

# What's In My Global Multi-Asset Class Portfolio?

Nottingham's asset allocation strategies take a global world view and focus on optimizing long-term risk adjusted returns through a diversified portfolio of equities, fixed income, and alternatives

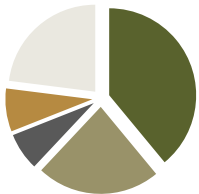
## Global Equity



**In 2016, U.S. equities rallied, while international equity and fixed income returns trailed, creating a challenging blended return environment for diversified, risk-managed portfolios.**

- **U.S. Equity** – Posted double-digit returns in 2016, with most of it coming post-election and favoring small- and mid-caps. Portfolio assets allocated to U.S. equities fully captured these returns.
- **International Equity** – Struggled for the *third* consecutive year, but managed to eke out positive returns; however, the asset class has underperformed the S&P 500 by a wide margin over the past 5+ years. As such, portfolio assets allocated to international equities were a drag on overall portfolio performance.
- **Fixed Income** – The 10-year Treasury started the year yielding 2.27%, hit a record low yield of 1.36% in July, and finished the year yielding 2.45% as the Fed hiked in December and plans 2-3 hikes in 2017. Therefore, bond returns essentially reflected the low yield environment.
- **Alternatives** – The alternative asset class exposure served its purpose of reducing portfolio level volatility, but subsequently was not additive to portfolio performance.

## Global All-Asset



## Global Balanced



■ U.S. Equity ■ International Equity  
■ Alternatives ■ Cash ■ Fixed Income

Asset Class Exposure	Index	Annualized Performance		
		1-Year	3-Year	5-Year
U.S. Equity	S&P 500 Index	12.0%	8.9%	14.6%
International Equity	MSCI EAFE Index	1.6%	-1.0%	7.1%
Emerging Markets Equity	MSCI EM Index	11.3%	-2.3%	1.6%
Treasuries/Agencies	BofAML Treasury/Agency Master	1.2%	2.6%	1.3%
Corporates	BofAML Corporate Master	6.0%	4.2%	4.2%
High Yield	BofAML High Yield Master II	17.5%	4.7%	7.3%

Pie charts for illustrative purposes only. Source: Bloomberg, Returns as of 12/31/2016. Treasuries/Agencies measured by BofAML US Treasury/Agency Master Index, Corporates measured by BofAML US Corporate Master Index, High Yield measured by BofAML High Yield Master II Index, US Dollar measured by DXY Index, MLPs measured by AMZ Index, Gold measured by the Golds Index.

# 2017: Sticking With Diversification

Our diversified Global All-Asset portfolio has produced a less volatile return stream over time

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Int'l EM Stocks 39.4%	Core Bond 5.2%	Int'l EM Stocks 78.5%	Small U.S. Stocks 26.6%	Core Bond 7.8%	Int'l EM Stocks 18.2%	Small U.S. Stocks 38.6%	Real Estate 27.2%	Real Estate 2.3%	Small U.S. Stocks 21.3%
Int'l Dev. Stocks 11.2%	Cash 2.4%	Int'l Dev. Stocks 31.8%	Real Estate 21.8%	Real Estate 2.4%	Int'l Dev. Stocks 17.3%	Large U.S. Stocks 32.0%	Large U.S. Stocks 13.7%	Large U.S. Stocks 1.4%	Large U.S. Stocks 12.0%
Commodities 11.1%	<b>Global All Asset</b> <b>-25.1%</b>	Small U.S. Stocks 26.7%	Int'l EM Stocks 18.9%	<b>Global All Asset</b> <b>2.1%</b>	Small U.S. Stocks 16.3%	Int'l Dev. Stocks 22.8%	<b>Global All Asset</b> <b>6.2%</b>	Core Bond 0.6%	Commodities 11.4%
<b>Global All Asset</b> <b>7.0%</b>	Small U.S. Stocks -33.6%	Large U.S. Stocks 25.9%	Commodities 16.7%	Large U.S. Stocks 2.1%	Large U.S. Stocks 15.9%	<b>Global All Asset</b> <b>15.6%</b>	Core Bond 6.0%	<b>Global All Asset</b> <b>0.2%</b>	Int'l EM Stocks 11.3%
Core Bond 7.0%	Large U.S. Stocks -36.6%	Real Estate 19.9%	Large U.S. Stocks 14.8%	Cash 0.1%	Real Estate 15.0%	Cash 0.1%	Small U.S. Stocks 4.9%	Cash 0.1%	Real Estate 8.6%
Large U.S. Stocks 5.6%	Commodities -36.6%	Commodities 18.7%	<b>Global All Asset</b> <b>10.6%</b>	Small U.S. Stocks -4.2%	<b>Global All Asset</b> <b>9.2%</b>	Real Estate -1.2%	Cash 0.1%	Int'l Dev. Stocks -0.8%	<b>Global All Asset</b> <b>6.5%**</b>
Cash 5.0%	Real Estate -41.0%	<b>Global All Asset</b> <b>17.4%</b>	Int'l Dev. Stocks 7.8%	Int'l Dev. Stocks -12.1%	Core Bond 4.2%	Core Bond -2.0%	Int'l EM Stocks -2.2%	Small U.S. Stocks -4.4%	Core Bond 2.7%
Small U.S. Stocks -1.5%	Int'l Dev. Stocks -43.4%	Core Bond 5.9%	Core Bond 6.5%	Commodities -13.4%	Cash 0.1%	Int'l EM Stocks -2.6%	Int'l Dev. Stocks -4.9%	Int'l EM Stocks -14.9%	Int'l Dev. Stocks 1.6%
Real Estate -21.4%	Int'l EM Stocks -53.3%	Cash 0.3%	Cash 0.2%	Int'l EM Stocks -18.4%	Commodities -1.1%	Commodities -9.6%	Commodities -17.0%	Commodities -24.7%	Cash 0.3%

Source: Bloomberg, Nottingham Advisors, Index total returns through 12/30/2016, Large U.S. Stocks = S&P 500, Small U.S. Stocks = Russell 2000, Int'l Developed Stocks = MSCI EAFE, Int'l EM Stocks = MSCI EM, Core Bond = Barclays Aggregate Bond, Cash = BofAML U.S. Treasury Bills, Real Estate = FTSE NAREIT All-REITs, Commodities = Bloomberg Commodity.

\*\*Global All Asset = Nottingham Global All Asset Non-Wrap (Gross Return) Composite for periods 2007-2015. The 2016 Global All Asset return is through 9/30/2016. Full year 2016 composite returns have yet to be published. Please contact our office for more information.