

## ABOUT THE FIRM

Nottingham Investment Advisers, Ltd., is a registered investment adviser founded in May 1996. A long history of achievement.

Nottingham is a team of seasoned professionals serving taxable and tax-exempt investors, as well as other investment advisers. Asset management and otherwise serving asset management clients are the Firm's only business. The twin results: commitment and focus.

Nottingham is a manager of large capitalization equity and widely diversified balanced portfolios. The Firm can serve in a specialized role, or as a client's sole adviser.

Nottingham's equity and balanced investment strategies constitute the Firm's Yield Plus Approach to investing. The Yield Plus Approach is a straightforward, all-encompassing investment philosophy and a set of well-defined investment processes. Precision and discipline.

A long history of achievement. Commitment and focus. Specialization, or single-manager responsibility. Precision and discipline.

Nottingham is your ideal partner as you go down the financial path ahead.

**Southampton Square**  
**7414 Jager Court**  
**Cincinnati, Ohio 45230**  
**Tel: 513.624.3000**

# Quarterly Update

## SCORECARD

	One Year	Three Years	Five Years	10 Years
<b>S&amp;P 500 Index</b>	<b>25.02%</b>	<b>8.94 %</b>	<b>14.53 %</b>	<b>13.10 %</b>
<b>10-Year Treasury Note</b>	<b>-0.37</b>	<b>-4.53</b>	<b>-1.21</b>	<b>0.76</b>
<b>Gold</b>	<b>26.77</b>	<b>12.68</b>	<b>11.41</b>	<b>8.10</b>

All multi-year returns are annualized, and all returns are associated with time periods ending December 31, 2024

## 2024 — The Trends Were Our Friends

The year was a good one. No one is declaring victory yet, but progress was made in the fight against inflation; we have entered the rate-cutting part of the cycle; and the economy is still chugging right along. So, what can derail the train? The economist, Art Laffer, once said that, historically, the big killers of bull markets (and healthy economic expansions) have been:

- Major tax increases
- Excessive state regulations
- Inflationary monetary policy
- Major increases in protectionism

Well, if the campaign rhetoric means anything, the incoming administration has no plans to raise our taxes, and a variety of governmental regulations appear to be headed to the chopping block. Inflationary monetary policy? That enemy has been neutralized for the time being. So, we are left with protectionism, and protectionism does pose an economic risk. No question, the playing field is not entirely level, and well-targeted tariffs are justified. However, across-the-board tariff increases stifle growth and are inflationary. Something to watch as we enter 2025.

The 2024 economy was healthy, and the stock market followed suit — double-digit stock index performance (U.S.) was the norm. Bonds? The Fed does its work at the short end of the maturity curve, therefore, lower short-term rates do not necessarily translate into lower long-term rates. In 2024, the latter in fact went up, and most bond market sectors were disappointing as a result. A Treasury bond maturing in 10 years, for example, provided a total investment return of -0.37% for the year. Gold? The barbarous relic appreciated 26.77% in 2024, therefore, we now are talking 2023-2024 appreciation in excess of 43%.

## THE SITUATION AT YEAR END — Everyone Has a Wish List

### • Worldwide Economy

The economic landscape post-COVID was a mine field. Everywhere, monetary policy had been too accommodative, and then the monetary spigots really had been thrown open during and after the pandemic. Inflation became a problem, and the problem had to be solved, i.e., interest rates had to go up, but without the various economies being damaged unduly. In other words, the needle had to be threaded. As of now, one would have to say that this has been done...so far, so good.

### • Equities

Here in the U.S. anyway, they should benefit from a number of tailwinds. But tariffs are a question mark, and we would like to see more stocks participating in the market advance. There were occasional signs of progress along these lines in 2024, but nothing sustainable. That is our primary New Year's wish: greater participation by the stock market's rank-and-file.

### • Interest Rates

The incoming administration has its own wish list. For the most part, investors are in-synch, but the enthusiasm is tempered by the realization that the wish list will cost money. From early-November on, longer-term interest rates have been going up because the credit markets are going to be tapped and probably tapped big in 2025. The Fed probably has an interest rate cut or two in mind at the short end, but credit demands and inflationary expectations are what drive long-term rates. The spending being contemplated by Washington in particular only can be done with this in mind.

Two thousand twenty-four was a good year for stocks, less so for bonds. How about 2025? As reported, many trends are moving in the right direction. At the same time, we would like to see several other things fall into place: targeted tariffs, more participation by the stock market's rank-and-file, quiescent inflation remaining so, to name a few. Everyone has a wish list.

Meanwhile, back to memory lane...

## ABOUT THE FIRM

Nottingham Investment Advisers, Ltd., is a registered investment adviser founded in May 1996. A long history of achievement.

Nottingham is a team of seasoned professionals serving taxable and tax-exempt investors, as well as other investment advisers. Asset management and otherwise serving asset management clients are the Firm's only business. The twin results: commitment and focus.

Nottingham is a manager of large capitalization equity and widely diversified balanced portfolios. The Firm can serve in a specialized role, or as a client's sole adviser.

Nottingham's equity and balanced investment strategies constitute the Firm's Yield Plus Approach to investing. The Yield Plus Approach is a straightforward, all-encompassing investment philosophy and a set of well-defined investment processes. Precision and discipline.

A long history of achievement. Commitment and focus. Specialization, or single-manager responsibility. Precision and discipline.

Nottingham is your ideal partner as you go down the financial path ahead.

**Southampton Square**  
**7414 Jager Court**  
**Cincinnati, Ohio 45230**  
**Tel: 513.624.3000**

# Perspective

## The 2020s and Memory Lane

*"Focus on the long-term, and you can ignore the media's distortions. Market fears regarding the future almost always are groundless."*

- Dick Davis

At 4:00 P.M. EST on December 31, 2024, the S&P 500 Index closed at 5881.63, and the first half of this century's Roaring 20s came to an end. Five years to go—and they promise to be eventful—but so far, so good. How good? If we treat these five years as a full decade, not quite the Carefree 50s, or the Ronald Reagan 80s, or the Internet 90s, but not bad at all. Let's take yet another walk down memory lane and have another look at the competition.

### The 1920s

The famed Ibbotson data series begins on December 31, 1925, so we don't have the whole decade on paper. However, this was the decade of laissez-faire Capitalism; Prohibition and flappers; the Gershwins, Jolson, and Paul Whiteman; Ruth and Gehrig. The S&P 500's 1926-1929 annualized investment return...a remarkable 19.19%, even with October 1929 thrown in.

### The 30s

Everybody's assumed last-place finisher in fact wasn't all that good. This was the decade of the Great Depression and the Dust Bowl; FDR and his New Dealers; Porter, Berlin, and Crosby; Jesse O., Bronco, and Hutson; Scarlett and Rhett, Shirley T. and Mickey R. Annualized investment return...-0.55%, with, shall we say, volatility.

### The 40s

Worldwide conflagration, but also WWII-inspired economic renewal. A decade that included Midway, Stalingrad, and two Former Naval Persons; price controls, post-war anxiety, and HUAC; the springtime of Frank Sinatra; the Splendid Splinter and "Casablanca." Nail-biting annualized investment return...9.17%.

### The 50s

The assumed winner, and it doesn't disappoint. A decade characterized by healthy, non-inflationary growth and technological advance; Ike and his interstate highways; Jonas Salk and the Pittsburgh trials; Willie and the Mick; "Rock Around the Clock" and the birth of rock 'n' roll. The S&P's annualized investment return...a nostalgic 19.35%.

### The 60s

Nowhere near the smooth ride of the 50s, but not bad point-to-point. This was the decade in which inflation's groundwork was laid. Also, the decade of JFK and LBJ; Vietnam and social unrest; Lennon & McCartney, Dylan, and Gordy; Lombardi and the Wizard; Jimmy B. and Johnny U. on the gridiron. Annualized investment return...a far out, scrambling 7.81%.

### The 70s

A stop-start equity market fostered by a stop-start pattern of stagnant growth and inflation. A decade that included two oil shocks and two interest rate spikes; two Godfathers and one galaxy far, far away; one and only one Zeppelin and Linda Ronstadt's Eagles; one Big Red Machine and one solid Steel Curtain. Annualized investment return...a choppy 5.86%.

### The 80s

The second of three very good "buy 'em and hold 'em" decades. This was the decade of Ronald Reagan, Paul Volker, and the Laffer curve in action; Defense Department revitalization and Cold War endgame; "Thriller" and the rise of MTV; Larry and Magic; Joe, Jerry and the West Coast Offense. Annualized investment return...17.55%.

### The 90s

The third very good "buy 'em and hold 'em" decade as Internet tech went mainstream and took the rest of the stock market with it. Also, the decade of Bill and Hillary; Newt and the Contract With America; terrorism's shots across the bow; "Seinfeld" and "Frazier"; Michael J. and his Bulls. Steady, non-inflationary growth and very good markets. Annualized investment return...18.20%.

---

### The 00s

Equity prices don't keep growing to the sky, and they didn't in the 00s. This decade included two recessions, two asset bubbles, the tragedy of September 11, and 2008, the worst stock market year since 1931; Beyonce and all her "Single Ladies"; Tom Brady and his Pats. Through it all, annualized investment return...-0.95%, which makes the 00s the actual last-place finisher, aka the Lost Decade.

### The 10s

A decade of economic and stock market revival, fostered by 0% interest rates and in spite of intense political drama featuring Barack and Donald J. as headliners. Also, the decade of the Newtown and Boston Marathon tragedies; Amazon and Apple ascendant; Taylor, Rihanna, and Bruno on the charts; Roger and friends on the courts; Nick S. on a rising Crimson Tide. Annualized investment return...13.56%.

### The Current 20s

A five-year stretch that began with COVID chaos, an actual Crichton-type pandemic finally ended by a dramatic Warp Speed set of vaccines. But not before killing millions worldwide and forcing many economies to shut down completely. Also, a five-year stretch featuring EVs and AI moving into the mainstream; the Fall and Rise of Donald Trump; Swifties and their New Eras; Sir Paul, Dylan, and the Stones all moving into their 80s; and Andy, Patrick, and the Chiefs as Super Bowl heroes. Annualized investment return...14.53%.

So, if we consider the Ibbotson 1920s and the 2020's first five years to be whole decades, the latter at 14.53% per year comes in at #5 out of 11; and the Ibbotson folks now have a 99-year database of U.S. stock market investment returns. What the data say is that, in the 99 years between Isham Jones's "It Had to Be You" and Kendrick Lamar's "Not Like Us" (how's that for a pair of bookends?), the U.S. stock market has delivered 10.41% per year. In dollar terms, if someone (who turned out to be your favorite ancestor) had invested \$10,000 for you on December 31, 1925, you would have had \$181.1 million on December 31, 2024. Compound interest...the greatest force in the universe, as Einstein once said.

OK, we now confront this century's version of the Roaring 20s. We know exactly how the last century's version roared and, unfortunately, how it ended. How will this version roar and then end over the next five years? Tough call, as always. The U.S. economy is in a good place, however, after 15 years of 13-15% investment returns, the U.S. stock market is far from undiscovered. These periodic walks down memory lane may illustrate the virtues of U.S. equities, but diversification now and always makes a great deal of sense. In other words, equities may deserve to be the circumstance-appropriate centerpiece of the overall portfolio, but never the only piece.