About the Firm

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

Nottinghill 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 Nottinghill'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, either passively managed or governed by the Firm's Value Plus Equity Strategy; U.S. Fixed Income, either passively managed or governed by the Firm's Select Four Bond Strategy; and the totally passive 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. Nottinghill is your ideal partner.

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NOTTINGHILL INVESTMENT ADVISERS, Ltd.

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An Update

SCORECARD

	2017 QI	One Year	Three Years	Five Years	10 Years
S&P 500 Index	**6.07%**	**17.17%**	**10.37 %**	**13.30%**	**7.51%**
10-Year Treasury Note	**1.04**	**-2.65**	**3.48**	**2.64**	**5.43**
Gold	**7.62**	**0.59**	**-1.21**	**-5.60**	**6.53**

All multi-year returns are annualized, and all returns are associated with time periods ending March 31, 2017

QI 2017 — Perception to Become Reality?

On November 8, 2016, stock market investors just about everywhere began celebrating the perception anyway that we were about to enter a new, more business-friendly, pro-growth era. The rally continued into the first quarter, and interestingly, coincided with an actual step up in overall U.S. economic strength. If we are to sustain and build upon that strength, the perception noted above will have to become reality. In other words, there is considerable work to be done.

Equities in most of the developed and emerging markets around the world performed well in the first quarter. Here, the broadly-based, large capitalization S&P 500 Index provided a total investment return of 6.07%, with the S&P's growth-oriented equities handily outperforming the Value stocks that we prefer. Smaller-company equities, the stars of last year's November-December rally, could not sustain their considerable post-election advantage, and came back to earth. Likewise, the bond market struggled, relative to large company equities anyway, as the Fed raised short-term interest rates in March and signaled that (probably) two more interest rate hikes are on the way in 2017. Our proxy for the bond market is a Treasury note maturing in 10 years, and that first quarter investment return was 1.04%. Gold, on the other hand, performed well in the first quarter. Our proxy in this case is one troy ounce of Engelhard industrial bullion; that investment return was 7.62%.

Nottinghill? The first quarter bottom line in both an absolute sense and relative to the benchmarks was a good one. Frankly, the pattern is a bit puzzling, i.e., our versions of Value investing did very well in a decidedly growth-oriented stock market, while our version of Growth lagged. But, having both of these sharply contrasting investment styles in the same portfolio (or portfolio component) remains a source of comfort.

In summary, no complaints. The continuing rally in U.S. equities and, lest we forget, the revived equity and debt markets in the emerging world made for healthy gains in the first quarter. Now, the time has come to turn promise into reality. We are optimistic, but again, there's work to be done. Where do things stand now? Let's take a look at the three numbers:

- **The Price/Earnings Ratio of the S&P 500 Index**
  Again, the first quarter was a good one for U.S. equity prices, and this well-known valuation metric went from 25.76x to 26.52x the earnings of the Index's component companies. This P/E is high by historical standards, but the trend of corporate earnings, currently and even more so in a more pro-growth environment, is favorable. In other words, the E in this P/E ratio appears to be moving in the right direction.
- **The Average Yield Within the 10-Stock Yield Group**
  The average yield of these 10 stocks was 3.81% on January 1, 2017. After a good first quarter for the Group, this yield declined to 3.72%. Bargains still exist, particularly relative to...
- **The Yield of a Treasury Note Maturing in 10 Years**
  The Fed raised short-term interest rates in the first quarter, however, the yield of this stock market rival actually went down, from 2.42% to 2.39%. The competition, in other words, remains weak, and that clearly is a positive for U.S. equities.

So, the U.S. stock market in the aggregate is not an undervalued gem waiting to be discovered; but, individual bargains do exist, and the fixed income markets remain uncompetitive. Value equities in particular belong at the center of most portfolios, however, the all-important watchword is "diversification."

And, as always, stay the course.

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And now, the balanced strategies…

Total Portfolio Management

Total Portfolio Management, or TPM, is our largely passive, uber-balanced approach to the management of a taxable individual's or tax-exempt institution's overall portfolio. The objectives are inflation- and benchmark-beating investment returns, as well as the investment return stability that comes with a multi-asset class portfolio structure.

Investment Process - The Complete, Largely Passive Answer

TPM portfolios consist of three sectors: Equities, U.S. Fixed Income, and the Alternatives Group. The Firm's Value Plus Equity Strategy, an active strategy, governs the U.S. large capitalization component of the Equities sector, which also includes three other, passively managed Exchange-Traded Fund (ETF) components. The U.S. Fixed Income sector is governed by the Firm's Select Four Bond Strategy, a combination of three actively managed bond mutual funds and intermediate Treasuries. And finally, positions in three alternative asset classes (three ETF positions) constitute an Alternatives Group that adds yet another layer of diversification. The complete, largely passive answer. One destination for all of the taxable individual's or tax-exempt institution's investment needs.

First Quarter Summary — Again, No Complaints

Over the long run, a TPM portfolio's Equities sector is the performance driver, and that clearly was the case in the first quarter. And within that sector, the emerging markets component led all others. The U.S. Fixed Income sector provided decent investment returns, as did the Alternatives Group. In the latter, as the strength of the dollar waned, gold led the way.

Investment Returns

	2017 QI	**One Year**	**Three Years**	**Five Years**	**10 Years**	**Life of the Strategy****
TPM Baseline*	**5.21%**	**11.70%**	**4.46%**	**7.10%**	**5.76%**	**8.03%**

**65% equities*
*** Strategy inception for discussion purposes is January 1, 2002*

Nottinghill Investment Advisers, Ltd., is an independent, registered investment adviser utilizing a number of large capitalization equity and widely diversified balanced investment strategies. The Total Portfolio Management performance data, which are provided net-of-the management fee, are a combination of the actual investment returns associated with Nottinghill's Value Plus Equity Strategy, three equity and four fixed income mutual funds/ETFs, gold bullion/an ETF tracking the price of gold, and, after January 1, 2014, two alternatives indexes/ETFs. The investment returns are actual; however, the combination is simulated, and such simulated data have certain inherent limitations. First, unlike an actual performance record, simulated results 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. All multi-year investment returns have been annualized, and all investment returns are associated with time periods ending March 31, 2017. To receive details regarding the calculation and the presentation of any Nottinghill performance data series and/or a complete description of all Nottinghill performance composites, please contact Nottinghill Investment Advisers, Ltd. Whether simulated or actual, past performance is no guarantee of future results.

Now, let's continue the focus on balanced portfolio investing, and talk about ITPM in the first quarter. Details on the next page.

Indexed Total Portfolio Management

Indexed Total Portfolio Management, or ITPM, is our totally passive, uber-balanced approach to the management of a taxable or tax-exempt investor's overall portfolio. Once again, the objective is inflation-beating investment returns; but this time, they are expected to be in line with the passive indexes, and expenses are expected to be ultra-low.

Investment Process - The Complete, Totally Passive Answer

ITPM portfolios also consist of an Equities, a U.S. Fixed Income, and an Alternatives Group sector. A total of nine components within those sectors, and all nine consist of Exchange-Traded Fund (ETF) positions (average expense ratio 0.24%) performing in line with an associated equity market index, bond market index, or commodity price. The result: the traditional performance advantages of passive management, along with ultra-low transaction costs and management fees. The complete, totally passive answer. As with TPM, one destination for all of the individual or tax-exempt investor's investment needs.

First Quarter Summary — No Complaints, Growth Comeback

No surprise, the Equities sector drove ITPM portfolio performance in the first quarter as well, and the emerging markets component was the standout. The other big story — and this within the U.S. large capitalization component — was the significant outperformance of the Growth ETF relative to the Value ETF. A sharp reversal of fortune, and noteworthy. Other than that, decent returns in the U.S. Fixed Income sector, and gold led the way among the alternatives. No complaints.

Investment Returns

	2017 QI	One Year	Three Years	Five Years	10 Years	Life of the Strategy**
ITPM Baseline*	**3.72%**	**12.34%**	**4.74%**	**6.46%**	**4.93%**	**7.10%**

**65% equities*
***Strategy inception for discussion purposes is January 1, 2002*

Nottinghill Investment Advisers, Ltd., is an independent, registered investment adviser utilizing a number of large capitalization equity and widely diversified balanced investment strategies. The Indexed Total Portfolio Management performance data, which are provided net-of-the management fee, are a combination of the actual investment returns associated with certain indexed mutual funds/ETFs or the indexes upon which those indexed mutual funds/ETFs are based and the actual investment returns associated with gold bullion or an ETF tracking the price of gold. The investment results are actual; however, the combination is simulated, and such simulated data have certain inherent limitations. First, unlike an actual performance record, simulated results 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. All multi-year investment returns have been annualized, and all investment returns are associated with time periods ending March 31, 2017. To receive details regarding the calculation and the presentation of any Nottinghill performance data series and/or a complete list and description of all Nottinghill performance composites, please contact Nottinghill Investment Advisers, Ltd. Whether simulated or actual, past performance is no guarantee of future results.

Do the major investment considerations apply everywhere? Check out the back page.

Investing at Ohio State and Investing on Main Street — Some Differences but A Lot of Similarities

"I believe in a disciplined approach to personal (and institutional) investing. An approach that minimizes emotions in decision-making, respects the past, which is knowable, and never tries to predict the future, which is not."

- James B. Stewart

A while back, a client, who sits on the Board of a prominent endowment fund, came to us with a special request. He knew that we were experienced managers of endowment/foundation assets, and wanted to hear what we had to say on the matter. Of course, we were happy to oblige, and framed a lengthy written response around five of the fundamental questions posed in the Commonfund Institute's excellent "Principles of Nonprofit Investment Management." And, "framed" is the right word because that response contained more than a few of our own thoughts. As we put them on paper, we were struck by how much the fundamental issues involved actually transcend the world of investing. In other words, whether one is an endowment fund trustee or a taxable individual, the major considerations and how those considerations are dealt with are pretty much the same. Let's take a look at the five questions from each perspective, and you'll see what we mean.

1) What is the real objective of the endowment fund/foundation?

Trustee. The institution has two constituencies: a group of current beneficiaries and a group of beneficiaries to come. Should the institution's current good works be the focus of the fund, or should its future needs be the focus? Typically, of course, he/she will attempt to strike the right balance; but, there is a trade off, and knowing what the right balance should be is an important part of the process.

Individual. Likewise, he/she has to balance current needs and desires with the future resources needed for retirement, a second career, etc. Same decisions, same process.

2) How much should the endowment fund/foundation routinely contribute to the institution's operating budget?

Trustee. Here, the focus is Constituent Group #1. The institution has a long wish list of good deeds, to go along with a host of fund-raising channels and, sadly, a host of expenses. A portion of the fund routinely will be called upon to help balance those needs and (net) resources. How much, how often?

Individual. In personal or family terms, the question has just as much relevance. Monthly family income is X; monthly family expenses or the family's wish list is Y. If there's a hole, a portion of the portfolio (preferably the income portion) can fill it. How much, how often?

3) How can the value of the endowment/foundation portfolio be preserved for the future of the institution?

Trustee. The focus here, of course, is Constituent Group #2. Current income is all well and good, and badly needed in some cases; but, serving the needs of Group #2 means putting the pieces together so that capital can grow, at a healthy rate in excess of inflation.

Individual. The plan is for the institution to live forever. Taxable individuals do not; but, we all are living longer, and there is a need to work one's assets as hard as possible, and again, to preserve the purchasing power of those assets. Inflation is the one true enemy here as well.

4) How should fund assets be invested for maximum, or at least optimal, investment return?

Trustee. "Optimal" in this case means the most appropriate combination of expected investment return and expected investment risk, under a certain set of circumstances. Modest current needs, a vibrant donor base, large future needs? A growth-oriented structure makes a lot of sense. A more mature fund with large current needs and a stable donor base, on the other hand, requires a more balanced structure. Bottom line: Define the circumstances, which define the appropriate risk/return blend, which then defines the fund's appropriate asset allocation structure.

Individual. Not much different, but emotions can play a larger role. Individuals are more prone to shade what the unemotional computer spews out, depending upon their (the individuals') comfort levels. We see nothing wrong with that since sleeping well at night is a laudable goal. Granted, endowment/foundation boards may bend to the emotional wills of one or two influential members, but boards typically are more apt to go with the unemotional program.

5) In the management of endowment/foundation assets, who should assume which responsibilities?

Trustee. The answers here (and so many more) typically are spelled out in the fund's Investment Policy Statement, the importance of which cannot be overstated. IPSs come in different sizes, formats, and degrees of specificity; but, IPSs all are vital to the long-term success of the fund, however that is defined. And, a very important aspect of this very important document is who does what.

Individual. IPSs usually are associated with institutional investors, but there's nothing wrong with an individual investor writing one up as well. Before that, though, he/she must decide whether or not to employ an investment adviser, what latitude to grant the adviser, who that adviser might be, and where to custody his/her assets. In other words, he/she must decide who does what, and only then can he/she turn to IPS-like things such as investment objectives, asset allocation parameters, etc.

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Picture a big conference room somewhere on the Ohio State campus. A very select group of Trustees is going through a carefully constructed, step-by-step process of ensuring that the assets in the school's large endowment fund are invested properly. Objectives routinely are established and reviewed; the proper balance between current and long-term needs is determined; responsibilities are assigned. Sounds like a somber exercise suitable only for the very wise and learned, doesn't it? Actually, the decisions made around that table and the processes by which those decisions are made aren't much different than the necessary considerations of the individual investor. And, that's exactly what we told our client.