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Second Quarter Review
June 2023

ARCATAUR CAPITAL

Arcataur Capital Management LLC
A Registered Investment Advisor
High Quality Investment Management
For Individuals and Institutions

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A Balanced Approach

The Boy Who Cried Recession & AI Excitement

The S&P 500 has risen more than 25% since the lows in mid-October and has produced nearly a 17% total return year-to-date. Negative investor sentiment remained dominant over the last 15 months in spite of these gains and actually intensified with the banking disruption in early March that led to three bank failures. Based upon plateauing economic data and ominous indicators, including a yield curve inversion (short term bond yields higher than longer maturing bonds) at historical levels, led a majority of Wall Street economists to forecast a recession in the next 6 to 12 months.

The S&P 500 rose to within 7% of all-time high levels achieved on January 4th, 2022, which was predominately driven by the eight largest technology stocks, while the broader market produced less robust gains. The current performance concentration was a repeat of late 2019 through the third quarter of 2020, with a flight to quality in the face of uncertainty relating to the Covid economic shut down and reopening. Such concentration is not healthy nor sustainable for normal market activity.

The earnings report in late May from semiconductor manufacturer Nvidia highlighted the significant demand and investment for Artificial Intelligence (AI) or machine learning. The potential advancement opportunities across most industries for reducing cost and increasing profit margins by incorporating this technology produced another leg up in stocks in June. Stocks reacting to new technologies is common, but rarely are the true winners correctly identified in the early stages of development.

The June FOMC meeting was the first time where the Fed did not increase interest rates in 10 meetings; however post-meeting commentary indicated that its job of fighting inflation is not yet complete. The pause in raising interest rates is data dependent and provides the Fed more time to see whether upcoming economic, job, and inflation data are approaching its 2% inflation target.

Financial markets are a discounting mechanism, which means that current prices reflect investor's expectations for the next 6 to 12 months. Investor's previous pessimistic outlook has improved with recent better than expected economic activity and with expectations that the Fed is closer to being done with increasing interest rates. Only when investors believe in a given outcome, either good or bad, with a significantly greater conviction, will broader financial assets make decisive moves. Historically, stock prices tend to rise as the Fed approaches the end of an interest rate tightening cycle, or as a recession is confirmed by the National Bureau of Economic Research.

The Consumer Price Index (CPI) was reported at 4.1% at the end of May, and has fallen by more than half from the June 2022 peak of 9.1%. The Producer Price Index (PPI) has fallen more dramatically from 11.1% to 1.2% over the last year. Commodity and raw material prices have led the decline, while selective food and shelter (housing and rent) and labor costs have been stickier. Shelter is reported with a lag effect, so expectations are for future declines to be realized in this major component, which accounts for nearly 40% of the CPI index. The Fed has kept the inflation target at 2% since 2009. Historically in the U.S., inflation has averaged between 3 and 4%, which may be a more realistic target for Federal Reserve and investor expectations in the future.

The generational tightness in worker availability remains, however it has become less acute as companies take a more conservative approach to employment needs. Early signs indicate that companies are more cautious with hiring, not filling vacancies, and reducing head count, which is reflected in the recent job openings data and portends a less robust job market going forward. Demographics and the lack of a functional immigration policy could make this tough to resolve. The June unemployment rate remains near historical lows at 3.6%. The rate of change in wage increases was slightly higher than expected, while new hires was slightly below. Overall the stable employment trends support a continued expanding economy.

Prior to the bank dislocation in early March, investors expected that the Fed would need to continue raising interest rates to address sticky inflation and to address the higher probability the economy would achieve a "soft-landing", i.e. slower but still positive economic growth.

With inflation continuing to normalize and the Fed closer to ending its tightening cycle to fight inflation, investors will focus intently on economic and employment data for clues in the coming months. Both the first quarter GDP of +2% and the corporate profit beat supports the ebb in recession severity and increases the potential for the elusive "soft landing" (economic slowdown, without two consecutive quarters of negative GDP). The strong move in stock prices in June reflects this and some investors are reversing defensive positions. Second quarter corporate profit reports and outlooks, beginning in July, will be important in supporting elevated and above average valuations.

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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%).

The Boy who cried Recession & AI excitement (cont.)

As recently as two months ago, over 65% of economists were expecting a U.S. recession in 2023, based upon much higher interest rates, the disruption and risk in the banks in March, softer economic data, and pockets of sticky inflation, such as the higher average hourly earnings in the June employment report. The sticky inflation supports the Fed's general position of possible interest rate increases at their next meeting on July 26th. Employment trends remain stable, as the most recently reported June unemployment of 3.6% stays near historical low levels. The June report included stable labor participation at pre-Covid levels. Overall job growth is decelerating, but at a snails pace. Assuming the economy can avoid a significant rise in job losses, or another destabilizing financial event, a severe recession should be a more remote possibility in 2023.

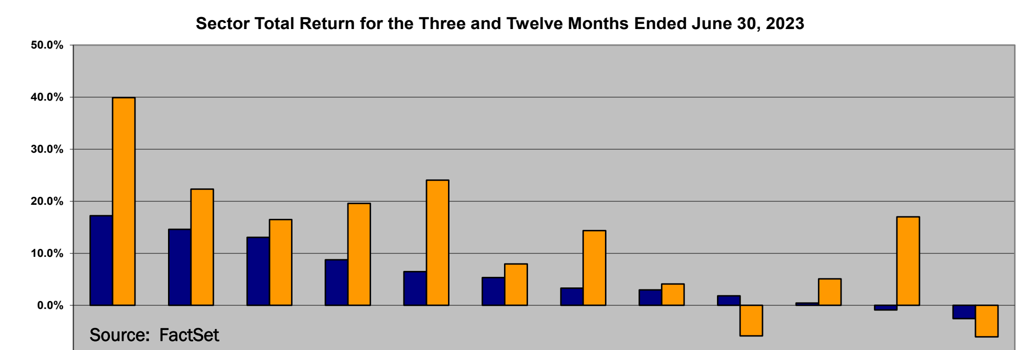
Escalating geopolitical risks, especially China's support for Russia, along with their potential to demolish Taiwan's sovereignty and thereby diminish U.S. influence globally, is an important development and should not be ignored. With China being the second largest economy in the world, investors are also keenly aware of China's restrictive approach to Covid over the last three years which materially suppressed economic activity until recently. Economic activity has picked up in China; however, growth readings are lower than expected. This has perpetuated significant unemployment (estimated to be above 20%) for the important 16 to 24– year old job seekers. Chinese malaise is impacting Europe, as Germany has reported a –0.5% GDP for the 4th quarter of 2022 and –0.3% for the 1st quarter of 2023. For the last 30 years, China has modernized their communist country with broader open market principals. There has been a visible reversal with the unprecedented third term of President Xi, as the communist philosophy is now more obvious and highlights a growing challenge to the West and democratic free countries.

Corporate profit expectations are a key determinant in valuing stocks. Investors are forecasting modest earnings growth for the S&P 500 of less than 2% in 2023; however earnings growth is backend loaded for stronger numbers for the 3rd and 4th quarter and nearly a 12% rise in 2024. The first quarter reports were better than the suppressed expectations. The large mega-capitalization technology stocks were significant leaders in providing better earnings. Broader participation of companies in the second quarter reports would support rising stock prices. The S&P 500 current price-earnings ratio ranges between 18 and 19 times based upon current earnings estimates, which is neither attractive nor expensive on a historical basis. Small and Mid-Capitalization stocks trade at a more attractive 13 to 14 times estimated earnings.

Oil and natural gas prices have been perplexing to commodity traders, especially with OPEC attempting to curtail production to support prices. West Texas Intermediate (WTI) Crude oil touched $130 in March 2022 as the Russian invasion began, while falling to a low of $64/barrel by March 2023. For the last 10 months, WTI has traded in a range of $65 to $85, and is currently near $70. The mild winter in Europe and the lack of meaningful economic growth there and in China has kept commodity demand lower than expected globally. In early July, Saudi Arabia and Russia announced an extension of their production cut through August attempting to offset lower demand. Natural gas prices in the U.S., and more importantly in Europe, have fallen to pre-war levels, and are currently at prices near the summer of 2020 low levels.

For the quarter, the S&P 500 (total return) was up 8.7%, and the Dow Jones Industrial Average lagged up 3.9%. The technology-heavy NASDAQ Composite significantly outperformed the broader averages, up 13.1% in the quarter. The S&P 600 Small Cap Index increased by 3.4% and the S&P 400 Mid-Cap was up 4.9% in the quarter. Developed international markets rose 3% and emerging markets were up 1% for the quarter.

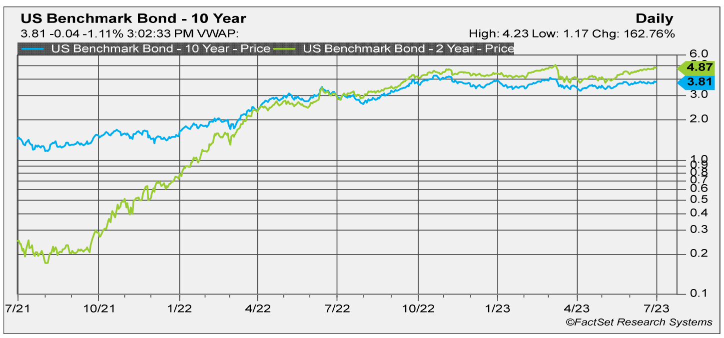
The lagging sectors in 2022, Information Technology, Communications, and Consumer Durables, continued the significant recovery in the quarter. The concentrated outperformance of the 8 largest mega-capitalization technology and communication stocks, along with a 112% recovery in Tesla and 55% in Amazon year-to-date, paced the Consumer Durable sector recovery. The laggards in the second quarter were more of the defensive areas of Utilities, Staples and Healthcare. In addition, the Energy sector lagged as commodity prices remained lower on supply/demand considerations, and the Real Estate sector lagged as commercial office building demand has fallen dramatically with work-from-home gaining more permanence. The chart below illustrates how all the sectors performed in the quarter and for the trailing twelve months.



	Info.Tech	Consumer Discretion	Communication Services	S&P 500	Industrials	Financials	Materials	Healthcare	Real Estate	Consumer Staples	Energy	Utilities
3 Months	17.2%	14.6%	13.1%	8.7%	6.5%	5.3%	3.3%	3.0%	1.8%	0.5%	-0.9%	-2.5%
12 Months	39.9%	22.3%	16.5%	19.6%	24.0%	8.0%	14.4%	4.1%	-5.9%	5.1%	17.0%	-6.0%

The Fed Closer to the End of Interest Rate Increases, while Patience is Rewarded

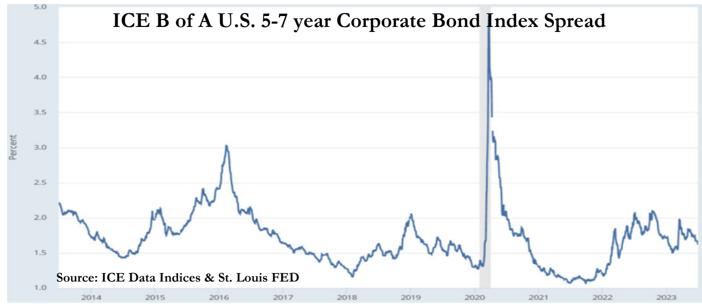
After a difficult 2022 for the bond market due to rapidly rising interest rates, 2023 yields have moved in a wide yet sideways trading range. Yields moved higher early in the first quarter then spiked lower in March with the regional bank concerns, only to move higher in the second quarter as bank and economic fears eased. Treasury interest rates on both the 2-year and 10-year steadily rose throughout the quarter, and the spread between the two rates widened further. The yield on the 2-year Treasury began the quarter at 4.06% and ended at 4.87%, while the 10-year Treasury began at 3.49% and ended at 3.81%. The inversion of the yield curve, which is a consistent indicator of a recession, remains. The spread between the 2-year Treasury note and the 10-year Treasury bond is at its widest point since the curve inverted in July 2022, as the spread is 1.06 percentage points at quarter end. The current difference between the 2-year and 10-year bond is approaching historical levels from the 1970s. While the economic data continues to be resilient in the face of higher interest rates and higher inflation than the Fed is aiming for, a prolonged inversion and further rate increases could put additional pressure on the financial markets.



The Federal Reserve continues to have a major impact on the markets and the economic outlook going forward. The last two Federal Open Market Committee (FOMC) meetings in the second quarter saw the Fed raise interest rates 0.25% at the May 3rd meeting and finally pause, or keep, the Federal Funds (overnight interest rates charged to banks) the same for the first time in 10 meetings. The current Federal Funds interest rate stands at 5.00-5.25% and the Fed has stated that further rate hikes will be dependent on future economic data.

The Fed released their Summary of Economic Projections (SEP), showing a median interest rate of 5.625% by the end of 2023, which implies an additional 0.50% interest rate increases potentially in the coming meetings. The Fed has already increased interest rates by 5% in the last 14 months and the economy needs time to digest these monetary actions. In addition, there was no mention of cutting interest rates at the last meeting, which some investors believed to be a possibility earlier in the year if the economy and market came under stress. The labor market continues to be strong, and the unemployment rate remains at historical lows below 4%, reducing the fears of a recession. However, with inflation remaining higher than the Fed's target of 2%, the regional bank stress experienced in March, and weaker consumer purchasing power, there remain significant reasons why a recession is still possible in the next 12 months. The next FOMC meeting is at the end of the July, and most economists/market prognosticators believe that the Fed will increase the Fed Funds interest rate another 0.25% at that meeting, with continued stable economic and sticky inflation data reports. The Fed continues to be under scrutiny, but the economy keeps rolling along and performing better than expected.

Investment grade corporate bond spreads (the yield premium for taking on corporate default risk) have risen from lower levels of the last few years. Higher spreads combined with higher U.S. Treasury bond yields have created reasonable return opportunities for investors thus far in 2023. The historic yields on 5-7-year maturity investment grade corporate bond yield spread over Treasury bonds, illustrated in the next chart, shows the historical premium during stable economic periods in which investors will require a 1 to 3% additional yield over a similar Treasury bond of the same maturity. In times of uncertainty or stress, corporate bond investors will require more, for example 5% in 2020 and as high as



8% in 2008. With current spreads near 2%, corporate yields are above 5%, which is refreshing and provides the opportunity to improve income generation and diversification in a balanced stock and bond portfolio. Corporate bond spreads declined slightly in the quarter as the economic and the regional bank failure risks abated. Despite the slight decline in spreads this quarter, high quality corporate bonds remain a sound investment option that offers a premium yield to Treasury bonds.

Inflation remains a major concern for economies outside of the U.S. as well. The EU continues to mirror the U.S.' moves in interest rates over the past two years, albeit at lower levels, while Japan continues to target near-zero interest rates. The U.S. 10-year Treasury bond did move up throughout the quarter, while the EU bonds moved up slightly and the Japanese 10-year remained relatively flat in the second quarter in response to weaker economic data for continental Europe. However, in contrast to the US., the European Central Bank did raise interest rates 0.25% at its last meeting (while the U.S. Fed paused), citing that inflation continues to remain hot, food prices remain high, and manufacturing in the EU has been weaker than expected. The chart below illustrates the 10-year bond movements for Japan, EU, and the U.S. over the past two years.

Taking advantage of higher yields in the fixed income market has been beneficial to client bond portfolios, adding both diversification and income. Our patient approach has proved prudent, as investing in bonds with ultra-low yields in 2020 and 2021 would have been detrimental to performance and risk avoidance. Currently, the bond market conditions offer an opportunity for higher and safer interest yields by locking in Treasuries and more recently CDs across the bond maturity ladder, making sure clients have adequate exposure to take advantage of the current and unique yield curve that continues to be inverted at near historic levels.

High quality corporate bonds remain a focus for bond portfolios, and we continue to invest in investment grade bonds that provide security and additional yield for extended holding periods, earning a yield higher than Treasury bonds, to diversify client's portfolios. Arcataur's process remains the same as we continue to search for reasonable inflation and risk adjusted returns in the bond market. Economic factors and the Fed's decisions will continue to impact interest rates going forward. The overall quality of the fixed income portfolio is single A, the aggregate average duration is 3.8 years, and liquidity remains sufficient to take advantage of future opportunities.

Third Quarter 2023 Investment Outlook

The U.S. economy and stock market continue to display unexpected stability and resilience, while the global economy is experiencing weakness with a higher likelihood of a European recession and a morose recovery in China. The solid U.S. employment trends, higher wages, and the massive Covid related fiscal stimulus directly to consumers are all factors that were different versus the response of the rest of the world.

With saving rates for U.S. consumers back to pre-Covid levels, stability of employment and the continued slaying the inflation dragon will be critical in the coming quarters to avoid following the weakness seen overseas.

A meaningful decline of inflation data has been welcome, however the ability to achieve the Fed's 2% target in the coming quarters looks to be less likely without a significant reversal in employment trends and economic growth. We continue to believe a more reasonable and historical target of 3 to 3.5% inflation is achievable without negatively impacting jobs or the economy.

It is now clear that the Fed miscalculated in September of 2021 by viewing inflation as transitory or temporary, and thus needed to take aggressive monetary actions in the summer of 2022 to correct its error. The risk for investors is similar if the Fed continues interest rate increases to achieve their 2% target, sacrificing jobs and the economy to achieve it.

The shift in sentiment over the last 9 months for investors, market strategists, and economists from extreme pessimism to having the S&P 500 within 7% of the all-time high is astounding. Based upon our experience and disciplined approach, we would expect a growing probability of a normal 5 to 7% correction, especially after the strong recovery. We have utilized the recent strength in the large capitalization segment to reposition towards better valuations offered by small and mid-capitalization portion of the market.

Investor's excitement in AI or machine learning can be a two-edged sword. The potential improvement in the new technology was a clear boost to stock prices that are currently expected to benefit from this progress. The conceivable risks in controlling the proper and appropriate use of AI is a concern to experts. The near term performance concentration with 8 to 10 mega-capitalization stocks driving the rise in the S&P 500 is not healthy or sustainable. Remaining diversified within equity portfolios in this environment is an important way to manage risks.

The dramatic rise in interest rates over the last 16 months has resulted in positive real (inflation adjusted) yields from bonds that have not been seen for the past 15 years. Maintaining a properly diversified and well-balanced fixed income portfolio is extremely important, especially with the current uncertainty.

Strong employment gains, Covid cash savings, and higher wages have been a primary factor in supporting economic stability and a basis for continued growth. Resilient consumer spending has remained at levels supportive of a stable and growing economy thus far.

Interest rates stabilized as risks relating to the U.S. banking system ebbed. Inflation remaining sticky along with somewhat better than expected economic growth has led to expectations for a 0.25% interest rate increase by the Fed over their next two meetings. A significant change, either in inflation and/or key economic data, will have a direct influence on the FOMC and investors.

Corporate profits are critical for valuing equities. While current expectations stabilized, the projected backend loaded recovery in the 3rd and 4th quarter of 2023 provides an element of uncertainty. The 2nd quarter reports and guidance by management due in the coming weeks will be important to support the recent rally or be a source for a correction.

The geopolitical unknowns continue to pose significant additional risks. The focus has been on Russia over last the 15 months, with China's aspirations to broaden its global influence in challenge to the U.S. continues. China's partnering with unpredictable adversaries and using a more heavy handed communist rule after growing its economy over the last 30 years of pseudo-free market concepts are a concern. The U.S. relationships in the Middle East have also become incrementally more adversarial.

While the 11th hour debt agreement avoided a government shutdown, the political divide within the U.S. continues to deteriorate. The division of power in Washington will have an incremental impact on the government's agenda. Financial markets tend to react favorably to a divided government, as it minimizes the probability of destabilizing or significant legislation. The Supreme Court's recent ruling on stopping the Biden administration Student Debt Forgiveness plan will have political and economic consequences.

Annual stock market returns have historically averaged +13% after inflation peaks. In those cases where no recession followed, stocks were up 17%. We have witnessed an over 25% rise in the S&P 500 since early October, as inflation peaked in the 3rd quarter of 2022. While the current period is obscured by the extraordinary monetary policy of the last 14 years and the rebound from the Covid pandemic, the historical data indicates that investor and consumer outlook tends to improve with a normalization of inflation. The potential for a 5 to 7% correction can provide a pause that refreshes the stock rally, assuming continued economic growth and falling inflation.

For our clients, total equity exposure remains slightly above average within targeted ranges. Rising interest rates allowed for new investment opportunities, especially in the bond market, with more attractive valuations and higher yields. Incremental new investments in stocks and equity allocation will be monitored closely with the expected volatility in the coming months.

AI Advancement is Exciting, though History Cautions Investors to be Pragmatic

Artificial Intelligence (AI) or machine learning is the latest technology development that can be transformative for the U.S. economy, technology industry, and stock market. The leading semi-conductor and AI company, NVIDIA, stock has risen dramatically with the recent surge, joining an exclusive and growing number of entities eclipsing the $1 trillion market capitalization level. The recent rise in the stock market is technically considered a bull market (rising more than 20%), with a small number of technology companies accounting for the preponderance of gains, and investor excitement (or perhaps hysteria?) over AI being a driving factor. There is little doubt that AI will be a transformative technology. Even in its current nascent stage, AI has profoundly affected major industries, such as finance with algorithmic trading and major improvements in fraud detection; healthcare with predictive medicine, improved drug and vaccine development, and telehealth; education with personalized learning paths and intelligent tutoring; transport and logistics via enhanced fleet management, route optimization, and inventory control; agriculture with precision planting and crop yield maximization; and energy via smart grids, building climate controls, and sophisticated systems to manage renewable energy installations. In fact, it is difficult to find a significant industry which will not be substantially affected and hopefully improved by the widespread application of AI techniques to even the most mundane of business operations. A company's AI capabilities and strategies will be an increasingly important component of whether it succeeds or fails and how its stock is valued by investors. Wall Street and Silicon Valley will inevitably deluge investors with a 'surefire' path to riches based upon the simple idea of buying NVIDIA, Microsoft or a basket of the hot young AI initial public offerings (IPOs); however, investing is never that easy. While simply buying hot concept stocks can work wonders for a while, it almost always ends in trouble. The proliferation of the Internet more than 25 years ago was the next big thing for the economy, technology stocks, and the stock market. It is hard to dispute the assertion that, in fact, the Internet lived up to or exceeded the hype. It has profoundly and permanently impacted almost every aspect of our lives. Similar to today, there were some stocks like AOL, Cisco, Lucent, Sun Micro, Yahoo, and many more, which were viewed as can't miss investment opportunities in the early stages. Yet almost all of these stocks turned out to be massive losers even as the internet itself exceeded expectations. Furthermore, arguably the greatest success story of the internet age, Amazon, had a nearly 12 year period where its stock, on a split-adjusted basis, remained below its highest stock price in the late 1990s. The message for investors is that there are no sure things, that valuations matter, and that diversification across industries and across companies within a given industry are paramount investment maxims. AI may in fact be a stupendous concept that revolutionizes our very way of life, but history shows that chasing perceived winners in early stages of development does not guarantee positive long-term investment results.

Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years, 5 Years & 10 Years Ended June 30, 2023

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 6/30/2023				
Large Cap Direct Stock Equity	7.01%	18.78%	15.79%	12.34%	12.13%
Large Cap Equity ETF	8.49%	19.01%	14.05%	12.02%	12.59%
Benchmarks					
Lipper Large Cap Core	8.10%	18.00%	13.20%	11.20%	11.80%
Dow Jones Industrial Average	3.89%	13.96%	12.16%	9.41%	11.11%
S&P 500	8.74%	19.59%	14.61%	12.31%	12.86%
S&P 100	11.03%	21.88%	14.86%	13.41%	13.20%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 6/30/2023				
Small Cap Equity	3.40%	9.45%	14.35%	4.78%	9.21%
Mid-Cap Equity	4.75%	16.74%	14.32%	7.20%	9.80%
Benchmarks					
Lipper Small Cap Core	4.00%	12.30%	15.10%	5.10%	8.10%
S&P 600	3.38%	9.75%	15.20%	5.22%	9.81%
Lipper Mid-Cap Core	4.60%	12.50%	14.40%	7.30%	8.90%
S&P 400	4.85%	17.61%	15.45%	7.79%	10.21%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 6/30/2023				
Fixed Income	-0.46%	0.55%	-1.91%	0.87%	1.52%
Benchmarks					
Bloomberg Barclays 1-5 (T/G/C)	-0.62%	0.19%	-1.57%	1.16%	1.14%
Bloomberg Barclays Aggregate	-0.84%	-0.94%	-3.97%	0.77%	1.52%
Bloomberg Barclays 1-3 (T/G/C)	-0.37%	0.52%	-0.88%	1.13%	0.99%
Lipper Bond MF Avg.	0.20%	2.40%	-0.50%	1.40%	1.80%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 6/30/2023				
Developed International Equity	3.13%	16.60%	8.58%	4.01%	5.09%
Emerging International Equity	1.08%	0.52%	3.21%	1.67%	2.56%
Benchmarks					
EAFE	2.95%	18.77%	8.94%	4.39%	5.41%
MSCI Emerging Market Index	1.04%	0.94%	1.68%	0.39%	2.40%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 6/30/2023				
Total Equity*	5.98%	15.62%	13.39%	9.19%	10.45%

*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.

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 6/30/2023				
Managed Balance	3.72%	10.45%	8.28%	6.53%	7.50%
Benchmark					
Lipper Balanced	3.00%	7.60%	6.67%	4.90%	6.86%
60/40 Custom Index	3.77%	10.47%	7.02%	5.96%	6.95%

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.

Calculation Methodology- The composites reflect dollar-weighted returns of individual accounts. Arcataur composites may include some discounted or non-fee-paying accounts, which could cause the net return to be higher than it would be otherwise. Arcataur uses the time-weighted internal rate of return formula (i.e., returns that include reinvested dividends and other income) to calculate performance for the accounts included in the composite. Individual account returns are calculated on a time-weighted basis, linked daily, and include reinvestment of dividends and other such earnings. Total return (return) is defined as the percentage change in market value (including interest and dividend income) adjusted for any client-directed cash flows. A time-weighted, daily-linked method is used to calculate composite calendar quarter, annual, cumulative and annualized returns. No leverage or derivatives have been used. Cash is not included in the performance calculations for the Arcataur Large Capitalization Equity Portfolio Composite or the Arcataur Investment Grade Fixed Income Composite; Arcataur also does not allocate cash in the Arcataur Managed Balance Portfolio Composite to the equity or fixed income components when calculating performance for those components. Cash is, however, included in the overall performance calculation for the Arcataur Managed Balance Portfolio Composite.

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 Lipper 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 Lipper 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 Lipper 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 - Lipper 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 Lipper 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 Lipper 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 Lipper Balanced Fund Average, the Lipper Large Cap Core Average, the Lipper Bond Mutual Fund Average, the Lipper Small Cap Core Average, and the Lipper 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.

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