



About the Firm

Nottingham Investment Advisers, Ltd., is a registered investment adviser founded in May 1996.

Nottingham is owned by the seasoned professionals serving its clients, and effectively managing the assets of those clients, taxable as well as tax-exempt, is the Firm's only business. The twin results are commitment and focus.

Total Portfolio Management, or TPM, is Nottingham's largely passive, balanced approach to the management of a client's overall portfolio, and Indexed Total Portfolio Management, or ITPM, is the totally passive variation. In both cases, portfolios contain three sectors: Equities, U.S. Fixed Income, and the Alternatives Group. TPM and ITPM are two complete, widely diversified answers to any client's investment needs.

Seasoned investment professionals. Commitment and focus. Two complete, widely diversified answers. Nottingham is your ideal partner.

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An Update

SCORECARD

	2021 QI-QII	One Year	Three Years	Five Years	10 Years
S&P 500 Index	15.25%	40.80%	18.67%	17.65%	14.84%
10-Year Treasury Note	-3.75	-4.84	6.25	2.38	4.15
Gold	-7.37	-0.48	11.95	5.86	1.55

All multi-year returns are annualized, and all returns are associated with time periods ending June 30, 2021

2021 QII — An 800-Pound Gorilla is Lurking

No question, the COVID experience has been profound on several levels, and many aspects of our lives will be changed for months and years to come, some aspects maybe for all-time. We are moving back toward the good old economic days of 2019, however. Production throughout the System is way up, and jobs are there for all who want one. But, there is an 800-pound gorilla in the room, and that gorilla is inflation. In addition to considerable anecdotal evidence (in grocery stores and at the gas pump), the official numbers actually are starting to tick up. Tied to the reopening of the economy and transitory, as the Fed believes? "Maybe," as most economists are fond of saying. On the one hand, the classic definition of inflation is too many dollars chasing too few goods, and many dollars clearly have gone into the System. The impact could be long-lasting. On the other hand, the degree of consumer enthusiasm — some would call it frenzy — in the newly reopened economy has caught a lot of businesses flat-footed, with many supply chain and labor shortages that are likely to be more short-lived. What we know for sure is that the COVID shutdown was one for the ages, and the reopening will be as well.

U.S. equities? With the economy humming right along, the trend that began in March 2020, continued to be our friend in the second quarter. Our large-company benchmark, the Russell 1000 Value Index, came in at 5.21%, while the investment return of the more growth-oriented S&P 500 Index was 8.55%. Year-to-date, however, the Value style of investing and its more economy-sensitive stocks prevailed. Bonds? Our proxy for this market is a Treasury maturing in 10 years, and the yield of this security went from the 1.73% of March 31 to the 1.43% of June 30; total investment return 3.39% (-3.75% for the six-month period). Gold too made something of a comeback. The per-ounce price of Engelhard industrial bullion increased 4.14% in the second quarter. That makes the six-month price change -7.37%.

As usual, we have a few thoughts on the current state of affairs.

- **Worldwide Economy**

The shadow of COVID has loomed over the worldwide economy for almost 18 months now. In the beginning, there were missteps galore as everyone tried to cope with the fog of a brand-new kind of war. The vaccine-procuring partnership known as Operation Warp Speed, however, is not among those missteps. The vaccines were developed with all due haste; the vaccines were manufactured; the vaccines arrived in quantity. Questions may remain, but the worldwide economy clearly is on the mend. Inflation (transitory or more lasting) bears watching.

- **Equities**

For quite some time, we have stated that equities here and abroad generally are not undiscovered. We also have stated, however, that pockets of opportunity on the market's Value side exist, and that continues to be the case, particularly as corporate earnings among these economy-sensitive companies/stocks continue to rebound.

- **Interest Rates**

Transitory or not, inflation is, and will continue to be a large factor in determining both short-term and long-term rates. Whatever the ultimate inflation verdict, though, the era of ultra-low interest rates appears to be drawing to a close. This is not an interest rate forecast, per se, something we always are reluctant to make. Rather, we simply believe that the monetary ease and interest rate suppression that were needed in 2008-2009 and then again in 2020-2021 will not be needed as economies move back toward some sort of equilibrium, a condition that we welcome at this point.

As we have said over and over again, the public health and economic miseries of COVID-19 have been one for the ages. Getting back to normal will involve its own set of surprises. At all times — and we cannot say this enough — the key is to stay well-diversified with an asset allocation structure appropriate for one's circumstances, with an adequate Rainy Day Fund.

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And now, let's take a look at evaluating a financial adviser and the balanced investment strategies.

“10 Questions to Ask a Financial Adviser”

MarketWatch is a website that we monitor, primarily for stock quotes, but occasionally an article catches our eye. One that did a while back was “10 Questions to Ask a Financial Adviser.” Good article, and we decided to put ourselves to the test for current and prospective clients. Here goes.

1) What experience do you have?

A lot. Doug McPeek's first day in the investment business was about the time of the Watergate break in. Three bear markets later (experience in this business is measured best by bear markets survived), Jeff McPeek left Boston College for Fidelity, just in time for the 2000-2002 bear market. And then, Doug and Jeff both were at their Nottingham posts for 2007-2009 and the COVID chaos of 2020 Q1. Lindsay Mason as Director of Operations and Beth McPeek as Client Services Coordinator have been serving Nottingham clients since 2008 and 2017, respectively. A strong, experienced team.

2) What are your qualifications?

“Number of Bear Markets Survived” is a key qualification statistic. Exams, etc.? Doug and Jeff both have taken and passed the Uniform Investment Advisor Law Examination (Series 65), and Doug in a prior life held a Series 7 license. Continuing education? Please believe us, there's a new lesson learned every day.

3) What financial services do you offer?

No question, the lines in the industry have blurred. For example, all too often someone will be selling a “product,” and then it's “oh, by the way, we'll also manage your assets.” We do it differently. First and foremost, we're asset managers. Then — and this is increasingly the case — if a client has a financial planning-type or tax question, we are more than happy (and able) to address that need. In fact, our objective is to be a client's trusted adviser in all matters financial.

4) What is your approach to working with clients?

Let's say a prospective client has just walked through the door. We have asked him/her to bring along as much investable asset information as possible, so the initial discussions involve the appropriate asset allocation structure if we ultimately are hired. We then talk about us, and the next step may require a written proposal summarizing the prospective client's situation and our solutions. Then, as our current clients know so well, the quarterly report discussing the environment and performance becomes the main communications tool. But, access always is unlimited, and response time always short. Several years down the road, our clients and we review the original decisions, and determine if changes are needed. All part of the service. In fact, our approach to working with clients is summed up best by a fundamental NIA belief: Ours is the ultimate personal service business.

5) What is your approach to investing?

No mysteries here. We've spelled out the methodology of Index Plus and the various TPM/ITPM structures in countless client communications and quarterly Updates over the years. The two key words: value and discipline. Mispriced, value-oriented equities constitute the heart of an Index Plus portfolio or a widely diversified balanced portfolio. We then urge clients to stay the course, unless their circumstances change.

6) What type of clients do you typically work with?

Taxable individual investors constitute about 50% of the client list, with tax-exempt clients, e.g., IRA, employee benefit, and endowment clients, constituting the remainder. So, the short answer to the question: many types. And, for good reason. We specialize in the disciplined, value-oriented management of highly marketable securities. That makes what we do appropriate for just about everybody.

7) Will you be the only one working with me?

This is an appropriate question for someone dealing with Big Financial Institution, Inc. Not so much for us. Hiring Nottingham means that a client gets the combined efforts of four individuals who are totally committed to the best in investment management services, from properly managing the assets to being totally responsive to all needs. So, the answer is “no,” and that's a good thing in this case.

8) What do you charge and how do I pay for your services?

Evidently, things here can be a little murky. We know this because investors constantly complain in the press and elsewhere that the financial services fine print is way too fine. In our case, there are no up front charges of any kind, and the fee schedule for ongoing asset management services is laid out clearly and concisely at the beginning of the relationship.

9) Are there any conflicts of interest I should know about?

The only “products” we sell are the “products” we provide. Sure, our TPM/ITPM portfolios contain bond funds and indexed ETFs; but, someone has to put all the pieces together in an intelligent, cost-conscious manner, and we're that someone. Index Plus or balanced portfolio, the one constant: If the client succeeds, we succeed. That's called identity of interest.

10) Do you have a clean record?

Every year, the regulators ask that we update Part 2 of our Form ADV, one aspect of which focuses upon any legal or disciplinary events in the past 10 years. In fact, there have been no such events since the Firm was founded, and we always are proud to make that statement.

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To these MarketWatch 10, we'll add an 11th: Do you have a track record, and was that track record compiled by investment professionals who still are with the Firm? Yes and yes. Past performance is no guarantee of future results, as we know, but past performance is powerful evidence that someone has been and probably still is doing something right.

So, you now have asked the right questions (including the bonus question), and have gotten the right answers in return. The NIA team is experienced and qualified, and specializes in disciplined, value-oriented approaches suitable for a variety of investors. The team comes with no conflict-of-interest or disciplinary baggage, but does come with multi-year track records supporting the quality of its work and clear, concise schedules of the fees involved. If you currently are a client, congratulations, we believe you have chosen well. If not, we hope to welcome you aboard soon.

The MarketWatch 10

- Experience
- Qualifications
- Services offered
- Overall approach
- Investment approach
- Markets served
- My team
- Fees and expenses
- Conflicts
- Compliance

Total Portfolio Management

Portfolio Structure

Total Portfolio Management, or TPM, is a largely passive, balanced approach to the management of a taxable individual's or tax-exempt institution's overall portfolio. TPM portfolios consist of three sectors: Equities, U.S. Fixed Income, and the Alternatives Group. An active approach governs the large company component of the Equities sector, which also includes three other, passively managed ETF components. The U.S. Fixed Income sector is a combination of three actively managed bond mutual funds and intermediate Treasuries. And finally, positions in three alternative asset classes (ETFs) constitute an Alternatives Group that adds yet another layer of diversification. The result: a complete, largely passive destination for all of the taxable individual's or tax-exempt institution's investment needs.

Investment Objectives

- **A positive inflation-adjusted investment return** — A Life of the Strategy investment return greater than the inflation rate of the overall U.S. economy
- **A structure-consistent investment return** — A Life of the Strategy investment return consistent with the component investment returns weighted in accordance with the portfolio's asset allocation structure
- **Low, structure-consistent volatility** — Life of the Strategy investment return volatility consistent with that of a low-volatility structure and one weighted in accordance with the portfolio's asset allocation structure

Investment Return Summary

	2021 Q1-QII	2010-2021
TPM Baseline*	10.36%	10.62%
S&P 500 Value Index	16.30	12.05
Bloomberg Barclays US Aggregate Bond Index	-1.65	3.75

*65% equities

Nottingham Investment Advisers, Ltd., is an independent investment adviser utilizing a number of large capitalization equity and widely diversified balanced strategies. The above Total Portfolio Management - Baseline performance data are associated with the Total Portfolio Management - Baseline model portfolio. While the data associated with the strategy incorporate the model and actual investment returns associated with strategy components, such data, even when combined in accordance with the Baseline structure, do have certain inherent limitations. First, unlike an actual performance record, such data do not reflect actual trading. Second, since trades have not actually been executed, results may contain an under- or over-compensation for the impact, if any, of certain market factors. These data are provided net-of-assumed transaction costs and net-of-assumed management fees. Furthermore, the data are associated with time periods ending June 30, 2021, are annualized for the multi-year period, are expressed in U.S. Dollars, and are compared to the value-oriented, all equity S&P 500 Value Index and the all-fixed income Bloomberg Barclays US Aggregate Bond Index. Whether simulated or actual, past performance is no guarantee of future results. A complete list of Nottingham performance composites and model portfolios and additional information regarding the calculation and reporting of Nottingham performance are available upon request.

Investment Strategy Advantages

- A seasoned team of investment professionals
- The complete, largely indexed answer
- Low, fully disclosed investment expenses
- Solid performance at a low level of risk

Now, ITPM...

Indexed Total Portfolio Management

Portfolio Structure

Indexed Total Portfolio Management, or ITPM, is a totally passive, balanced approach to the management of a taxable individual's or tax-exempt institution's overall portfolio. ITPM portfolios consist of three sectors: Equities, U.S. Fixed Income, and the Alternatives Group. A total of nine components within those sectors, and all nine consist of ETF positions performing in line with an associated equity market index, bond market index, or commodity price. ITPM portfolios combine the traditional performance advantages of passive management, along with ultra-low transaction costs and management fees. The result: a complete, totally passive destination for all of the taxable individual's or tax-exempt institution's investment needs.

Investment Objectives

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- **Low, structure-consistent volatility** — Life of the Strategy investment return volatility consistent with that of a low-volatility structure and one weighted in accordance with the portfolio's asset allocation structure

Investment Return Summary

	2021 Q1-QH	2010-2021
ITPM Baseline*	10.95%	8.64%
S&P 500 Value Index	16.30	12.05
Bloomberg Barclays US Aggregate Bond Index	-1.65	3.75

*65% equities

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