

Volume 2026 Issue 1

First Quarter Review  
March 2026



Arcataur Capital Management LLC

A Registered Investment Advisor

High Quality Investment Management  
For Individuals and Institutions

## Arcataur Capital Management LLC

826 N. Plankinton,  
Suite 300  
Milwaukee, WI 53203  
414.225.8200

**Ignatius L. Smetek** -President/CIO  
ISmetek@arcataur.com  
414-225-8201

**William C. Weber** -Vice President  
WWeber@arcataur.com  
414-225-8207

**Martin A. Moser** -Vice President  
MMoser@arcataur.com  
414-225-8206

**Jill M. Grueninger** - Vice President  
JGrueninger@arcataur.com  
414-225-8203

**Michael P. Johnson** -Vice President  
MJohnson@arcataur.com  
414-225-8207

**Scott I. Turza** - Managing  
Director– Investments  
STurza@arcataur.com  
414-225-8204

**Joseph M. LoCoco** - Managing  
Director– Investments  
JLoCoco@arcataur.com  
414-225-8205

**Nancy M. Smetek** - Vice President  
NSmetek@arcataur.com  
414-225-8202

**William Hemp** - Managing  
Director - Investment Operations  
WHemp@arcataur.com  
414-214-1057

### Inside This Issue:

#### Pages 1 & 2

**First Quarter Equity Markets:  
*Energy Cost and Geopolitical  
Conflicts Rise to Disturb  
Investors***

#### Page 3

**First Quarter Fixed Income  
Markets: *Bond Investment  
Opportunities Improve with  
Rising Yields & Credit Spreads***

#### Page 4

**Second Quarter 2026  
Investment Outlook**

#### Page 4

***Concerns of an Asymmetric  
War in the Middle East***

#### Page 5

**Arcataur Capital Composite  
Investment Performance**

#### Pages 5 & 6

**Composite Performance  
Disclosures**

# A Balanced Approach

## Energy Cost & Geopolitical Conflicts Rise to Disturb Investors

While the S&P 500 achieved a new all-time high in early January, it was not led by the technology and AI leaders as had been the case until late 2025. The broader participation of sectors and companies fueled the rise for the first two months of 2026. The joint surprise attack on Iran by Israel and the U.S. on February 28<sup>th</sup> created a significant shift for the world and investors. The first few trading days of March were orderly but volatile as investors attempted to sort out the near and longer-term impacts for the global economy and financial markets.

The price of oil has traded in a range of \$60 and \$90 per barrel over the previous three years and even touched the mid-\$50s level from late 2025 into the New Year. By March 13<sup>th</sup>, West Texas Crude (WTI) oil spiked to nearly \$120 per barrel as the risk of curtailed supply became elevated due to the Iranian attempt to restrict access to the Strait of Hormuz through which 20% of global petroleum passes. Refined products, such as gasoline, rose by more than 30% in the U.S. and much higher globally. The higher gas prices are most noticeable to consumers and transportation industries and may have broader economic impact if these levels remain. However, the supply of oil is plentiful in the U.S. and globally, which should reduce prices as hostilities calm down.

Rising inflation concerns drove interest rates back near the July 2025 highs (bond prices lower) but rates remain below the October 2023 peak. Concerns of higher inflation and softer economic data pushed stocks lower, which created more than a 9% correction in the S&P 500 from the all-time high levels in early January. The sell-off in both the stock and bond market provided opportunities for incremental buying for existing clients and establishing newer client portfolios as well.

Any significant relief in the Middle East should support a recovery in the financial markets; however, a true endgame is not anticipated quickly. Corporate profit expectations have remained strong. Well diversified portfolios declined less, outperforming with broader market participation, where small and mid-capitalization domestic stocks and international emerging market exposure produced positive returns for the quarter.

Corporate profit expectations are a key determinant in valuing stocks. The first quarter of 2026 reports due over the next seven weeks for the S&P 500 are expected to produce an 12% increase from the first quarter of 2025. Valuations have improved with higher earnings and lower stock prices. Given the fluid economic, policy, and geopolitical risks, companies forward guidance is likely to be somewhat conservative in attempts to hedge how the unique macro uncertainties may impact business.

Current and future economic and inflation data will guide investors' decisions and the trajectory of the financial markets. Geopolitical realignment along with the numerous conflicts globally continue to be a wildcard that could bring even more uncertainty, as outcomes range from conflict escalation to stability from a reasonable settlement.

Iran and the entire Middle Eastern conflict add to the emerging political shifts brought about by the ongoing Russian/Ukrainian war, the regime change in Venezuela and increasingly likely in Cuba, and the wavering NATO alliance. Concerns of U.S. military equipment and munitions being stretched thin could be extended if China chooses to be more aggressive in overtly controlling Taiwan. The current anti-American sentiment of historical allies raises concerns if such a World War 3 scenario might ensue.

The U.S. dollar reached a four-year low in January but stabilized and recovered somewhat into quarter end. The U.S. military intelligence, precision, and capabilities have been impressive, however the significant drawdown of munitions and expected future funding needs will be a difficult hurdle with the record levels of deficits. This, plus many other tough decisions for the government, will be a focus for the electorate later in the summer as the mid-term election propaganda floods every form of communication.

March non-farm payrolls reported in early April showed an addition of 178,000 jobs, much higher than expectations. However, including the weaker report in February, the two-month results are as expected. The unemployment rate declined to 4.3%, which reflects a stable jobs environment. Labor participation declined slightly to 61.9%. Investors reactions to the report reflect stable to rising interest rates for the foreseeable future.



## Arcataur Capital Management LLC

826 N. Plankinton Ave.,  
Suite 300  
Milwaukee, Wisconsin 53203  
414.225.8200

### Arcataur Large Capitalization Equity Portfolio - This

portfolio offers investors a separately managed account consisting of high-quality, blue-chip stocks. Our strategy focuses on maximizing expected return through constructing diverse portfolios covering most major industry sectors. On average, this portfolio could hold 65 stocks; however, the largest 15 could account for as much as 45% of the portfolio.

### Arcataur Investment Grade Fixed Income Portfolio - This

portfolio offers investors a separately managed account focusing on Treasuries, Agencies, corporate bonds and municipal bonds, with an average portfolio credit rating of A or better. Our approach is to actively manage interest rate risk and credit risk while minimizing liquidity risk to generate conservative risk-adjusted total return.

### Arcataur Managed Balance Portfolio - This portfolio offers

investors a separately managed account which seeks to preserve capital during difficult market periods while allowing growth opportunity in good market conditions. Arcataur has developed a model that assists us in determining the relative attractiveness of stocks versus bonds. When our models and fundamental analysis indicate stocks are more attractive, we will be near our upper end of the range for stocks (75%). Conversely, when bonds are favored, we will be near the lower end of the stated range for stocks (45%).

## Energy Cost and Geopolitical Conflicts Rise (cont.)

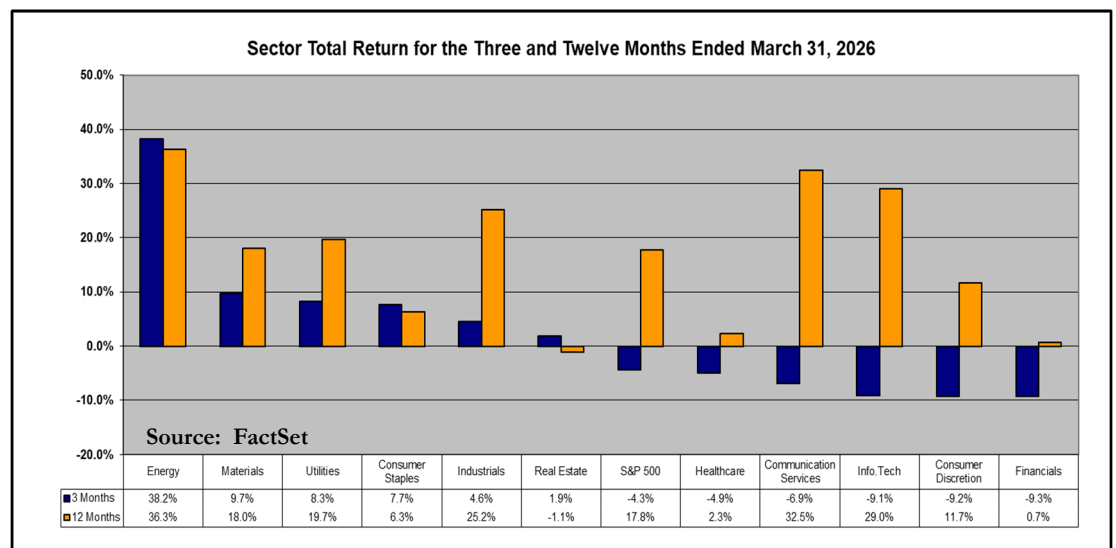
In 2025, retail investors accounted for 36% of all equity trading, up from 20% fifteen years ago. The “buy the dip” mentality of retail investors fueled the rise in technology and AI-centric companies in the summer and fall of 2025 but has not produced the same result of late. Institutional investment, which has historically been the largest, was lower. Institutional cash levels were also at higher levels than normal, which historically would indicate more cautious positioning. A larger decline in stock prices could produce a reversal in these trends where institutional investors are more comfortable deploying cash by investing in stocks with more attractive valuations, while retail investors may have less staying power in turbulent market conditions.

The growth in private equity and private credit investments exploded over the previous 15 years fueled by historically low interest rates in the aftermath of the 2008 credit crisis. Cheaper financing and less regulation also made it prudent for fledgling companies to stay private rather than go public to raise financing. As interest rates rose in 2022 and the U.S. bond market moved back to a historically more normal term structure over the last 3 plus years, it is not surprising to see the warning flags starting to develop for privately owned companies. The larger U.S. commercial banks reportedly have less exposure to this risky debt; however, continued deterioration in private markets could be destabilizing to the broader economy.

While having a new Federal Reserve Chairperson in May is a certainty, investors will also be very focused on how the new Chairperson will handle the influence of President Trump and maintenance of the Fed’s independence from all branches of the government. Any indication of meaningful or direct influence will surely ripple through financial markets.

For the quarter, the S&P 500 (total return) was down -4.3%, while the Dow Jones Industrial Average fell by -3.3%. The technology-heavy NASDAQ Composite declined by -7.0% in the quarter. The S&P 600 Small Cap Index was up 3.5% and the S&P 400 Mid-Cap rose by 2.5% in the quarter. Developed international markets fell by -1.2% and emerging markets rose by 3.8% for the quarter.

The developments in the Middle East that drove oil prices higher also produced significant gains for Energy stocks. Defensive sectors of Utilities, Staples, and Real Estate along with Materials and Industrials sectors also produced positive returns in the quarter. The previous leadership sectors of Technology, Communications, and Consumer Discretionary (dominated by a 17% decline in Tesla) were significant laggards for the quarter. Financial stocks also declined in the quarter as interest rates rose significantly during March. This illustrates the continuing broadening of performance over the last five months which can be construed as favorable for longer-term investors. Normalizing energy availability and costs are expected to stabilize performance in the coming quarters. The chart below illustrates sector level performance for the quarter and trailing twelve months.



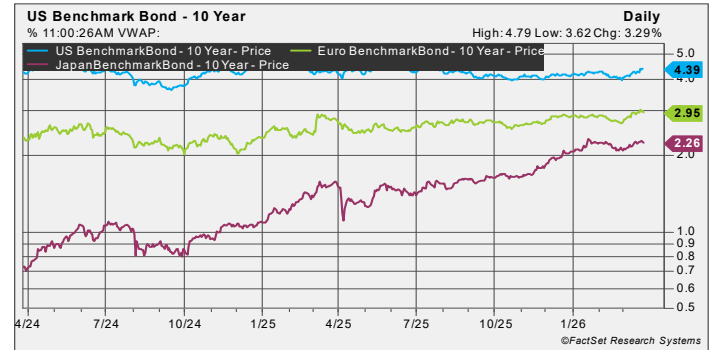
## Bond Investment Opportunities Improve with Rising Yields & Credit Spreads

Interest rates declined throughout much of 2025 and that trend continued for the first two months of 2026. That all changed when the war with Iran began at the end of February. Prior to that event, inflation was lower than most had feared from the tariffs, although somewhat sticky and still above the 2% Federal Reserve target. There were assumptions that the next new Fed Chair would be more ‘dovish’ and would lower interest rates later in the year, as energy prices remained tame, and as the overall economic growth decelerated a bit. This drove 2-year Treasury yields to 3.40%, the lowest since 2022, and the 10-year to 3.96% the lowest in over a year. The chart below shows how quickly yields bounced back to levels last seen in the spring of 2025 when tariff and inflation concern spooked investors. With the outcome of the war still in flux, energy prices at elevated levels, and a material increase in the budget deficit from multiple factors, inflation has become a focus once again. It is likely that the recent volatility in yields will continue until there is more visibility on the nature and duration of the war. At the start of the quarter, bond prices rose as yields gradually fell in the first two months, then prices declined as rates rose in March. As a reminder, if bond yields rise, bond prices fall, thus lowering the return on bonds in the short-term, reflecting the decline in the trading price of the bond. However, our clients generally hold bonds until maturity and at maturity receive all the principal invested. The 10-year Treasury bond began the year with a yield of 4.17% and ended the quarter at 4.32%, while the 2-year Treasury bond began at 3.48% and ended the quarter at 3.79%.

The chart below shows the spread for corporate bonds that mature within 5-7 years. This shows that at the end of the first quarter; credit spreads rose from historically low levels and that trends could continue. Much of the widening of corporate spreads could be attributed to the economic uncertainty in the current geopolitical landscape and more recently the brewing concerns within the private equity and debt market. As corporate bond investors, we focus on appropriate spreads based upon our fundamental analysis of companies for appropriate returns and security. We prefer to buy investment grade bonds that offer higher spreads to improve returns ‘if the company’s business model and balance sheet position well to weather the ups and downs of the economy. The lowest spread at the end of January was 0.74% and ended the quarter at 0.96%. With wider spreads, the opportunity arises to find higher quality corporate bonds that have low default risk to aid in diversification of client’s portfolios. With spreads widening, we have begun to find appropriate and improving value enabling us to be proactive in the corporate bond market.



As interest rates rose during the first quarter in the U.S., primarily due to the war in Iran, its counterparts in the EU and JPY rose in lockstep. The higher yields represent global uncertainty that is not just limited to the US. The 10-year EU bond began the quarter at 2.89% and ended the quarter at 3.02%, while the 10-year JPY bond began at 2.07% and ended at 2.33%. Rates in Japan, having abandoned trying to target extremely low rates in the early 2020’s, have risen the most off of very low levels. As can be seen in the chart below, post the policy adjustment, Japanese interest rates have begun to trade much more in-line with other Developed Markets peers.



As yields began to rise in early March, our investment team was presented with an opportunity to buy U.S. Treasury bonds and capture an attractive yield with lower risk for clients. Most of the purchases were made above a 4% yield, higher than the current money market interest rate of 3.5%, with laddered durations to provide additional diversification. In addition, wider corporate credit spreads provided further opportunities to be active in the corporate bond market, with focus on high quality investment grade bonds that can offer an attractive yield above Treasuries while presenting low default risk. We remain patient and focused on finding bonds that meet the income and quality needs for our investment grade bond portfolios. The overall quality of our fixed income portfolio is A rated, aggregate average duration is 3.3 years, yield to maturity is 4.36%, and liquidity remains sufficient to take advantage of future opportunities.

The Federal Reserve had two Federal Open Market Committee (FOMC) meetings in the quarter and left the Fed Funds Rate unchanged at 3.5-3.75%. Despite President Trump’s relentless attacks on Fed Chair Jerome Powell to lower interest rates, the Fed primarily paused due to elevated uncertainty (economic, tariffs, geopolitics, etc.) and mixed labor market signals. Only one Fed Governor (Miran) was in favor of cutting rates at the meeting. The Fed predicts that we will have one rate cut in 2026, but based upon the current environment, this could come later in the year. Based on the Fed’s Summary of Economic Projections (SEP), the Fed sees inflation remaining higher for longer, with inflation (both core and headline) at 2.7% in 2026, higher than the Fed’s continued target of 2%. In addition, the Fed continues to see unemployment at 4.4% in 2026, 4.3% in 2027, and 4.2% in 2028. Jerome Powell’s term as Fed Chairman ends in May and it is expected that Kevin Warsh will lead the Fed once Powell’s term ends and Warsh is confirmed by the Senate. Warsh has historically been hawkish (inflation fighting focus) and continuously opposed past quantitative easing (QE) programs (reducing interest rates); however, based on recent commentary, he is more open to rate cuts, as technological productivity gains have justified lower interest rates in his viewpoint. The recent legal proceedings regarding Jerome Powell and Fed spending were resolved favorably for the markets.

Corporate bond spreads, the yield above Treasury bonds required to absorb default risk in the corporate bond market, have remained extremely narrow over the past year; however, we have recently seen some widening in corporate spreads during the first quarter. Wider spreads offer higher yields for corporate bond investors and are generally widest when there is fear of economic weakness or other disruptions that could impact company’s ability to repay the interest and debt. Should credit spreads continue to widen, this would be beneficial for corporate bond investors and make them more attractive relative to treasury bonds by providing higher yields for investors.

## Second Quarter 2026 Investment Outlook

Financial market commentators have recently described the U.S. economy as the Goldilocks economy, reflecting not too hot but not too cold. The stability of employment, economic growth, and the return to historical norms for inflation and interest rates makes this an accurate euphemism for the last two plus years. Financial markets and investors have reacted to this description for the most part, except for the tariff scare in 2025 and the Iran war in 2026, as both happening in March and April incited fears of significant inflation pressures that would create a meaningful recession. Thus far, a recession has been avoided.

Despite three years running of double-digit annual returns in the S&P 500 along with stable economic trends, pundits have identified that not all Americans have benefited. While the wealthy have benefitted from the stock market, private investment and home price appreciation, lower income workers struggle with keeping up with covid, tariff and energy related cost of living issues. From a market perspective, even with the recent broadening, the majority of the 3-year market move was driven by a highly concentrated group of large-cap, technology, cloud and AI stocks; without which your portfolio would not have kept up with the market. This has all been described by many as the “K-shaped economy”, “K” used to denote divergent paths. While tariff related inflation concerns in 2025 were illusory, there are real and impactful energy price increases now in early 2026 where consumers will have a direct inflation reminder when filling up at the gas pump and opening electric bills.

While politicians attempt to cherry pick data to blame adversaries, there is evidence that longer-term historical economic trends are normalizing from the significant damage from the 2008 credit crisis, the extraordinary measures to suppress interest rates, the Covid outbreak/economic shutdown, and related helicopter distribution of money. One thing that remains is the significant national deficit that elected leaders have little resolve to consider. Rising healthcare and insurance costs, including Medicare (the largest component of the national budget), are reaching levels that are unsustainable for all payors.

The recent correction in both the bond and stock market provided opportunities to add to client portfolios at more attractive valuations. The source of the correction, inflationary concerns related to the Iran war, make the magnitude more unpredictable in the near term. Historically, a 5 to 7% correction happens on average three times during a calendar year. The spike in energy cost is not related to oil availability, but the transportation of oil. With West Texas Intermediate Crude Oil (WTI) below \$60 in January, and currently above \$110, expectations are for oil prices to normalize within the \$60 to \$90 range, and potentially towards the lower end of that range with resolution of the Iran war and shipping routes eventually normalizing.

Corporate earnings growth for 2025 was up 13% and 2026 projections are trending towards 17% for the S&P500. The broadening of performance away from technology and AI related investments over the last six months continues to be a healthy trend for investors. The other major factor in investment valuation is the discounting mechanism of earnings and cash flows regarding interest rates. While interest rates have risen of late, current levels remain below the longer-term historical average of 5 to 6%. Six months ago, the S&P 500 had a 2025 calendar year ending P/E ratio of 24.8 times earnings. The decline in stock prices and rise in expected earnings currently improves valuation to a P/E of 20.7 times. If earnings expectations decline, or interest rates rise significantly, that would impact valuation for investors negatively. Currently, this is not expected but could be a game changer. The upcoming earnings reports, employment, and economic data will be important for investors to confirm or repudiate these current expectations.

With the tax law changes in 2025, many taxpayers benefited from incrementally larger tax refunds or lower income taxes due. Over the previous three years, 30 to 32% of individual tax filers owed no federal income tax, and with the recent tax law changes, that percentage is expected to approach 40%. This could provide consumers incremental opportunities to increase spending or reduce debt. Retail sales and consumer spending statistics reflect caution, but growth currently is at 3 to 4%.

The excitement and potential risks of Artificial Intelligence (AI) are unfolding quickly. One of the most significant potentials of AI is a boost to productivity. Like the eras of electricity, personal computers, and the internet, AI is widely viewed to be the catalyst of the next productivity revolution. AI capital spending has been booming with the expectation for significant returns on investment. History has taught us that early adopters are not always the winners in the long run.

The emerging challenges with Private Equity & Debt Investments need to be closely monitored. While Arcataur does not invest in private equity, the rising needs for refinancing and the potential for existing lenders dealing with risky and illiquid exposure could cause a ripple effect in the economy.

The initial reaction to the stronger March employment data was that the Fed will not need to reduce the Federal Funds rate for the foreseeable future.

For our clients, total equity exposure remains above average within targeted ranges. Reducing stock exposure incrementally late last year and early this year provided ample liquidity. Patience has served our clients well by improving diversification in the recent correction by broadening exposure and buying into the weakness and lower valuations.

The rise in interest rates and lower bond prices also provided a significant opportunity to buy bonds too. Finding appropriate and attractive value has increased and our team has been aggressive adding U.S. Treasury, Corporate bonds, and bond exchange-traded funds. Slightly wider corporate bond spreads were a welcomed opportunity, and we will be more aggressive if spreads approach more normalized levels. Based upon current market conditions, overall asset allocation is well diversified and balanced, providing ample liquidity to take advantage of incremental long-term opportunities that may arise.

### Concerns of an Asymmetric War in the Middle East

The current Iranian war has similar characteristics of the asymmetric warfare of Vietnam where one side has the preponderance of military, economic, and geopolitical power and the other, the weaker entity, resorts to unconventional means to survive and, perhaps, eventually emerge victorious. The Vietnam war is an excellent example where the weaker side arguably won, and after 5 weeks of the Iranian war, clearly that is the Islamic Revolutionary Guard Corps (IRGC) game plan. The U.S. and Israelis expected that their overwhelming military force against both Iranian military assets and numerous levels of religious and IRGC leadership would effectively decapitate the regime leading to a quick surrender and decisive victory. Obviously, that didn't happen and now both countries must deal with the escalating costs of an asymmetrical insurgency. Israel's 80 years of existence has required them to deal with such situations on an almost serial basis. Yet, U.S. experiences in Vietnam and in Iraq have demonstrated that our government does not have the focus, patience, and political intestinal fortitude to see these aggravating conflicts through to victory. These conflicts are truly existential for Israel while they are typically mere annoyances to the Americans, which largely explains America's checkered history in asymmetric wars. President Trump made the case that Iranian nuclear capabilities with long range intercontinental ballistic missiles (ICBMs) is an existential threat to the U.S. and all of Europe, communicating 2 to 3 weeks of more intensive strikes to complete the job and be able to declare victory. Based on the current course of events, it would appear this timeline may not be sufficient. Dealing with fanatical religious fundamentalists who have accumulated vast power and wealth over the 47-year reign of the theocracy makes the mission significantly more difficult. They have no interest in surrendering, ignore the aspirations of the Iranian population, and focus of the total annihilation of the Jewish state and their Western allies by demonstrating no hesitancy and remorse over murdering tens of thousands of their own people to keep power. As the U.S. and its allies are experiencing, they also have sufficient remaining capability effectively close the Strait of Hormuz, target military and economic assets with drones and missiles, and occasionally shoot down military aircraft. The IRGC are also clearly receiving significant help from both the Russians and the Chinese, which increases the risk of a broader, more global war. At the end of this 3-week period of additional intense strikes the President was facing a stark and highly dangerous decision, whether to deploy ground troops to complete the war's objectives, as air power alone would likely not be sufficient. Fortunately, President Trump agreed to a two-week cease-fire with Iran late on April 7th if the Strait of Hormuz is re-opened. Oil prices declined significantly on the announcement and financial markets rallied. The outcome of the negotiations over the following 14 days will be critical for the world to find an appropriate resolution and improved path forward.



## Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years, 5 Years & 10 Years Ended March 31, 2026

Arcataur Composite Portfolio	Total Return				
			3 yr.	5 yr.	10 yr.
	3 months	12 months	annualized	annualized	annualized
	3/31/2026				
Large Cap Direct Stock Equity	-3.6%	19.2%	16.7%	11.0%	13.6%
Large Cap Equity ETF	-4.1%	17.4%	17.7%	11.4%	13.7%
<b>Benchmarks</b>					
Morningstar Large Cap Core Average	-4.0%	15.6%	16.4%	10.5%	12.9%
Dow Jones Industrial Average	-3.3%	12.0%	13.6%	8.9%	12.3%
S&P 500	-4.3%	17.8%	18.3%	12.1%	14.2%
S&P 100	-7.0%	18.6%	20.7%	13.4%	15.1%

Arcataur Composite Portfolio	Total Return				
			3 yr.	5 yr.	10 yr.
	3 months	12 months	annualized	annualized	annualized
	3/31/2026				
Small Cap Equity	3.4%	20.4%	10.2%	3.9%	9.4%
Mid-Cap Equity	2.5%	17.2%	11.7%	6.3%	10.0%
<b>Benchmarks</b>					
Morningstar Small Cap Core Average	1.5%	19.5%	11.3%	5.2%	9.6%
S&P 600	3.5%	20.5%	10.5%	4.5%	9.9%
Morningstar Mid-Cap Core Average	0.8%	15.1%	12.1%	6.9%	10.3%
S&P 400	2.5%	17.3%	12.1%	6.9%	10.6%

Arcataur Composite Portfolio	Total Return				
			3 yr.	5 yr.	10 yr.
	3 months	12 months	annualized	annualized	annualized
	3/31/2026				
Fixed Income	0.0%	4.3%	4.5%	1.2%	2.0%
<b>Benchmarks</b>					
Bloomberg Barclays 1-3 (T/GC)	0.3%	4.0%	4.3%	2.0%	2.0%
Bloomberg Barclays 1-5 (T/GC)	0.1%	4.2%	4.3%	1.7%	2.0%
Bloomberg Barclays Aggregate	0.0%	4.3%	3.6%	0.3%	1.7%
Morningstar Core Bond Average	-0.1%	4.3%	3.7%	0.3%	1.7%

Arcataur Composite Portfolio	Total Return				
			3 yr.	5 yr.	10 yr.
	3 months	12 months	annualized	annualized	annualized
	3/31/2026				
Developed International Equity	2.3%	27.9%	15.2%	8.3%	8.5%
Emerging International Equity	0.5%	22.3%	13.3%	3.5%	7.2%
<b>Benchmarks</b>					
EAFE	-1.2%	21.3%	13.6%	7.9%	8.4%
MSCI Emerging Market Index	3.8%	33.1%	15.7%	3.7%	7.6%

Arcataur Portfolio	Total Return				
			3 yr.	5 yr.	10 yr.
	3 months	12 months	annualized	annualized	annualized
	3/31/2026				
Total Equity*	-1.2%	19.4%	15.1%	8.8%	11.8%

Arcataur Composite Portfolio	Total Return				
			3 yr.	5 yr.	10 yr.
	3 months	12 months	annualized	annualized	annualized
	3/31/2026				
Managed Balance	-0.7%	14.3%	11.5%	6.4%	8.7%
<b>Benchmark</b>					
Morningstar Balanced Fund Average	-1.8%	11.8%	11.1%	6.3%	8.2%
60/40 Custom Index	-0.9%	13.2%	11.4%	6.3%	8.2%

\*Total Equity is not an actual composite portfolio; rather, Total Equity represents a weighted average return of the Large Cap, Mid-Cap, Small Cap and International composites, and is only shown as an indication of potential overall equity performance. Total Equity does not represent any actual portfolio because it is made up of a weighted average return of all equity classes. Please review complete disclosure information below.

## Appendix: Disclosure Information Regarding Composite Performance

**General-**Arcataur Capital Management LLC is an investment advisor. Arcataur has prepared this report. The information in this report has been developed internally and/or obtained from sources which Arcataur believes are reliable; however, Arcataur does not guarantee the accuracy, adequacy or completeness of such information nor do we guarantee the appropriateness of any strategy referred to for any particular investor. Index information has been taken from public sources. Past performance is not indicative of future results, as investment returns will vary from time to time depending upon market conditions and the composition of the composite portfolio. Returns for individual investors will vary based on factors such as the account type, market value, cash flows and fees.

**General-**Arcataur Capital Management LLC is an investment advisor. Arcataur has prepared this report. The information in this report has been developed internally and/or obtained from sources which Arcataur believes are reliable; however, Arcataur does not guarantee the accuracy, adequacy or completeness of such information nor do we guarantee the appropriateness of any strategy referred to for any particular investor. Index information has been taken from public sources. Past performance is not indicative of future results, as investment returns will vary from time to time depending upon market conditions and the composition of the composite portfolio. Returns for individual investors will vary based on factors such as the account type, market value, cash flows and fees.

**Composites-**Mutual fund holdings are not included in composite results. Exchange traded funds (ETFs) are included in composite results. Mutual fund holdings typically are “unmanaged assets” and, therefore, are not included in composite results. Exchange traded funds are designated as “managed assets” and, therefore, are included in the composite results.

The Arcataur Large Capitalization Equity Composite consists of portions of all client accounts invested in accordance with the Arcataur Large Capitalization Equity Portfolio strategy (including ETFs). The Arcataur Small & Mid-Capitalization Equity Composites consist of portions of all client accounts invested in small & mid-capitalization equity securities (including ETFs). The Arcataur International Equity Composite consists of portions of all client accounts invested in international securities (including ETFs). The Arcataur Investment Grade Fixed Income Composite consists of portions of all client accounts invested in accordance with the Arcataur Investment Grade Fixed Income strategy. The Arcataur Managed Balance Composite consists of portions of all client accounts invested in accordance with the Arcataur Managed Balance strategy.



## Appendix: Disclosure Information Regarding Composite Performance (cont.)

**Fees**—The Composite performance figures shown above, are “net” of advisory fees based upon a standard client fee paid during the period including any brokerage fees or commissions that have been incurred within the account. Because the actual management fee paid by an individual client may have been higher or lower, the client’s net return may have been higher or lower. The Arcataur Managed Balance composite is based on actual fees paid and may include some discounted or non-fee-paying accounts. The S&P 500® Index, S&P 100® Index, DJIA®, S&P 600® Index, the EAFE® index, the Bloomberg Barclays Investment Grade Index Treasury/Government/Credit (T/G/C) 1-5 Years, and the Bloomberg Barclays Investment Grade Index Treasury/Government/Credit (T/G/C) 1-3 Years returns do not include any fees; the Morningstar Large Cap Core, Small Cap Core, Balanced Fund and Bond Fund Averages are net of fees.

**Indices and Benchmark Funds** —The Indices and Benchmark Funds are referred to for comparative purposes only and are not necessarily intended to parallel the risk or investment approach of the accounts included in the composites. Arcataur believes that the Indices and Benchmark Funds selected for comparative purposes are appropriate measures given the investment approach. However, the investment portfolios underlying the indices are different from the investment portfolios managed by Arcataur. The Indices and Benchmark Funds shown are unmanaged, and investors are not able to invest directly in them. The Indices and Benchmark Funds are generally representative, in terms of risk and exposure, of the various components as follows:

Arcataur Large Capitalization Equity Portfolio - the S&P 500® Index, the S&P 100® Index, DJIA®, and Morningstar Large-Cap Core Average

Arcataur Investment Grade Fixed Income Portfolio —the Bloomberg Barclays Investment Grade Index (T/G/C) 1-5 Years, Investment Grade U.S. Aggregate, and Investment Grade Index (T/G/C) 1-3 Years and the Morningstar Core Bond Mutual Fund Average.

As of 12/31/22 the Custom Bond index (2/3 Bloomberg Barclays (T/G/C) 1-5 and 1/3 Bloomberg Barclays U.S. Aggregate) has been applied for comparison purposes to returns since inception. Prior to this change, for the period beginning 7/2020 through 12/2021, the custom bond index utilized 50% Bloomberg Barclays (T/G/C) 1-3 and 50% Bloomberg Barclays (T/G/C) 1-5, while periods prior to 7/2020 used the current index weightings. This change appropriately reflects the investment strategy and was also made in the historic bond weightings of the 60/40 custom index.

Arcataur Managed Balance Portfolio - Morningstar Balanced Fund Average and 60/40 custom total return index. Beginning 1/2022, the 60/40 custom index includes: Equities (60% S&P 500, 15% S&P 400, 10% S&P 600, 10% EAFE, 5% MSCI-EM), & Bonds (58% Bloomberg Barclays (T/G/C) 1-5, 30% Bloomberg Barclays U.S. Aggregate, and 12% Bloomberg Barclays 3-month treasury index). For the period 2/2003 through 12/2021, the 60/40 custom bond index includes: Equities (30% S&P 500, 30% DJIA, 15% S&P 400, 10% S&P 600, 10% EAFE, 5% MSCI-EM), & Bonds (58% Bloomberg Barclays (T/G/C) 1-5, 30% Bloomberg Barclays U.S. Aggregate, and 12% Bloomberg Barclays 3-month treasury index).

If a client’s portfolio contains small-cap exposure, the small cap performance is measured against the S&P 600® Index and Morningstar Small Cap Core Average. If a client’s portfolio contains mid-cap exposure, the mid-cap performance is measured against the S&P 400® Index and Morningstar Mid-Cap Core Average. If a client’s portfolio contains international exposure, the performance is measured against the EAFE index. If a client’s portfolio contains emerging market exposure, the performance is measured against the MSCI Emerging Market Index.

Except for the Morningstar Balanced Fund Average, the Morningstar Large Cap Core Average, the Morningstar Bond Mutual Fund Average, the Morningstar Small Cap Core Average, and the Morningstar Mid-Cap Core Average, indices and benchmark funds shown reflect the reinvestment of dividends and other earnings, but do not include transaction costs, management fees or other expenses of investing. The S&P 500 & S&P 100 are indices of Large-Cap domestic core companies as produced by Standard and Poor’s, while the DJIA is produced by Dow Jones. The S&P 400 and S&P 600 are indices of Mid-Cap and Small Cap domestic core companies, respectively as produced by Standard and Poor’s. The MSCI EAFE (Europe, Australasia, and Far East) Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. MSCI Emerging Markets ETF is an index composed of large- and mid-capitalization emerging market equities. Both are maintained by MSCI Barra.

Morningstar, Inc. provides mutual fund comparisons for similar investment profiles. The Morningstar Large Cap core universe of mutual funds represents large-cap blend discipline of domestic companies compiled by Morningstar, Inc. The Morningstar Small Cap core universe of mutual funds represents small-cap blend discipline of domestic companies compiled by Morningstar, Inc. The Morningstar Mid-Cap core universe of mutual funds represents mid-cap blend discipline of domestic companies compiled by Morningstar, Inc. The Morningstar Balanced Fund universe of mutual funds represents funds that include multi-assets including stocks and bonds compiled by Morningstar, Inc. The Morningstar Core bond universe of mutual funds represents funds that include investment grade taxable domestic bonds compiled by Morningstar, Inc.

This Newsletter is for informational purposes only and is meant for one-on-one discussions between Arcataur Capital Management LLC and its clients and prospects. Past performance is no guarantee of future results. There is no guarantee that the views and opinions expressed in this Newsletter will come to pass. Investors should not rely solely on the information contained in this Newsletter in making an investment decision, nor is the information in this Newsletter intended to be personalized investment advice. Investors should consult with their own investment advisers regarding their individual investment programs. Even though Arcataur Capital Management LLC uses its best efforts to compile its data from reliable sources, Arcataur does not warrant the accuracy, completeness or timeliness of any of the information it provides. The material in this Newsletter may include forward looking statements based on Arcataur’s experience and expectations about the securities markets and the methods by which Arcataur expects to invest in those markets. Arcataur disclaims any intent or obligation to update these statements. The forward-looking statements are not guarantees of future performance and are subject to many risks, uncertainties and assumptions that are difficult to predict. Moreover, there is no assurance that any projections, predictions, forward-looking statements or forecasts of investment performance will be realized. Prospective clients should carefully consider those risks, in addition to other information, before deciding whether to invest in securities. Actual investment returns could differ materially and adversely from those expressed or implied in any forward-looking statements. Prospective clients must conduct their own investigations of the merits and risks of an investment in securities. Copyright © 2026, Arcataur Capital Management LLC. All rights reserved. This material is proprietary and may not be reproduced, transferred or distributed in any form without prior written permission.