



NOTTINGHAM ADVISORS

ASSET MANAGEMENT

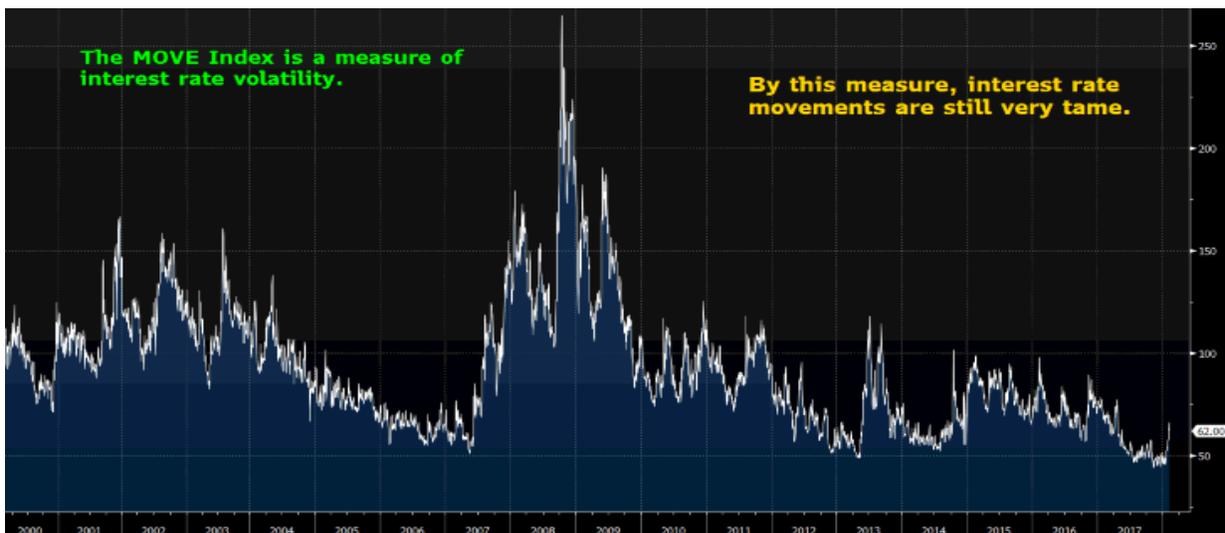
What The #@%! Just Happened?

In little more than the blink of an eye, both stock and bond markets have been seemingly turned on their respective heads. Equities, which heretofore knew only one direction (UP!), don't seem to know which way they want to go now, having dropped 10% from their recent all-time highs. And bonds, those safe, well-behaved deliverers of fixed incomes, appear to have few buyers at current levels, with interest rates drifting higher. What happened?

Volatility is what just happened. Or, the return of volatility, to be more precise. Investors have been lulled into a false complacency these past 12 to 18 months as markets have been incredibly tame and predictable. As economist Hyman Minsky noted in his Financial Instability Hypothesis, **stability often breeds instability**.



Dramatic spikes in the VIX are rare but not unusual! Source: Bloomberg



Despite a .50% move in the 10yr Treasury yield thus far in 2018, volatility is still low.

Source: Bloomberg

Despite recently setting all-time highs, the stock market has investors on edge. Wild daily swings of 500+ points have rocked investors' sense of complacency. What to do???

DON'T PANIC!

The root causes of the spike in volatility are still not known with certainty (despite the know-it-all talking heads on CNBC). Fundamentals haven't changed. Interest rates are still very low. Bond yields are trending higher, but most people expected that since the Fed told us it was going to raise interest rates (and if you didn't believe them, shame on you!). Corporate earnings are solid and poised to get better. The world economy is growing.

This is a key time to remember your TIME HORIZON. Time is a great diversifier and risk mitigator. Investors might use this opportunity to reassess their long-term needs and goals. The stock market has come a long way – only a few percentage points off all-time highs. If you're retired, is it time to rebalance into more bonds?

At Nottingham Advisors, our portfolio strategies are designed with a long-term framework in mind. We love buying cheap, out of favor asset classes, and we've never been shy about steering away from expensive, more trendy trades. With regard to today's market, we have no idea whether stocks will be higher or lower next week, month or year. That said, we're pretty confident equities will be higher over the next 5 to 10 years.

We're big fans of international equities currently, and within international, emerging markets. If these areas get cheaper over the next few months, that's okay, because we're looking to buy more. As for US stocks, it's been a heck of a recovery since 2009. A pause or moderate correction is okay – healthy even. Don't be alarmed.

The recent spike in volatility that we've experienced is unusual in the context of recent history. It is not at all uncommon. It is also not comfortable. It may lead to bad decisions. By our lights, the story is unfolding as it should (but perhaps not as you might want it to be). Talk through any challenges you have with your trusted advisors. Our lines are open.

Volatility creates opportunity when approached with a level head. It's important to keep your wits about you. Be opportunistic. Stay intellectually flexible (my main goal). When the facts change, reconsider. Right now, the facts haven't changed. Stay the course. We'll let you know when we think the story has changed.

Larry Whistler, CFA
President/Chief Investment Officer
February 2018

Nottingham Advisors, LLC ("Nottingham") is an SEC registered investment adviser located in Amherst, New York. Registration does not imply a certain level of skill or training. Nottingham and its representatives are in compliance with the current registration and notice filing requirements imposed upon SEC registered investment advisers by those states in which Nottingham maintains clients. Nottingham may only transact business in those states in which it is registered, notice filed, or qualifies for an exemption or exclusion from registration or notice filing requirements. For information pertaining to the registration status of Nottingham, please contact Nottingham or refer to the Investment Advisor Public Disclosure Website (www.adviserinfo.sec.gov). Any subsequent, direct communication by Nottingham with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides.

This newsletter is limited to the dissemination of general information pertaining to Nottingham's investment advisory services. As such nothing herein should be construed as the provision of personalized investment advice. The information contained herein is based upon certain assumptions, theories and principles that do not completely or accurately reflect your specific circumstances. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. Adhering to the assumptions, theories and principles serving the basis for the information contained herein should not be interpreted to provide a guarantee of future performance or a guarantee of achieving overall financial objectives. As investment returns, inflation, taxes and other economic conditions vary, your actual results may vary significantly. Furthermore, this newsletter contains certain forward-looking statements that indicate future possibilities. Due to known and unknown risks, other uncertainties and factors, actual results may differ materially from the expectations portrayed in such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of their dates. As such, there is no guarantee that the views and opinions expressed in this article will come to pass. This newsletter should not be construed to limit or otherwise restrict Nottingham's investment decisions.

This newsletter contains information derived from third party sources. Although we believe these third party sources to be reliable, we make no representations as to the accuracy or completeness of any information prepared by any unaffiliated third party incorporated herein, and take no responsibility therefore. Some portions of this newsletter include the use of charts or graphs. These are intended as visual aids only, and in no way should any client or prospective client interpret these visual aids as a method by which investment decisions should be made. We have provided performance results of certain market indices for illustrative purposes only as it is not possible to directly invest in an index. Indices are unmanaged, hypothetical vehicles that serve as market indicators and do not account for the deduction of management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. It should not be assumed that your account performance or the volatility of any securities held in your account will correspond directly to any benchmark index. A description of each index is available from us upon request.

Investing in the stock market involves gains and losses and may not be suitable for all investors. Past performance is no guarantee of future results.

For additional information about Nottingham, including fees and services, send for our Disclosure Brochure, Part 2A or Wrap Brochure, Part 2A Appendix 1 of our Form ADV using the contact information herein.

www.nottinghamadvisors.com

NEW YORK OFFICE : 100 Corporate Parkway : Suite 338 : Amherst, NY 14226 : 716-633-3800 : 716-633-3810 Fax

FLORIDA OFFICE : 3801 PGA Boulevard : Suite 600 : Palm Beach Gardens, FL 33410 : 800-281-8974