NOTTINGHILL INVESTMENT ADVISERS, Ltd.

An Update | **Vol. XIV No. 4** | **November 2009**

ABOUT THE FIRM

Nottinghill Investment Advisers, Ltd., is an SEC-registered adviser specializing in disciplined, quantitative approaches to the management of primarily large capitalization equities. The Firm's principal equity strategies are combinations of two or more independent, frequently contrasting selection processes. The investment professionals at Nottinghill also manage balanced portfolios. Nottinghill Investment Advisers, Ltd., is a Cincinnati firm founded in May 1996 by Douglas G. McPeek and W. Russ Stewart.

THE FLAGSHIP STRATEGY Growth & Value 20

Our Core 20-stock approach. Three independent processes are used to select the portfolio's three groups of stocks. Two selection processes are value-oriented, and are applied to the Nottinghill LARGCAP Universe of 75 candidates. The third process is growth-oriented, and is applied to the entire S&P 500. During certain high-risk periods, which are determined objectively, intermediate-term Treasuries are held instead of this third group of five Growth stocks.

Investment Results

			End of the Period				
	Growth & Value 20 (%)	**S&P 500 Index (%)**	**Firm Assets ($/mm)**	**Composite Portfolios (#)**	**Composite Assets ($/mm)**	**% of Firm Assets (%)**	**Annual Composite Dispersion (%)**
1997	**26.03**	33.36	15.1	8	5.2	34	0.32
1998	**18.26**	28.58	23.4	9	6.8	29	1.42
1999	**14.97**	21.04	31.7	10	9.8	31	0.53
2000	**5.09**	-9.10	27.0	12	12.5	46	1.02
2001	**0.29**	-11.89	31.5	13	13.5	43	0.75
2002	**-17.17**	-22.10	36.1	15	17.9	50	0.46
2003	**37.22**	28.68	57.7	16	22.5	39	1.03
2004	**18.44**	10.88	70.8	20	26.7	38	0.62
2005	**11.10**	4.91	123.1	37	72.1	59	0.88
2006	**18.23**	15.80	162.3	40	97.8	60	0.79
2007	**-6.38**	5.49	162.5	64	103.3	64	0.48
2008	**-37.10**	-37.00	88.0	59	63.0	72	0.99
2009 QI-QIII	**28.05**	19.26	101.7	50	72.7	71	--
Annualized							
Life of the Strategy	**7.13**	4.62					
10 Years	**4.31**	-0.15					
Five Years	**2.27**	1.02					
Three Years	**-6.46**	-5.43					

Nottinghill results are presented net-of-the management fee; all annualized returns are associated with time periods ending September 30, 2009

Nottinghill Investment Advisers, Ltd., has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS™) for the period from July 1, 1996 to December 31, 2005 and the Global Investment Performance Standards (GIPS®) beginning in 2006. No regulatory or governing body has been involved in the preparation or review of this report.

1. Nottinghill Investment Advisers, Ltd., ("Firm") is an independent, SEC-registered investment adviser utilizing a number of primarily large capitalization equity investment strategies. Berge & Company, Ltd. and BKD,LLP, Certified Public Accountants in each case, completed Firm-wide Verifications of Nottinghill's compliance with the AIMR-PPS™ for, respectively, the 1996-2001 and 2002-2005 periods. The Verifications associated with years after 2005 also were completed by BKD, LLP, and tested Nottinghill's compliance with the aforementioned Global Investment Performance Standards (GIPS®). Verifications are conducted annually; a copy of the most recent report is available by request.

2. The Growth & Value 20 performance composite (Composite A: all non-wrap fee accounts and those with a fixed annual broker charge less than 0.25% of assets) officially was created on January 1, 2002; however, the composite as currently defined has an effective date of compliance with the AIMR-PPS™ of January 1, 1997. Berge & Company, Ltd. and BKD, LLP, Certified Public Accountants in each case, completed Performance Examinations of the investment results presented for, respectively, the 1997-2001 and 2002-2008 periods. On September 30, 2009, accounts with a fixed annual brokerage charge less than 0.25% of assets contained 56% of total composite assets. The purpose of this fee is to cover trading costs.

3. No segments of other portfolio composites are included in the Growth & Value 20 composite.

4. The most appropriate benchmark for the Growth & Value 20 strategy is the S&P 500 Index, an unmanaged, capitalization-weighted index of primarily U.S. corporations. Index performance includes price change and income, however, the Index has no expenses. The S&P 500 Index has been the benchmark since inception.

5. Investment results have been calculated net-of–the management fee, which was deducted from the results achieved by every account in the composite. The annual fee schedule is 1.0% of the first $1 million, 0.75% of the next $14 million, 0.65% of the next $35 million, and 0.50% of the next $50 million.

6. Investment results calculated net-of-the management fee are appropriate for presentation or redistribution in all settings, but must be accompanied by this disclosure language.

7. All performance calculations are based upon trade-date accounting, and, except where otherwise noted, are associated with time periods ending December 31.

8. Performance is expressed in U.S. Dollars.

9. Annual composite dispersion is the asset-weighted standard deviation of gross investment returns.

10. Exchange-Traded Fund shares may be utilized in this strategy from time to time. No other derivatives and no leverage are employed.

11. Past performance is no guarantee of future results.

12. A complete list of Nottinghill performance composites and additional information regarding the calculation and reporting of Nottinghill performance are available upon request.

Recent News

<u>Up, Up, and Away (III)</u>? At the stock market close of September 30, the broadly based S&P 500 Index stood at 1057.08, a remarkable 390.29 points and 59% above its March 6 intra-day low of 666.79. That is what we call a meaningful advance, yet another example of awe-inspiring stock market behavior in a two-year period filled with such examples. Again, the obvious question: Is the 2009 rebound sustainable? The answer: The good times should continue to roll as long as the economic recovery continues to gather momentum. In the midst of very expansive fiscal and monetary policies, that should happen.

*<u>How've we done?</u> We're two months shy of having 13 years of **Growth & Value 20** performance. That's a lot of data, and there are many, many ways of slicing and dicing that data in order to prove or disprove a point. One of those ways, i.e., seeing how the **Growth & Value 20** strategy performed in up and down markets, is particularly meaningful. Check out "Our Favorite Chart" on the reverse side.*

*<u>How've we done (II)?</u> **Index Plus**, our new Core-Satellite approach, may not have 13 years of performance data, but the Strategy's first nine months, at least, haven't been all that bad. We're enclosing a strategy description, which includes the nine-month comparison.*

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Our Favorite Chart

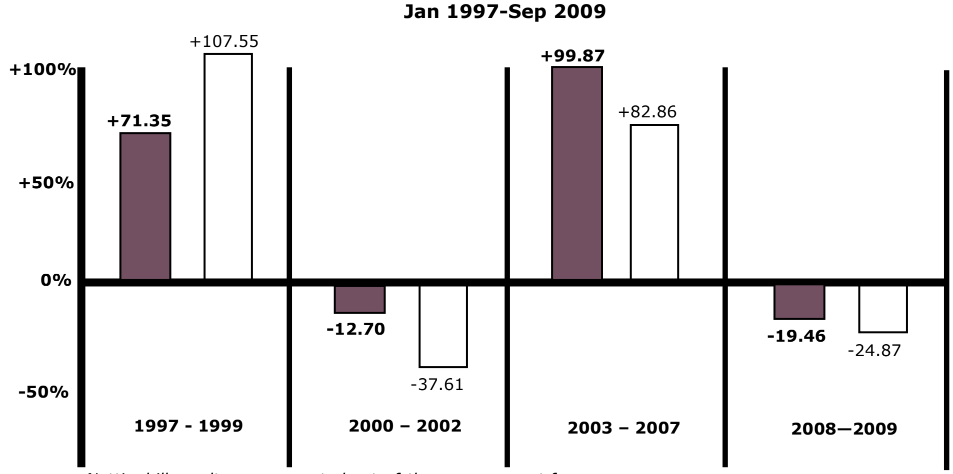
"Torture numbers, and they'll confess to anything."
--George Easterbrook

Thirteen years. When the clock strikes midnight on December 31, our flagship **Growth & Value 20** equity strategy will have an official 13-year record. And, at least through September, it's a record of achievement. In the mid-90s, the research said that the Strategy could add two to three full percentage points per year to the S&P 500 Index return, and that's exactly what has happened.

Thirteen years of performance data. To a statistician, that's called a treasure trove, and we can assure you that statisticians can torture those numbers in a thousand ways, to prove or disprove a variety of points. For our part, there's one particularly simple, meaningful way to look at the data. That way has to do with how **Growth & Value 20** performs in both up markets and down markets. In other words, most stocks participate in bull markets, and bear markets are generally rough on most stocks; but, there are varying degrees of participation in both cases.

So, if we divide January 1997-September 2009 into up and down markets, how do things look for the **Growth & Value 20** strategy? Take a look at Figure 1. Two complete stock market cycles are involved, and the performance of both **Growth & Value 20** and the S&P 500 Index are presented in each cycle's two phases. A review is in order.

Figure 1
Growth & Value 20 - Performance in Rising and Falling Equity Markets
Jan 1997-Sep 2009



Nottinghill results are presented net-of-the management fee
Growth & Value 20; unannualized
S&P 500 Index; unannualized
Please see the Performance Disclosure Statement associated with this Nottinghill strategy. The Statement is an integral part of the data presentation.

Chapter One - We Are Born (1997-1999). And, as a predominantly Value manager, we were born into a somewhat hostile world. Not hostile for U.S. equities in general; but, Growth investing, Value's archrival, was the only game in town, and the decidedly anti-Value NASDAQ/Technology stocks were Growth's champions. The performance gap between Value investing and Growth investing was so large in this era that virtually no Value strategy beat the popular market averages. Thanks to our 25% commitment to Growth and a few decent picks on the Value side, **Growth & Value 20** provided decent returns, but couldn't keep up. *+71.35%, versus +107.55% for the S&P 500.*

Chapter Two - "Our Day Will Come" (2000-2002). After three years of decent performance but not keeping up, our day did come. In late-2000, the hey day of NASDAQ/Technology came to an abrupt end, and all those cheap Value stocks held up pretty well during the ensuing market downdraft. In fact, the Value side's outperformance carried the day, and **Growth & Value 20** outperformed the benchmark by a wide margin. *–12.70%, versus –37.61% for the S&P 500.* (The goal always is to make money, but, as we've said many times, good relative performance in a down market is the next best thing to a 20% year.)

Chapter Three - Back to Business (2003-2007). The Big Turn finally came in early-2003, and the market enjoyed five prosperous years. **Growth & Value 20** was more than competitive. In 2003, both sides of the portfolio outperformed the benchmark, and, in 2004-2006, the Value side and the Growth side took turns carrying the load, just the way things are supposed to work. Things meshed so well in fact that not even the Perfect Storm year of 2007 could de-rail the train. *+99.87%, versus +82.86% for the S&P 500*.

Chapter Four - "Le Deluge" and the Rebound (2008-2009). The gathering storm of late-2007 led to 2008 and the decade's second major stock market downdraft. Unfortunately, as a fully invested equity strategy, **Growth & Value 20** participated, but then has rebounded sharply from the panic lows of March (2009). Not quite a complete recovery yet, however, at least the comparison through September of this year is another good one. *–19.46%, versus –24.87% for the S&P 500*. (Again, the goal always is to make money, but, as we've said many times, good relative performance………)

* *

You can see why this is our favorite chart. We talk endlessly about Growth investing and Value investing and why both styles belong in the portfolio, etc.; but, you know what they say about pictures and words. Why has **Growth & Value 20** done so well in both up markets and down markets? Because, in all but five years - the infamous 2007 and four others - of our 30-year research database, either the portfolio's Value component or its Growth component (or both components) either would have or did outperform the S&P 500 Index. That means consistency and at least a fighting chance that things will work out in both good times and bad. Over its life, **Growth & Value 20** has been able to do just that: deliver in both good times and bad. Nothing says it better than our favorite chart. (No torturing of the numbers required.)