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Third Quarter Review
September 2021

Arcataur Capital Management LLC
A Registered Investment Advisor

High Quality Investment Management
For Individuals and Institutions

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Inside This Issue:

A Balanced Approach

Cost-Push Inflation & Virus Trends Delay Full Economic Normalization

Rising corporate profits and historically low interest rates fueled a steady rise in stock prices for the first eight months of the year. On September 2nd, the S&P 500 registered its 54th all-time high price level in 2021. A deeper dive into the broader market averages revealed some offsetting trends beneath the surface over the previous few months, which ushered in increased market volatility in September and early October.

While longer-term economic forecasts are favorable, investor concerns are rising, especially as the Federal Reserve inches towards tighter monetary policy. Supply chain interruptions, increasing inflation risk, China's overt demonstrations that they are indeed a Communist country, Washington debates over raising taxes to partially pay for the trillions of dollars of new government spending, and debt levels near current policy limits also have captured investor's attention.

Stock price volatility seasonally increases in September and October and this year is proving to be no exception. The potential default of Evergrande, the highly leveraged Chinese property developer, has raised concerns of broader financial issues in the world's second largest economy. Supply chain interruptions are increasing the risk of corporate sales and/or manufacturing production delays, higher prices, and potentially lower corporate profits.

According to the International Monetary Fund (IMF), global economic growth is expected to be 6% in 2021 and 4.9% in 2022. If achieved, this would be the fastest growth in nearly 50 years. Growth exceeding 4% for two consecutive years is extremely rare. Stock valuations reflect these optimistic forecasts and are supported by historically low interest rates.

The late summer spike in Covid cases directly weakened economic activity and employment trends. The delta variant of the virus fueled concerns of new challenges that could lead to more restrictive measures. This has led to a more aggressive stance on increasing vaccination rates and introducing booster shots. More recently, the development of antiviral treatments and peaking virus trends have the potential to improve the mood globally by putting the worst fears of the virus behind us in the coming quarters.

Equity valuations remain elevated versus historical measures, yet have been fairly stable during the first nine months of the year, with stock prices moving in lockstep with rising earnings forecasts. The anticipation of a recovery from the pandemic is largely reflected in current financial asset prices, however it is uneven, as there are significant segments of the economy that remain below potential growth due to changed behaviors over the past eighteen months.

Analysts are starting to include rising interest and tax rates into their 2022 corporate profit estimates but the magnitude will not be uniform for all companies. Multinational companies may face the largest impact of increasing taxes. The current negotiations in Washington are taking longer and seem to portend lower spending and tax increases then originally proposed by the Biden Administration and the Democrat-led Congress.

With the reopening of the economy, demand accelerated rapidly and the global economy now appears to be facing some potential headwinds. Supply chains, both local and global, are taking longer than expected to overcome bottlenecks driven by demand growth. This has led to dislocations in the availability of finished products like cars and to shortages of component supplies, such as semiconductors. Port disruptions and truck driver shortages continue to bog down materials and product availability. Companies are having trouble re-hiring enough workers to satisfy the surge in demand across many industries. While the normalization of these issues could take until 2023, the near term divergence between supply and demand has led to a resurgence of inflationary pressures that have not been witnessed for several decades.

The Federal Reserve's initial stance that the inflationary impacts are transitory has recently changed with their latest comments that it may take longer for cost pressures to subside. The risk of cost pressure becoming more permanent or structural is still considered remote, however investor and consumer psychology is beginning to show signs of incremental changes to this stance.

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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%).

Cost-Push Inflation & Virus Trends Delay Full Economic Normalization (cont.)

While trade and globalization have created many economic benefits, some of the imbalances that have popped up may take longer to resolve. The fight over intellectual property rights and technology dominance, which is reflected by the semiconductor shortages, impacts nearly all consumer and capital goods. With Taiwan being the dominant global supplier, its continued independence is a significant risk. The rising tensions with China and their desire to gain more influence on the global stage has the U.S. and allies reassessing important supply sources for the ever-evolving economy, as well as for strategic security.

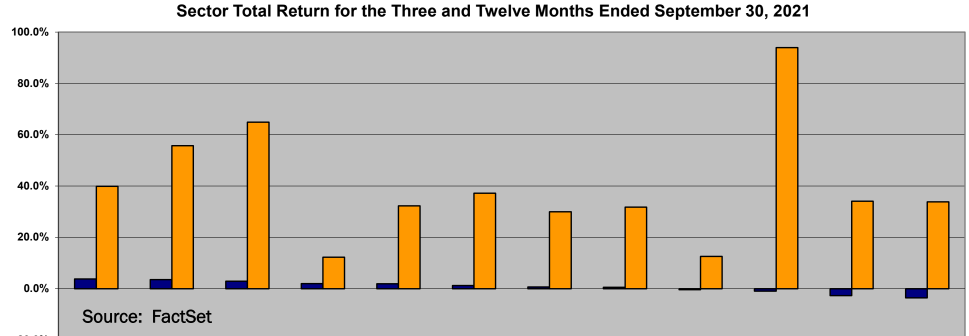
Employment trends and wage inflation are likely to be primary determinants of the economic trajectory in the coming years, as the Fed looks to eventually normalize monetary policy. Employment gains for September followed the August report being weaker than expected. The September report included a decline in local government employment which offset private sector job gains. The unemployment rate fell to 4.8% from 5.1% in August with a larger than expected drop in labor participation driven by demographics (retirement) and a drop in women in the labor force. Wages also increased 4.6% year over year which was in line with expectations, however continues the inflationary trends over the last year.

Oil prices recently rose to a 7-year high of $79 per barrel. The disciplined response by producers and the continued reopening of the global economy has caused demand to rise throughout the year. Domestic and OPEC producers are gradually increasing production to meet demand. OPEC's announcement that it will not increase production more dramatically has pushed prices up quickly. Although the potential of Iranian oil returning to the global market place is a remote possibility in the near term, any thawing in the current posture of either the U.S. and Iran could escalate oil price volatility. Global focus on climate considerations and the expansion of electric powered vehicles will have a growing, but glacial effect on the global energy markets.

For the quarter, the S&P 500 (total return) was up 0.6%, and the Dow Jones Industrial Average fell by -1.5%. The technology-heavy NASDAQ Composite declined -0.2% in the quarter, as investors rotated away from well-capitalized technology mega-cap companies, somewhat reversing outperformance earlier in the summer. The NASDAQ still lagged the broader averages on a year-to-date basis, reflecting investor preference for more economically sensitive and smaller companies in the first 9 months of the year. The S&P 600 Small Cap Index fell by -2.8% and the S&P 400 Mid-Cap was down -1.8% in the third quarter. Developed international markets fell by -0.5% and emerging markets sold off, down -8.7% for the quarter. While China is the world's second largest economy, it is still classified as an emerging market. The aggressive restrictive domestic measures by the Chinese government and the Evergrande default produced a -16% decline in their domestic stock market for the quarter.

Performance rotated during the third quarter, with economically sensitive sectors (energy, materials and industrials) lagging from rising economic risks. Rising interest rates supported financial companies' performance and more defensive sectors (healthcare and utilities) were favored. This is somewhat the opposite of the second quarter sector performance and reflects the uncertainty that has crept into investor's outlook. The doubt from the timing and magnitude of rising interest rates and global economic growth next year have recently impacted investor's conviction in sector performance. The chart below illustrates how all the sectors performed in the quarter and for the trailing twelve months.

Sector Total Return for the Three and Twelve Months Ended September 30, 2021



	Healthcare	Communication Services	Financials	Utilities	Info.Tech	Real Estate	S&P 500	Consumer Discretion	Consumer Staples	Energy	Materials	Industrials
3 Months	3.8%	3.5%	2.9%	2.0%	1.9%	1.2%	0.6%	0.5%	-0.4%	-1.0%	-2.7%	-3.6%
12 Months	39.9%	55.7%	64.9%	12.3%	32.3%	37.2%	30.0%	31.8%	12.5%	93.9%	34.1%	33.8%

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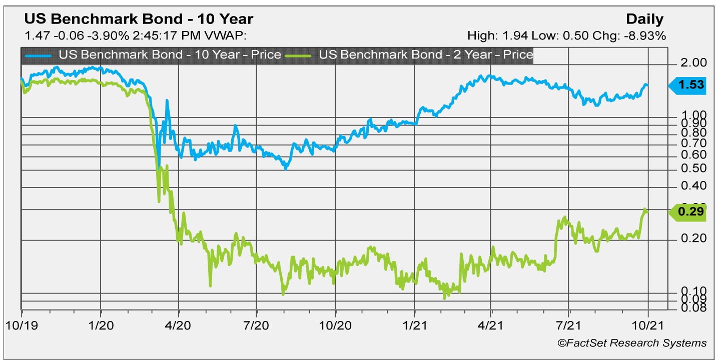
Fed Sends Signals of a Change in Policy Direction

The speed and magnitude of the economic recovery raised inflation levels and yields in the spring and early summer of 2021. As summer progressed, the fear of the delta variant and potential peak in extremely high economic growth caused a decline in interest rates as we approached fall. However, the September 22nd FOMC (Federal Open Market Committee) meeting indicated the Fed governor's plans to reduce bond purchases (so-called tapering) in the coming months. Bond purchases by the Fed, known as QE (quantitative easing), were first deployed in the wake of the 2008 credit crisis and then again during the early months of the pandemic shut down in March 2020. QE is an extraordinary maneuver which has allowed the Fed to reduce long-term interest rates to help calm an unsettled financial system. Reversing or tapering QE has the potential to lift interest rates as normal market forces resume.

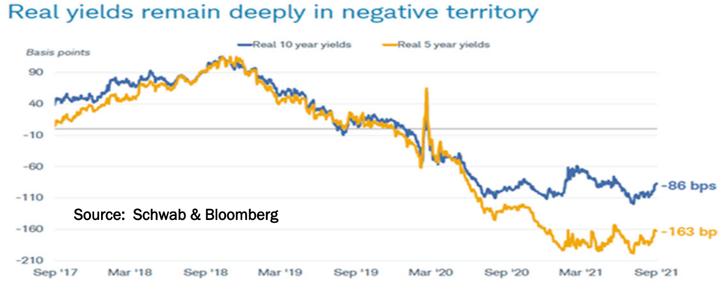


Despite the recent rise in yields, they remain at historically unattractive levels and could remain this way for quite some time. The 10-year U.S. Treasury bond began the quarter at 1.47%, reached a low of 1.17%, and ended the quarter nearly where it started at 1.53%. The 2-year Treasury bond followed a similar path, and started the quarter at 0.25%, hit a low of 0.17%, and closed at 0.29%. The yield curve (bond yields of shorter to longer maturities) remains steep, with longer maturity bonds significantly higher than shorter-term bonds.

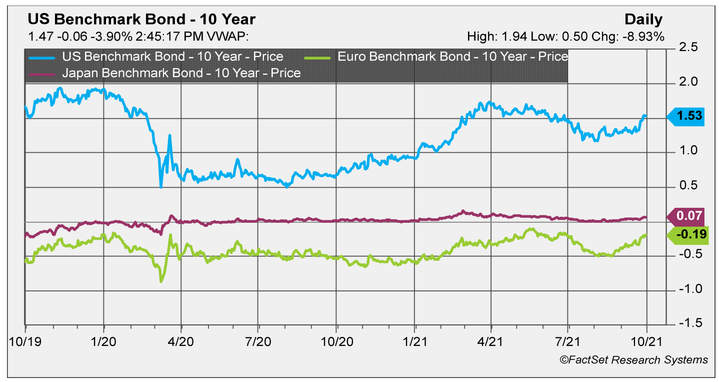
With the Fed's policy of providing interest rate support and market liquidity, investors have been closely watching their actions and policy commentary to decipher when the Fed may begin to shift to a less accommodative stance. This quarter proved to be no different, as the markets were focused on Fed Chair Jerome Powell's statements during the FOMC meeting in September. While the Fed kept the Fed Funds rate (overnight lending rates for banks) at 0.0 – 0.25%, they indicated that they may wind down their assets purchases soon, potentially by the next Fed meeting in November, and would expect to be done by mid-2022. by reducing its bond purchases by ~$15 billion a month ($10 billion in Treasuries and $5bn in mortgage-backed securities).

In addition to reducing liquidity in the system by tapering with the Fed Funds rate at ultra-low levels, FOMC members also outlined their thoughts on when it will raise the Fed Funds interest rates. Half of the committee favored at least one rate increase in 2022, and the median projection was for three rate hikes in both 2023 and 2024.

Real yields remain deeply in negative territory



As is illustrated in the previous chart, investors continue to be confronted by negative real rates (nominal yields adjusted for inflation) around the world. This simply means that despite having a positive nominal yield, after considering inflation, the yield on most bonds do not keep up with the current higher cost of living. Unlike in the U.S., European and Japanese nominal yields are negative or zero, which makes their real yields even more negative. The 10-year EU bond nominal yield closed at -0.19% at the end of September, while the 10-year JPY bond was yielding 0.07%. While at historical low levels, U.S. bond yields continue to look more attractive relative to similar international bonds, which will likely continue to attract demand for U.S. bond offerings by foreign investors, as illustrated by the chart below.



The chart below highlights the downward trend in credit spreads (the yield premium required by investors over Treasury bonds to compensate for default risk of corporate bonds) in 2021, which now are at historic low levels. This is somewhat understandable given the improvement to most company's financial conditions and cash flow generated after the pandemic induced shutdown. However, the bigger influence is likely the increased investor demand for 'safe' yields across the globe. The decline in spreads has offset some of the recent rise in Treasury yields in the corporate bond market.

While the Fed has signaled that they believe inflation will cool down next year, this is not guaranteed. With current bottlenecks in supply chains, visible wage increases, and changes occurring in global trading dynamics, it is possible inflation could remain elevated. We have remained patient in our fixed income process. During periods when interest rates have been on the rise, we have been able to find some reasonable bond investment opportunities and have taken action. It is imperative that we remain diligent and prudent in our investment process to find the quality and acceptable returns for the ever-changing investment landscape. The overall quality rating of the fixed income portfolio is mid-single A, while the aggregate weighted average duration remains short, and liquidity remains sufficient to take advantage of opportunities when they arise.

Fourth Quarter 2021 Investment Outlook

The global economy and financial markets are currently facing both headwinds and tailwinds that force investors to be reactionary versus anticipatory. It also reduces conviction on a longer-term outlook. This portends that recent volatility may continue in the coming weeks until some clarity is achieved.

Global economic growth is expected to be healthy in 2022, which provides a reasonable background for investors, consumers, corporate, and governmental decision makers. While the headwinds of inflation brought about by labor, materials, product, and transportation shortages are real, expectations are for improvement in the coming months and years.

The U.S. economic growth rate has peaked as the extraordinarily easy pandemic recession levels of last year have been lapped. However, global growth is expected to be positive and potentially broader and more sustainable in the coming years, assuming monetary authorities can withdraw excess liquidity judiciously.

The impact of the delta variant has proven that COVID is not completely behind us yet. It also has been a recent factor for investors vacillating between defensive and economically sensitive segments of the market over the last few months. In the U.S., the recent 7-day rolling new cases have declined by 16%. Expectations are for 75% of the U.S. population to be fully vaccinated, or if unvaccinated, have immunity from having already had the virus by the end of the year. If so, this could lead to a fully functioning economy for the first time in two years.

The America First policy of the Trump Administration created division with historical allies and provoked a combative approach towards China. The Biden Administration has attempted to turn back the clock with allies, with limited success thus far. However, China has shifted to an aggressive domestic focus that favors central control over the market based economy developed over the last thirty years.

China's influence on commodity prices remains significant. Their growing aspirations and overt actions are impacting the global economic calculus. China's military posturing and play for control of their neighborhood are significant developments to monitor.

Just-in-time inventory and lean manufacturing was based upon open global economies which appears to be undergoing an evolution. The pandemic shutdown exacerbated the supply chain and shipping disruptions. Securing resources and materials is a new consideration for companies and countries everywhere.

Current valuation in both the stock and bond market provide little room for error or for the potential of destabilizing developments. Stock prices experienced three corrections thus far in 2021; early March, late June, and September. The first two slight (5%) corrections were recovered quickly by investors with excess liquidity and a fear of missing out of more capital appreciation. It has yet to be seen if the September correction will extend further into October and produce a more normal 5 to 10% pullback.

Elevated stock and bond valuations, along with the all the potential risks mentioned, make the current environment challenging. Based upon current data, patience and discipline will generally be rewarded for long-term investors. A normal 5 to 10% market correction could provide a pause that refreshes a sustainable bull market.

Appropriately diversified portfolios have benefitted from the broadening of the market over the last year . The continued recovery in the U.S. dollar has incrementally impacted international stocks negatively. International equities have been multi-year underperformers but offer potential value if sustainable growth can be achieved in Europe and Asia. Total stock exposure remains slightly above average for our clients' equity ranges and somewhat reflects the less attractive valuation in new fixed income opportunities.

Should inflation remain at higher levels than anticipated, better bond investment opportunities are likely to arise. Bond investments historically provide stability, diversification, and income to a balanced portfolio. We have remained patient in our fixed income process and overall remain committed to a disciplined investment approach.

Historical Perspective on Market Corrections & Cycles

Since the generational low in the S&P 500 in March 2009, investors have enjoyed spectacular stock market returns with the market up roughly nine fold over that twelve plus year period. Yet, that return was not achieved without some harrowing moments. Investor resolve was tested by the following corrections over the last 12 years: 1) 16% in 2010, 2) 19% in 2011 (European debt crisis), 3) 13% in 2015-16, 4) 10% in early 2018, 5) 19.8% in late 2018 ("taper tantrum"), and worst of all, 6) the 34% decline in only 33 days in the wake of the pandemic in March 2020, which was the fastest bull to bear market decline (greater 20%) in history. So, notwithstanding the recent placid rise the previous ten months, it is wise for investors to realize that markets do not always go up. It is good to recall that the bull market that began nearly 20 years ago post the 9/11 tragedy, ended with what some now refer to as the Great Financial Crisis, and was associated with a loss in the S&P 500 of nearly 50%, measured from the index's peak in 2007 to its nadir in March of 2009; a very frustrating and painful period to be sure. To complete the history lesson, since 1950, the S&P 500 has experienced 36 double-digit declines. That works out to one every sixteen months on average. Pullbacks of 5% or greater declines, while uncomfortable, occur on average three times a year. This historical background is useful in analyzing today's market, where the S&P 500 is up about 17% year-to-date with only minor pullbacks and 54 new all time highs (and close to 340 all-time highs since 2014). History tells us that, with the recent smooth sailing, investors could expect choppy waters ahead. This past summer included only 7 days with a greater than 1% move; we have now seen 7 of the last 12 recent trading days incur such moves. Increasing volatility such as what investors endured recently, can frequently be a precursor of market corrections, and there are a number of fundamental concerns that we've discussed in this newsletter which could spark a market correction. The largest decline thus far in 2021 has been just over 5%, and with the frequency and magnitude of declines we normally experience, it would not be unusual, or unprecedented, to witness some sort of meaningful correction. Historically, September has been the worst month for returns and October has been the most volatile so from a calendar perspective we would not be surprised to see a normal pullback. Investors need to discern the difference between normal corrections and volatility, versus a course of events that may create a protracted bear market. We currently would view a correction of 5 to 10% as a normal, healthy development. It is important for investors to not overreact to corrections, as they are a normal part of market cycles, and being out of the stock market at the wrong time has historically been more damaging to achieving appropriate long-term returns. Over the last 90 years, the S&P 500 has produced 32 years with greater than 20% annual returns versus only 6 calendar years of suffering a 20% decline. In other words, the market is up more than 20% in 35% of the years and down more than 20% in just 6%. Moreover, the S&P 500 has averaged a positive annual return 73% of the time over the same 90 years. A very amazing record and a reminder to keep market volatility in perspective.

Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years and 5 Years Ended September 30, 2021

Arcataur Composite Portfolio	Total Return			
	3 months	12 months	3 yr. annualized	5 yr. annualized
	9/30/2021			
Large Cap Direct Stock Equity	0.15%	34.08%	16.07%	16.50%
Large Cap Equity ETF	0.36%	29.15%	15.90%	16.61%
Benchmarks				
Lipper Large Cap Core	0.10%	28.60%	14.46%	15.70%
Dow Jones Industrial Average	-1.49%	24.02%	10.84%	15.52%
S&P 500	0.58%	30.00%	15.99%	16.90%
S&P 100	0.95%	28.44%	17.07%	17.66%

Arcataur Composite Portfolio				
	3 months	12 months	3 yr. annualized	5 yr. annualized
	9/30/2021			
Fixed Income	0.04%	2.13%	4.45%	2.70%
Benchmarks				
Bloomberg Barclays 1-5 (T/G/C)	0.05%	0.08%	3.62%	2.19%
Bloomberg Barclays 1-3 (T/G/C)	0.09%	0.30%	2.87%	1.89%
Lipper Bond MF Avg.	0.20%	3.80%	4.69%	3.40%

Arcataur Composite Portfolio	Total Return			
	3 months	12 months	3 yr. annualized	5 yr. annualized
	9/30/2021			
Managed Balance	-0.67%	22.54%	10.26%	10.39%
Benchmark				
Lipper Balanced	-0.50%	17.80%	8.42%	9.10%
60/40 Custom Index	-0.72%	18.75%	9.08%	9.87%

Arcataur Composite Portfolio	Total Return			
	3 months	12 months	3 yr. annualized	5 yr. annualized
	9/30/2021			
Small Cap Equity	-3.10%	56.02%	9.18%	13.03%
Mid-Cap Equity	-1.86%	42.43%	10.71%	12.61%
Total Equity*	-1.00%	35.16%	13.90%	15.00%
Benchmarks				
Lipper Small Cap Core	-2.30%	51.60%	8.86%	11.40%
S&P 600	-2.80%	57.60%	9.40%	13.57%
Lipper Mid-Cap Core	-1.00%	39.40%	10.43%	11.40%
S&P 400	-1.76%	43.68%	11.08%	12.97%

Arcataur Composite Portfolio	Total Return			
	3 months	12 months	3 yr. annualized	5 yr. annualized
	9/30/2021			
Developed International Equity	-1.59%	25.50%	7.46%	8.41%
Emerging International Equity	-7.20%	17.40%	9.20%	8.10%
Total Equity*	-1.00%	35.16%	13.90%	15.00%
Benchmarks				
EAFE	-0.45%	25.73%	7.62%	8.81%
MSCI Emerging Market Index	-8.65%	15.95%	7.76%	8.30%

*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.

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 considered to be 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 and the Bloomberg Barclays Investment Grade Index (T/G/C) 1-3 Years and the Lipper Bond Mutual Fund Average.

Arcataur Managed Balance Portfolio - Lipper Balanced Fund Average and 60/40 custom total return index which includes: Equities (30% S&P 500, 30% DJIA, 15% S&P 400, 10% S&P 600, 10% EAFE, 5% MSCI-EM), & Bonds (Custom Bond Index consisting of 50% Bloomberg Barclays (T/G/C) 1-5 and 50% Bloomberg Barclays (T/G/C) 1-3).

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.

With the exception of 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.