Recent News

U.S. Common Stocks. *Slight pause in April but still a healthy 2012 advance. Any headwinds out there? Always, but U.S. common stocks have a couple of things going for them. First, the economy, including something of a manufacturing renaissance, continues to improve and impress. And, second, valuations continue to be reasonable. The competition? With the 10-year Treasury yielding a paltry 2% or so, there is none. Value equities...the once and future foundation of any portfolio.*

What's my number?*. The second-most-asked question around here is "How much should I have invested in common stocks?". Always a good question, and we provide a few answers on the reverse side.*

ConocoPhillips. *This proud member of Value Plus' Yield Group has spun off its so-called downstream operations, i.e., oil refining and marketing, to all of us, the company's shareholders. Time will tell, of course, but corporate happenings of this type usually are a net positive.*

E-mail. E-mail*. We're in the process of updating all client and friend of the Firm addresses. If you would like to receive the electronic version of these Updates, please send your preferred e-mail address along to Lindsay (lmason@nottinghilladvisers.com).*

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NOTTINGHILL
INVESTMENT ADVISERS, Ltd.

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ABOUT THE FIRM

Nottinghill Investment Advisers, Ltd., is a team of professionals specializing in the disciplined management of large capitalization Value equity portfolios and widely diversified balanced portfolios. Clients served include pension and profit-sharing plans, endowment funds and foundations, and taxable individuals.

THE FLAGSHIP STRATEGY
Value Plus

Our flagship Large Capitalization Value approach. Portfolios typically contain 20 stocks, 15 of which are selected on the basis of traditional Value criteria and five of which are selected on the basis of superior corporate and stock-price performance. This use of multiple sets of buy/sell disciplines results in a more consistent pattern of superior investment returns.

Investment Results

			End of the Period				
	Value Plus (%)	**Russell 1000 Value Index (%)**	**Firm Assets ($/mm)**	**Composite Portfolios (#)**	**Composite Assets ($/mm)**	**% of Firm Assets (%)**	**Annual Composite Dispersion (%)**
1997	**26.03**	35.18	15.1	8	5.2	34	0.32
1998	**18.26**	15.63	23.4	9	6.8	29	1.42
1999	**14.97**	7.35	31.7	10	9.8	31	0.53
2000	**5.09**	7.02	27.0	12	12.5	46	1.02
2001	**0.29**	-5.60	31.5	13	13.5	43	0.75
2002	**-17.17**	-15.52	36.1	15	17.9	50	0.46
2003	**37.22**	30.03	57.7	16	22.5	39	1.03
2004	**18.44**	16.50	70.8	20	26.7	38	0.62
2005	**11.10**	7.05	123.1	37	72.1	59	0.88
2006	**18.23**	22.23	162.3	40	97.8	60	0.79
2007	**-6.38**	-0.17	162.5	64	103.3	64	0.48
2008	**-37.10**	-36.86	88.0	59	63.0	72	0.99
2009	**40.66**	19.70	107.6	53	77.4	72	1.36
2010	**13.44**	15.51	80.5	50	50.4	63	1.76
2011	**-1.79**	0.39	53.7	37	37.0	69	0.95
2012 QI	**8.96**	11.12	56.8	32	39.0	69	--
Annualized							
Life of the Strategy	**7.95**	6.88					
10 Years	**5.82**	4.57					
Five Years	**-0.56**	-0.81					
Three Years	**25.26**	22.83					

Nottinghill results are presented net-of-the management fee; all annualized returns are associated with time periods ending March 31, 2012

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 Value Plus performance composite (Composite A: all non-wrap fee accounts and those with a fixed annual broker charge less than 0.25% of assets), formerly Growth & Value 20 Composite A, 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 2002-2010 periods.

3. No segments of other portfolio composites and no accounts with a fixed annual broker charge are included in the Value Plus composite.

4. The most appropriate benchmarks for the Value Plus strategy are the style-specific Russell 1000 Value Index and the more broadly representative S&P 500 Index. Both are unmanaged, capitalization-weighted, and consist of primarily U.S. corporations. Index performance in both cases includes price change and income, however, neither index has any expenses. The S&P 500 Index was the sole benchmark prior to January 1, 2010.

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 $4 million, and 0.50% of remaining assets.

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.

What's My Number?

"The pure and simple truth is rarely pure and never simple."

--Oscar Wilde

Despite Oscar Wilde's famous contention, the pure and simple truth in one case, asset allocation, is pure and simple. Asset allocation is the primary determinant of long-term investment success. We're asked about asset allocation all the time. The specific question, which in fact is the second-most-asked question around here, is "How much should I have invested in common stocks?". Always a good question, and one that should be asked on a regular basis and certainly if an investor's situation changes significantly. The answer to that question, we believe, is a function of three considerations.

Circumstances - Just the Facts, Ma'am

By far the most important consideration is something called "circumstances." Included are all the usual non-emotional factors that anyone from the proverbial fifth-grader to a seasoned investment professional can throw into a computer, which then spews out an answer in seconds. A few of those factors: age, current income, expected income, spending habits, etc. And, no surprise, the cold, hard analysis reveals that the successful 40-year old attorney or doctor should have a higher equity percentage than the 80-year old retiree. But, you knew that already. So, there's probably more to it.

Risk Tolerance - The Value of Sleep

Second - and irrespective of the "facts"- we let emotions take over, and ask one simple question: Given your basic make up, view of the world, etc., what is the maximum equity percentage that still allows you to sleep peacefully during a rough patch for the stock market? No doubt about it, no matter how experienced and sophisticated the investor, 2008 with a fully invested (100% equity) portfolio was quite a bit different from 2008 with a 25-30% equity position. The actual comfort zone depends upon the person (or people in the case of a Board) involved. But regardless, the goal is to be able to stay the course with a well-considered plan and (by all means) not to leave oneself wide open to what one investor called "emotional risk," the very real risk that the investor ultimately can stand the pain no longer and throws in the towel at exactly the wrong time.

Market Outlook - A Distant Third

The third consideration when arriving at an investor's proper equity percentage is something called "the market outlook." Admittedly, this is a distant third, but deserves mention because it can alter the analysis, particularly at the margin in the midst of some kind of mania. For example, there were plenty of signs of stock market mania in late-1999/early-2000, and clearly the Treasury market doesn't seem to represent much value right now. Maybe the investor carefully weighs Decision #1 and Decision #2, and then shakes things up a bit if one market or another seems to be out-of-whack. We know manias are only evident in retrospect, and market calls are among the most difficult decisions. But, there should be room in the process for some kind of Decision #3 at the margin.

So, there you have it, i.e., a process, which we've employed many times, for determining the right equity percentage for any institutional or individual investor. First, just give us the facts. Second, add to or subtract from that fact-driven number based upon more emotional factors. How does the investor see things? With X% in equities, how well would he/she have slept during the worst days of 2008? In other words, what is the right comfort zone? These are questions we ask our clients, and we pay attention to the answers. And, third, based upon current market conditions, should or how should things be shaded at the margin?

Figure 1

	Aggressive	Baseline	Conservative
Equities	80%	65%	50%
Large Cap US			
Mid Cap US			
Small Cap US			
Emerging Markets Int.			
Fixed Income	15	30	45
Three Actively Managed Mutual Funds			
Treasuries			
Gold	5	5	5
SPDR Gold Trust			
Total	100%	100%	100%

That's the process, and we know one thing for sure. No one size fits all, and that's why we offer three formal Total Portfolio Management (TPM) structures, which are summarized as Figure 1. Younger, with many high-earning years ahead of you? Assuming all the glasses around you appear half-full and growth of capital is worth a bear market or two, how about Aggressive? Retirement in a few years with most of the glasses around you half-full, but another 2008 not an option? Maybe it's Baseline. Retired, with capital preservation the Big Idea? Conservative probably is the answer. Whatever structure gets the nod, the TPM portfolio is well-diversified, and the opportunity to stay well ahead of inflation is there. That's why we call TPM the Complete Answer. And now, you know there's a process for determining which TPM structure suits your needs.

What's your number? We (and TPM) can help.

By the way, what's the most-asked question around here? The clear winner: "Should I own gold?".