Volume 2025 Issue 1

First Quarter Review
March 2025

Arcataur Capital Management LLC
A Registered Investment Advisor

High Quality Investment Management

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Inside This Issue:

A Balanced Approach

March Madness Starts Early for Equity Markets

After reaching an all-time high price level in mid-February, the S&P 500 declined for the first 10% correction in nearly two years and was the 7th fastest since 1929. Most of the correction came in the first nine trading days of March as heightened concerns of economic deceleration, escalated tariff threats, and significant government jobs cuts, caused investors to quickly shift to a more defensive posture. Fortunately, for client portfolios, large capitalization stock exposure was trimmed into the strength late in 2024 and early in the New Year due to valuation concerns and our asset allocation discipline. For newer clients needing to reposition holdings, patience was also rewarded as we were able to buy into the recent weakness.

International equities collectively under performed in the last six months of 2024, and for most of the last ten previous years, largely due to stagnating economic growth. Based upon cheaper valuations and our asset allocation diversification targets, exposure dipped below our targeted minimum levels, so we added to international holdings in late 2024. This shift for client portfolios added significant value as Developed International stocks materially outperformed the S&P 500, up 6.9% in the first quarter. Emerging market stocks also produced a positive return, but less than the international developed markets index.

The rise in international stock prices reflect the continued hope of stimulative effects of lower interest rates and fiscal discipline allowing economic activity to improve. The structural issues in housing, manufacturing, declining population growth, along with employment trends, will require more than monetary stimulus in order to restore confidence in these troubled areas of the globe. Most recently, the significant commitment by Germany to invest $1.1 trillion Euros on defense and infrastructure was received positively for overall security and economic stimulus. Other countries within the EU are considering similar investment plans.

At its core, current market volatility reflects key components of domestic economic growth, inflation, employment trends, corporate profit growth, and consumer sentiment. U.S. economic growth is showing signs of deceleration. The first quarter of the year historically offers a seasonal slowdown in economic activity and forecasts hover at 1.5 to 2% annual growth in the U.S. economy. Given all the moving parts, future data is needed to determine if results are better or worse than forecasts and financial markets will adjust, but hopefully avoid a "bracket buster" outcome.

After the March Federal Open Market Committee (FOMC) meeting, the Fed maintained its pause on short-term interest rate cuts citing balance to its dual mandate of stable prices (inflation) and employment, while reducing the 2025 U.S. economic growth forecast to 1.7%, down slightly from 2.1%. Financial markets reacted positively to its decision to reduce the pace of runoff of bonds held on its balance sheet. This minor shift was viewed as incrementally less restrictive monetary policy.

The March jobs report of 4.2% unemployment was a slight uptick, but included stable job growth and labor participation and meaningful rise in non-farm payrolls. While the unemployment rate remains at the highest level over the last 35 months, it remains low on a historical basis. Based upon the concerns of decelerating economic growth, labor trends in the coming months will be a focus for investors and consumers.

Ending the global geopolitical conflicts continues to be a work in progress. The turmoil in the Middle East has severely diminished radicalized factions (Hamas and Hezbollah in particular). The related degradation of Iran and Russia's capabilities to supply munitions to adversaries allowed for both a regime change in Syria and impacted Ukraine's efforts to fend off Russia more effectively. Both ceasefires appear to be more tenuous after contentious meetings and negotiations. The commitment of Germany and other EU countries to increase defensive spending and military personnel provides a needed commitment the U.S. has encouraged. These efforts have been exemplified most by Poland over the last twenty years due to its history and proximity to Russia.

The Trump Administration's attempt to broker a settlement of the now three year Russian invasion of Ukraine has been unorthodox. While the conflicts in Ukraine and the Middle East are not directly related, they clearly play into the resetting of ideological alliances ongoing in the world today. The alliances between China, Iran, Russia, and North Korea continue to be a focus for the less cohesive alliances of the west and historical NATO countries. Meanwhile, China continues its on and off aggression in the South China Sea and remains emphatic in its claims over Taiwan.

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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%).

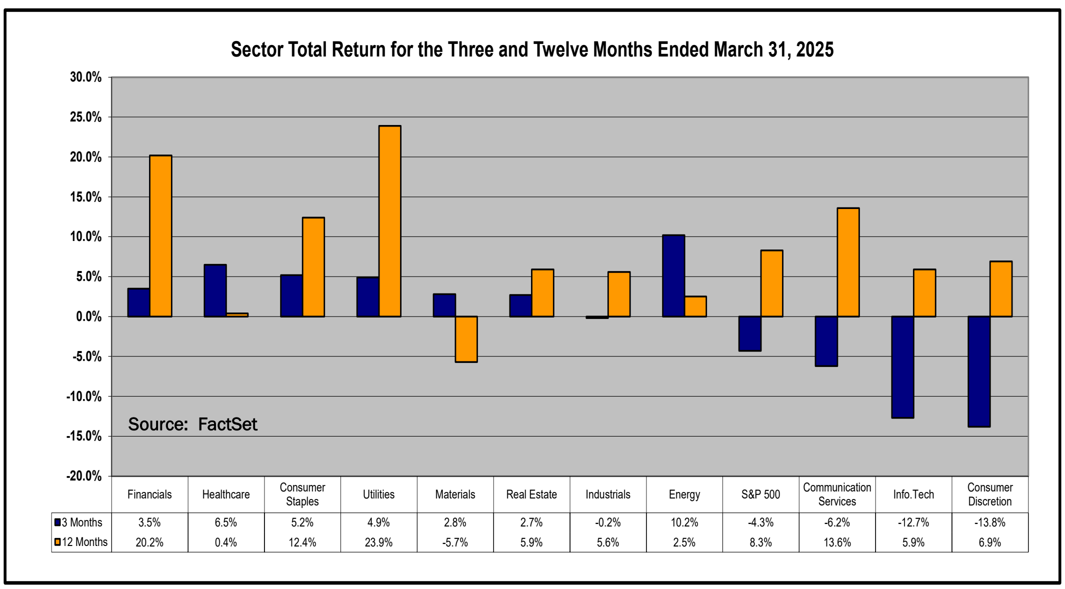
March Madness Starts Early for Equity Markets (cont.)

Corporate profit expectations are a key determinant in valuing stocks. The first quarter of 2025 reports due over the next seven weeks for the S&P 500 are expected to produce a 7% increase from the 1st quarter of 2024. For the first quarter, the large mega-capitalization technology stocks were the catalyst of the correction in early March, as elevated valuations and the worries of decelerating earnings growth later in the year fueled investors concerns. This sell-off lowered the S&P 500 price-earnings ratio from 25 times to 21 times expected earnings. The lower valuation and broadening of the market in the first quarter offers a more reasonable position and outlook for investors. Small and Mid-Capitalization stocks continue to trade at a significant discount below 15 times estimated earnings. Historically, Small and Mid-Capitalization stocks trade at a premium multiple versus the S&P 500; however earnings growth has been subpar compared to large capitalization stocks for some time. Based upon estimates for the second half of 2025, smaller capitalization companies earnings could rise faster. Lower interest rates would incrementally help small to mid-capitalization companies earnings potential, as well as these companies tend to be more leveraged.

Oil prices reached a three-year low in early March and have remained in a tighter range averaging $70 per barrel in the first quarter. Currently, oil is near lows, which has been in a narrow trading range of $65 to $90 over the last 33 months. The decelerating economic data globally and near normal domestic inventories have kept oil prices lower. U.S. gasoline prices have remained in a lower and narrower range over the last 18 months; however it should be expected to see higher prices entering the seasonal driving season in the U.S. The colder weather in the first quarter moved U.S. Natural Gas prices to above $4/mcf, which is the highest price since December 2022. Natural Gas averaged between $2 and $3/mcf from January 2023 to December 2024. Baring any unforeseen events or shift in economic growth expectations, energy prices should remain stable and within the historical ranges of the last few years.

For the quarter, the S&P 500 (total return) was down -4.3%, while the Dow Jones Industrial Average fell by –1.0%. The technology-heavy NASDAQ Composite declined by -10.3% in the quarter. The S&P 600 Small Cap Index down by –8.9.% and the S&P 400 Mid-Cap fell by -6.1% in the quarter. Developed international markets rose by 6.9% and emerging markets increased by 4.5% for the quarter.

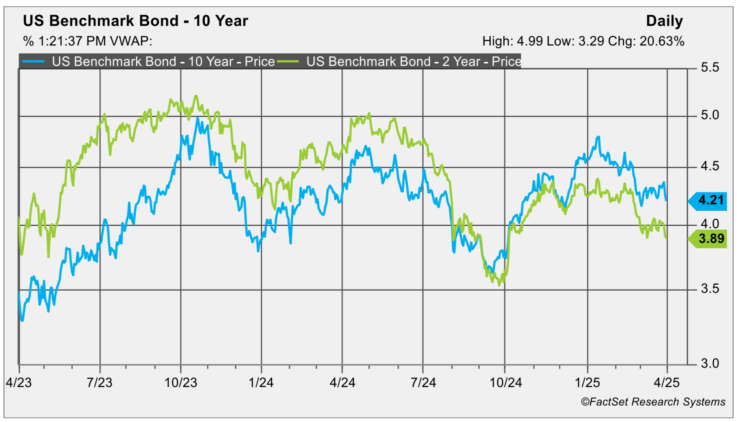
Defensive (Healthcare & Consumer Staples), Interest Sensitive (Financials, Utilities and Real Estate) and Energy sectors were significant outperformers in the first quarter. Only four sectors, Financials, Staples, Utilities and Communication Services outperformed the S&P 500 on a twelve month basis. This reflects the broadening of performance through lower interest rates and a conservative shift by investors away from the previously dominant Technology and Artificial Intelligence focused companies and towards lower valuation companies. The three lagging sectors in the quarter were led lower by the concentrated weights of Technology, Semiconductors, along with Tesla, Amazon, Google, and Meta. Companies and industries more impacted by higher tariffs also underperformed as well. The chart below illustrates how all the sectors performed in the quarter and for the trailing twelve months.



	Financials	Healthcare	Consumer Staples	Utilities	Materials	Real Estate	Industrials	Energy	S&P 500	Communication Services	Info.Tech	Consumer Discretion
3 Months	3.5%	6.5%	5.2%	4.9%	2.8%	2.7%	-0.2%	10.2%	-4.3%	-6.2%	-12.7%	-13.8%
12 Months	20.2%	0.4%	12.4%	23.9%	-5.7%	5.9%	5.6%	2.5%	8.3%	13.6%	5.9%	6.9%

Bonds Not as 'Mad' in March as Yields Decline

Like the equity market, the bond market is dealing with uncertainty, largely regarding direction of the economy and inflation. While the election of President Trump pushed yields higher through year end, the "Trump Bump" faded. After seeing higher yields as we entered 2025, Treasury yields moved lower as the first quarter of 2025 came to an end. The 10-year Treasury yield began the year at 4.6% and ended the quarter at 4.2%, while the 2-year Treasury yield began at 4.3% and ended at 3.9%. Recession and inflation fears increased, driving GDP growth estimates lower, explaining most of the decline in yields in the quarter. The risk of rising tariffs and restrictive immigration policy is viewed as inflationary and yet yields declined as concerns of a slowing economy outweighed the inflation impact of potential policy moves. Continued policy uncertainty could keep the markets unsettled near term until the broader policy and economic impacts are more discernable.



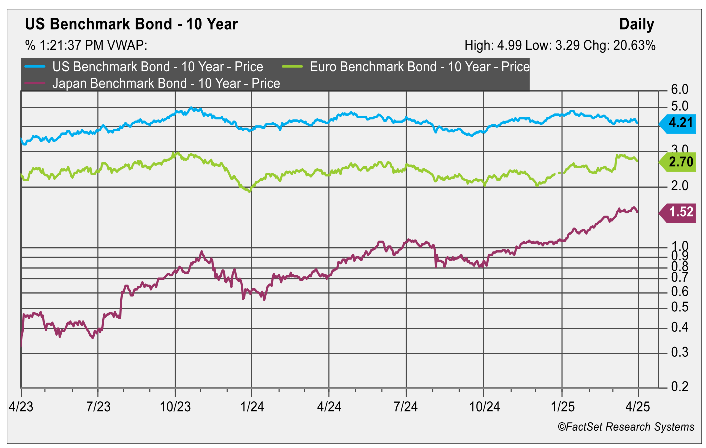
The Federal Reserve held two FOMC meetings in the first quarter, and the Fed maintained Federal Funds Rate unchanged in both meetings at a rate of 4.25-.4.50%. While the Fed cut rates 0.25% at the December meeting, they have since 'paused', waiting to see what the actual policy actions are in D.C., as well as some visibility of how the economy may be impacted. From the March meeting, the Fed raised its inflation forecast for 2025 to 2.8%, up from 2.5% at the January meeting relating to the risk of tariffs, and lowered their annual GDP forecast for 2025 to 1.7% from 2.1%. Keeping its target inflation rate at 2%, and with these new forecasts, the Fed is anticipating a slowdown in the economy, largely due to the uncertainty surrounding President Trump's policies and related reduced consumer confidence. In addition, the Fed released its "dot plots" or its estimations of the future of further Fed interest rate changes. They forecasted two interest rate cuts in 2025, two in 2026, and one in 2027; however, this is likely to change based upon the direction of the economy. During his press conference in March, Fed Chair Jerome Powell stated that the Fed was not in a hurry to reduce interest rates again and will wait for more economic data before deciding on further interest rate moves.

Corporate bond spreads (the incremental yield provided to accept default risk) remained tight in the first quarter. Spreads rose from 0.80% to 0.90% for corporate bonds maturing in 5–7 years as shown in the next chart. While this widening of credit spreads is welcomed by investors, it is still near historic lows. Thus, it remains challenging to find appropriately valued investment grade corporate bonds that account for their incremental risk. Treasury bond yields declined in the first quarter,

ICE B of A U.S. 5-7 year Corporate Bond Index Spread

yet remain a safer and more liquid investment for clients. If the economy deteriorates, credit spreads could widen further, making quality corporate bonds more attractive.

Yields in the EU and Japan historically follow a similar pattern to their U.S. counterparts. However, in the first quarter, those paths diverged. While interest rates in the U.S. market declined, interest rates in the EU and Japan continued to rise, following a pattern experienced in the fourth quarter, as shown in the chart below. The interest rates in the EU are the highest they've been since October 2023, and interest rates in Japan, after being below 1% for years, are now at the highest point since 2008.



Our disciplined approach has benefited clients over the years and particularly worked well more recently. Interest rates were higher throughout 2024, provided an attractive buying opportunity of Treasury bonds and bond ETFs for client's portfolios. We were able to rebalance portfolios and purchase Treasuries and high quality corporate bonds across the maturity curve with yields above 4% and above current inflation levels. Locking in these attractive yields has benefited clients now with declining interest rates and has provided an offset to the declines in the equity markets. As yields decline, bond prices rise, equating to higher returns for clients in their fixed income portfolios in the quarter. This prudent and patient approach adds value to portfolios and we continue to follow this approach to find value in the investment grade bond market. While finding high quality corporate bonds with an attractive spread has been difficult, we are actively looking for opportunities where we view the risk and return attractive. The overall quality of our fixed income portfolio is single-A, aggregate average duration is 3.5 years, yield to maturity is 4.6%, and liquidity remains sufficient to take advantage of future opportunities.

Second Quarter 2025 Investment Outlook

The concentrated and momentum driven move in stock prices in 2024 and the first two months of 2025 was significantly reversed in March. The broadening of the stock market and correction can be a healthy development, but it is difficult to handicap the uncertainty relating to trade, tariffs and immigration policy.

The sweeping breadth of policy change from the Trump administration certainly created uncertainty and increased volatility in late March and early April. The April 2nd tariff announcement was dramatic, and markets and countries have begun to react. Government cost cutting, budget negotiations, immigration policy, crypto reserves, global conflict negotiations and other moving parts are simply a lot to assess. All of this is underway and the impacts will take time to be understood and measured. As such, investors continue to expect elevated market volatility until there is more clarity on the short and long term impact of these actions.

Based upon current data economic growth is expected to decelerate. The probability for a U.S. recession has crept up of late, but is still relatively low. Employment trends remain stable, while consumer sentiment has declined. The savings rates for U.S. consumers have increased to 4%, which is a 2-year high level that reflects a cautious stance. Historically, this can be a positive sign for the future once uncertainty subsides and U.S. consumers have resources saved to satisfy pent up demand for goods and services.

Valuation of the previous leading areas of the market, technology and AI, have come off its frothy levels, but are still higher than the broader market. The ability to maintain significant free cash flow and return on equity above other companies make this an area to maintain appropriate exposure.

The Federal Reserve is currently maintaining a slightly restrictive monetary policy as focus continues to be bringing long-run inflation down to their 2% target, but they have the capability to provide more liquidity by lowering short-term interest rates in the event of a weaker economic and employment data, or provide less liquidity by raising short-term interest rates in the event of rising inflation. Elevated geopolitical differences or an unexpected course of events can change the calculus quickly, and the uncertainty has investors on edge. Adversarial approaches to resolving differences can lead to a lose/lose proposition.

Rising deficits and the cost of financing the national debt remain a concern as well. Reducing tax burdens can be stimulative; however, the timing of finding efficiencies and other offsets to reduce government spending may not occur quickly enough to prevent already excessive deficits from increasing.

The challenges to ending the Russian/Ukraine and Israel/Gaza wars have increased, let alone agreeing to an authentic cease fire that could lead to real peace. The substantial destruction in Ukraine and the Middle East will need significant reconstruction when reasonable peace is achieved. A more stable and better functioning global economy would be beneficial both for the U.S., and for more stagnant regions across the globe.

Currently, consensus earnings estimate for the S&P 500 is for a solid +11% rise in 2025, but can be derailed by a more significant down shift in economic growth. With the now 20% correction in early April, valuations have moderated approaching 19 times 2025 earnings, down from 25 times two months ago. Any events that would be destabilizing to the domestic economy or other factors that impact corporate profit outlooks would be an additional risk for investors.

The solid employment trends have provided stability to the U.S. economy, although consumer confidence and spending has decreased recently. Weather trends and the seasonally slower first quarter provides hope that the coming months could provide better economic activity supporting future growth.

Any meaningful decrease in employment trends could lead to a meaningful economic deceleration. This is not our base case currently, but the financial markets have reacted to a more defensive posture.

Market volatility in early April spiked quickly to the levels last seen in March 2020 (Covid shutdown) as tariff and related economic growth concerns have spooked investors which produced a 20% bear market decline. Bond prices rose as interest rates declined. Investors will need to have more certainty of time and magnitude before the stock market stabilizes and eventually recovers.

For our clients, total equity exposure remains slightly above average within targeted ranges. Previously, the Large Capitalization portion of stock exposure was a source of funds. Recent incremental additions included Small and Mid-Capitalization domestic stocks with more attractive valuations. International exposure has outperformed domestic stocks in 2025 and recently offered incremental opportunities for newer clients.

The decline in interest rates and the rise in bond prices have shifted quickly over the last two months. Adding bond exposure late last year and early this years has served our clients well. Clients' well-diversified fixed income portfolios have performed well. Expectations for declining short-term interest rates and potentially rising longer-term interest rates into more economic and financial market stability are the current outlook. 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.

Trade Winds are "A Changing", but for the Better?

After a bewildering series of tariff-related announcements throughout March which impacted stock prices, investors finally saw the full tariff package on April 2, 2025 "Liberation Day". Investors reacted negatively the following days. The Dow Jones fell into correction territory, while the S&P 500 and NASDAQ realized a decline of more than 20% from its latest peak in mid-February, which coincides as an outright bear market in the second week of April. What are President Trump's tariff plans? Tariffs are simply a tax on goods imported from a foreign country into the country imposing the tariff. They have been a tool used by countries for hundreds of years for a variety of reasons with a decidedly mixed record of success. Trump's plan imposed a 10% baseline tariff on all goods imported into the U.S. starting April 5 plus a "reciprocal" tariff on individual countries ranging from 10% to 46%. The level of these tariffs were far more punitive than markets expected and contributed to the intensity of the selloff. The simplistic method used to calculate the reciprocal tariffs added to the uncertainty. Companies can avoid all tariffs by producing their goods in the USA which is the principle goal that Trump is espousing. It is estimated that tariffs will raise somewhere between $600 to $800 billion in revenue to the Federal government. Combining this with the supposed $1trillon in savings achieved by Elon Musk's DOGE task force and Trump will have $1.7 trillion to use to simplify the tax code, reduce taxes, make permanent the 2017 tax cuts, and reduce the deficit. Most economists do not support this logic. With tariffs being imposed immediately, the inflationary and recession effects will be felt quickly. This timing risk may tip the economy into a recession before the stimulative impact of lower taxes arrives. It is possible that substantive discussions will begin immediately to lower or eliminate many of these tariffs before it creates more damage. The bigger concern is a sense that the 80 year global trading system was beginning to break down before President Trump's tariff proposals. As new trading blocs have emerged, driven by China, there are alternatives to the U.S. in trade matters that may be outright hostile to American interests. Long time trading partners no longer appear to be so willing to capitulate to American trade demands. In fact, this may represent a fundamental threat to the post World War 2/Brenton Woods trading agreement, which most would argue provided a positive proposition to most citizens of the world. Economist David Ricardo's comparative advantage theory was born out as generally open and free trade led to increasingly efficient supply chains and reduced goods inflation—a condition that contributed to massive global improvements in the standard of living and a steady tailwind to capital markets. If that era is at an end, prices vis-à-vis tariffs will rise, U.S. dominance is at risk of slipping, trading markets may fragment, and companies will face added uncertainty in competing globally. This is not to predict the end of the world or even the demise of the U.S. as a fruitful investment locale, however it portends a world where positive capital market returns may require more skill and discernment than what's been realized in the last 40 years.

Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years, 5 Years & 10 Years Ended March 31, 2025

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 3/31/2025				
Large Cap Direct Stock Equity	-4.4%	6.8%	7.8%	18.4%	11.3%
Large Cap Equity ETF	-4.2%	7.7%	8.5%	17.9%	12.1%
Benchmarks					
Morningstar Large Cap Core Average	-3.8%	5.8%	7.8%	17.3%	11.0%
Dow Jones Industrial Average	-1.0%	7.3%	8.6%	16.0%	11.3%
S&P 500	-4.3%	8.3%	9.1%	18.6%	12.5%
S&P 100	-6.0%	10.6%	10.5%	19.5%	13.5%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 3/31/2025				
Small Cap Equity	-9.1%	-3.9%	0.2%	14.5%	6.9%
Mid-Cap Equity	-6.1%	-3.0%	3.7%	16.1%	7.8%
Benchmarks					
Morningstar Small Cap Core Average	-8.1%	-3.5%	2.0%	15.3%	6.6%
S&P 600	-8.9%	-3.4%	0.7%	15.1%	7.5%
Morningstar Mid-Cap Core Average	-4.6%	-0.1%	4.5%	16.0%	7.9%
S&P 400	-6.1%	-2.7%	4.4%	16.9%	8.4%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 3/31/2025				
Fixed Income	2.1%	5.4%	1.9%	1.7%	1.9%
Benchmarks					
Bloomberg Barclays 1-5 (T/G/C)	2.0%	5.7%	2.8%	1.3%	1.8%
Bloomberg Barclays Aggregate	2.8%	4.9%	0.5%	-0.4%	1.5%
Bloomberg Barclays 1-3 (T/G/C)	1.6%	5.6%	3.1%	1.6%	1.7%
Morningstar Core Bond Average	2.7%	5.0%	0.6%	0.1%	1.4%

Arcataur Composite Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 3/31/2025				
Developed International Equity	7.0%	4.3%	5.2%	11.5%	4.9%
Emerging International Equity	2.9%	11.4%	2.4%	8.9%	3.6%
Benchmarks					
EAFE	6.9%	4.9%	6.1%	11.8%	5.4%
MSCI Emerging Market Index	4.5%	8.9%	1.4%	7.4%	3.1%

Arcataur Portfolio	3 months	12 months	3 yr. annualized	5 yr. annualized	10 yr. annualized
	Total Return 3/31/2025				
Total Equity*	-3.8%	4.4%	5.8%	16.2%	9.6%

*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 3/31/2025				
Managed Balance	-1.8%	4.7%	4.5%	11.0%	7.0%
Benchmark					
Morningstar Balanced Fund Average	-0.3%	5.4%	4.3%	10.1%	6.3%
60/40 Custom Index	-1.3%	5.5%	5.3%	10.1%	6.9%

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 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.

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