ABOUT THE FIRM

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

Nottinghill 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.

Nottinghill 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.

Nottinghill'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.

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

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

NOTTINGHILL INVESTMENT ADVISERS, Ltd.

Vol. XXIX No. 3 **August 2026**

Quarterly Update

SCORECARD	2026 QI-QII	One Year	Three Years	Five Years	10 Years
S&P 500 Index	10.21%	22.33%	20.62%	13.41%	15.51%
10-Year Treasury Note	0.07	3.18	4.78	-1.04	0.66
Gold	-7.25	22.80	28.14	18.03	11.78

All multi-year returns are annualized, and all returns are associated with time periods ending June 30, 2026

2026 QII – A "Strait" Jacket and AI

Do the Iranians have us over a barrel (of oil)? Or, as some believe, Donald Trump is a master negotiator playing the long game. Yet to be determined, but gone are the heady days when the Israelis and we were taking out the Iranian war-fighting infrastructure with impunity. The rhetoric may be shrill and threatening, however, gas prices and, by extension, the upcoming mid-term elections have seemed to be the real determinants of U.S. posture. The Iranians certainly are no match for the U.S. military. They seem to be the ones calling the shots, however, at least for now.

The Strait of Hormuz may be getting the headlines, but geopolitics actually took a back seat to artificial intelligence as a second quarter stock market driver. The more AI in a market index or portfolio, the better the outcome as the fever built. U.S. Large Company Stocks, specifically Growth/Technology, were the place to be, while more value-oriented stocks and smaller company stocks played second fiddle. Bonds were not much help. A Treasury maturing in 10 years provided a second quarter investment return of 0.10% (YTD 0.07%), while gold (QII -12.26%, YTD -7.25%) continued to have its 2026 problems, with 2024-2025 (+111%) a distant memory.

The Situation at Mid-Year – Some Geopolitics, Along with the Topic du Jour

Worldwide Economy

Regardless of who is calling the shots (see above), for now a great deal more oil is flowing through the Strait of Hormuz. All of a sudden, the word "glut" is starting to appear, and the collapse of oil prices in the second quarter was noteworthy. But AI clearly is the topic du jour at all public and private sector organizational levels and has become a significant spending driver in the worldwide economy. If history is any guide, the future of AI may be bright, but totally, completely, utterly transformational? We shall see.

Equities

Inflation is pesky, and no one would call the U.S. market undiscovered and cheap. But corporate earnings growth continues to surpass expectations, and there are signs of broadening participation by Value and smaller company stocks. Are there pockets of excess? There always are, but the overall trend here continues to be our friend.

Interest Rates

To repeat, inflation is pesky. So much so that any Fed plans to cut short-term interest rates in 2026 at the very least now are on hold. Still, we are a long way from high interest rates being a serious impediment to economic activity. Also – and this applies to our trading partners as well – keeping inflation tamped down is a laudable goal.

Your dedicated investment advisers as media stars? Won't happen. Check out the August Perspective.

Perspective

CNBC? Not a chance.

August 2026

"How accurate are stock market forecasts? They're like a person looking into an unlit cavern, at midnight, for a black cat that isn't there."
-Jason Zweig

No one within these four walls ever will be invited to appear on CNBC. Why? Because no one here is willing to provide some grand, headline-grabbing pronouncement regarding Fed policy or Japanese interest rates or the overall direction of the stock market, etc., etc. Attempting to predict or gauge such things in fact is futile. And yet, CNBC and the other business channels depend on an endless stream of guests offering such supposedly learned pronouncements. Want to get into the CNBC mix? Remember, they are in the entertainment business. In other words, you'd better have grand macro-type opinions and be willing to state them with all the certainty you can muster. Want to plead humility and talk about diversification, discipline, and the bottom up search for investment value? Well, don't call them, they'll call you.

The grand macro trends upon which so much media attention is lavished, of course, are unforecastable by mere mortals, ourselves included. Instead of trying to forecast the unforecastable, we base the work we do for our clients on four Fundamental Beliefs:

- **Diversification and discipline are <u>the</u> key elements of investment success**

  Please believe us, continually trying to forecast the grand macro trends in both the economy and the financial markets is a loser's game. The solution is to invest portfolio assets across a variety of promising asset classes that are not all impacted by the same forces, and therefore, do not all move together in price. Then stay focused and stay the course until your circumstances change. (We realize that you've heard this before, but it can't be stated often enough.)

- **Equities in general and Value equities in particular should be the cornerstone of any portfolio**

  The historical record of publicly traded equities is unmatched. During the 1960-2025 period, for example, the broadly based S&P 500 Index provided an annualized investment return of , compared to for a five-year Treasury note and for a 90-day Treasury bill. If you had started with 50 "large," as the bookies say, the ending dollars would have been , and respectively. Ah, as Einstein once observed, the power of compounding. And, a focus on equities that are inexpensive in terms of earnings, dividends, and underlying assets is more rewarding than trying to spot superior long-term growers.

- **Indexed approaches often compete very effectively with the active management of both equities and fixed income securities, and should be represented in the overall portfolio.**

  Say it ain't so! (But it is.) Over the 2002-2011 period, only 20% of all active, domestic equity mutual fund managers and only 11% of all active, domestic bond mutual fund managers beat their passive benchmarks. The index funds and ETFs that mimic these passive benchmarks, therefore, are formidable competitors of active strategies, and belong in the mix.

- **Investment expenses should be kept under strict control, and should be transparent**

  Nothing impedes investment success like a lack of discipline and an unwillingness to stay the course. We've seen it way too many times. But, high expenses relative to value-received also is high on the list. They've come down over the last four years, however, at year-end 2011, the average expense ratio for all actively managed, domestic mutual funds was 1.35% of total assets, a figure that does not include transaction costs. (In sharp contrast, the nine ETFs in our ITPM portfolios have an average expense ratio of 0.24%, and transaction costs of $9.99 per transaction are incurred only when asset classes are rebalanced.) Investment expenses compound over time, and can have a big-time impact on long-term investment returns. The investor should make sure that he/she is getting good value for whatever fees and expenses are being incurred and that all of them are being disclosed fully and clearly.

So, there you have it. Grand, headline-grabbing pronouncements, accompanied by a large dose of stated or implied certainty, may be the best in business channel entertainment. But, in the long run, it's all about the aforementioned diversification and discipline; Value equities as the overall portfolio's cornerstone; indexing whenever and wherever appropriate; and a focus on investment expenses. Coincidentally, they are our Fundamental Beliefs and they are what guide our hands. The drawback: not much of entertainment value there.

Gotta go now, CNBC is on the line. (Not a chance.)