Management's Employee qualified retirement plans; Member Benjamin Halliburton: Co-trustee of the Employee qualified retirement plans; Steven Ely: Co –trustee for 1 client Irrevocable Trust, and co-trustee of legacy Haven's Profit Sharing Plan; Dennis Turko: co-trustee of legacy Haven's Employee qualified retirement plans.

Additionally, Mr. Provine is one of 3 co-trustees and a member of the Board of Trustees of a private charitable foundation for which Tradition provides advisory services. Mr. Provine also maintains custody jointly with other members of the Board of cash accounts for said Foundation.

One Revocable Trusts for which Mr. Provine is sole trustee, one Revocable Trust for which he is co-trustee, three Irrevocable Trusts for which he is co-trustee, as well as three Irrevocable Trusts in which Mr. Provine is sole trustee have been assigned to Tradition's affiliate, Candor Wealth Advisors. Tradition Member Provine may assign the remainder trustee accounts to Candor.

A recent examination was conducted by an Independent accounting firm covering all trustee accounts for a representative period in 2011. Candor and Tradition received unqualified (ie. Acceptable) opinions from the examining firm and Forms ADV-E noting same were filed with the Securities and Exchange Commission.

All trusts and entities maintain custody with "qualified custodians" under the terms of the Rule. Each custodian delivers monthly account statements to the unitrust payees/ clients per the requirements of the Rule. Said statements include a market value appraisal of all assets held therein.

Item 16 – Investment Discretion

Tradition usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Tradition observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions may be provided to Tradition orally or in writing.

Item 17 – Voting Client Securities

Clients may obtain a copy of Tradition's complete proxy voting policies and procedures upon request. Clients may also obtain information from Tradition about how Tradition voted any proxies on behalf of their account(s).

The client (unless Tradition is directed otherwise in writing or in the Investment Advisory Services Agreement) shall be responsible for: (1) directing the manner in which proxies solicited by issuers

of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the assets. Tradition is authorized to instruct the Custodian to forward to the client copies of all proxies and shareholder communications relating to the assets. Tradition may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Tradition's financial condition. Under no circumstance do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual and fiduciary commitments to clients. Tradition has no other financial circumstances to report and has never been the subject of a bankruptcy proceeding.