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Third Quarter Review
September 2025

Arcataur Capital Management LLC
A Registered Investment Advisor

High Quality Investment Management

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Inside This Issue:

A Balanced Approach

Goldilocks and The Five Bears

Stock prices in the third quarter not only continued to recover, but also achieved several all-time-high price levels during the quarter, along with a new high in early October. The passage of the One Big Beautiful Bill (OBBBA) in July has added to the bullish market sentiment by increasing the income outlook of most consumers through lowering their present and future tax bills. Lower interest rates and solid corporate profits have also supported the rise in stocks. While technology and artificial intelligence-focused companies have been leaders, the broader participation of other sectors, along with smaller companies, is a healthy development. Overall, stock valuations are now at above-average levels just as investors enter the seasonally weaker month of October, with a number of potentially destabilizing factors in the offing.

Current and future economic data will guide investor's decisions and the trajectory of the financial markets. Lower interest rates have stabilized stock prices at higher valuations, but with the recent evidence of a modest economic deceleration, investors need to be vigilant and disciplined. While consumers and investors are responding to the current environment as being "not too hot, not too cold, but just right", there are concerns for potential volatility from weaker employment trends, resurgence of inflation, a slowing economy, rising fiscal spending and debt, and escalating geopolitical tensions.

The weaker U.S. jobs report in early September gave investors pause. Later in the month, a confirmation of the expected Federal Reserve interest rate cut indicated a slight pivot towards focusing more on stable employment versus inflation, which was the main concern the previous three years. Inflation concerns remain for investors both relating to tariffs driving product prices higher and reduced immigration that could cause a return of wage inflation for employers.

History teaches that markets show little concern with regards to government shutdowns, yet there are longer term worries about the rising national debt and cost of financing it. The decline of the U.S. dollar in 2025, to nearly a four year low versus major currencies, reflects this. The dollar's decline benefits U.S. investors with better currency translation on international investments as well as increased U.S. corporate multinational reported profits.

The rise in international stock prices reflect the continued hope of stimulative effects of lower interest rates and fiscal policy allowing economic activity to improve. However, structural issues in housing, manufacturing, over regulation, uncompetitive energy policy, weak employment trends, and declining population growth will require more than monetary stimulus in order to restore confidence in these troubled areas of the globe.

The geopolitical risks to investors remain elevated. The three-and-a-half year Russian invasion of Ukraine has been mired in a stalemate with little expectations of a true ceasefire anytime soon. Israel's Prime Minister Netanyahu's focus to eliminate the radical adversaries in the region is losing support in his country and by many allies of NATO, while President Trump attempts to broker an effective peace deal. The increasing defense spending by China and concerns of potentially forcing the issue for direct control of Taiwan would be a transforming event for investors and the world.

The global energy market has provided stability for companies and consumers by maintaining oil prices at the lower end of the \$60 to \$90 per barrel price range over the last three years, and is currently at \$62. Saudi Arabia and OPEC countries have kept production at stable or higher levels since the Russian invasion of Ukraine. Lower prices are helping to moderate overall inflation.

Based upon our disciplined approach, the strength in stock prices provided an opportunity for incremental repositioning for our established clients utilizing the strength in domestic large capitalization and developed international stocks. There was a brief opportunity to add bonds in late July and early August as interest rates rose and bond prices fell.

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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%).

Goldilocks and The Five Bears (cont.)

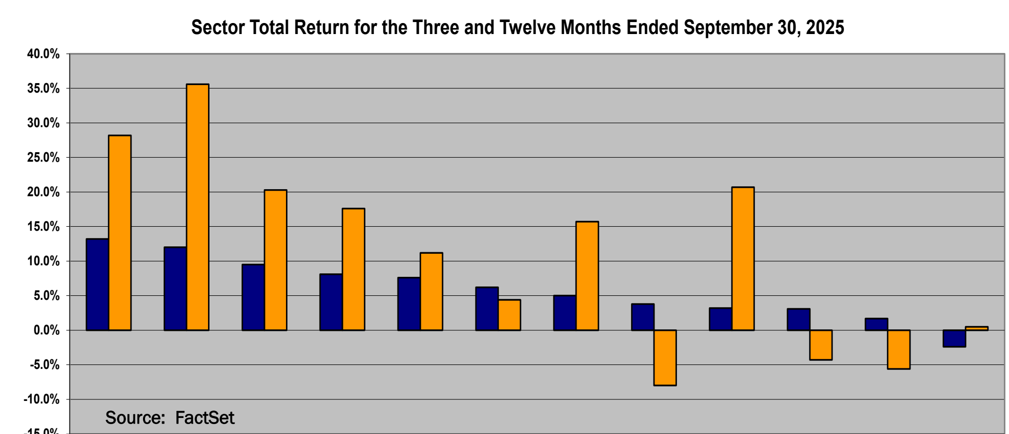
After the September 17th Federal Open Market Committee (FOMC) meeting, the Fed reduced the Federal Funds interest rate by 0.25% to a range of 4 to 4.25%. This cut matched the market's expectations. Stephen Miran, the newest member of the FOMC appointed by President Trump, was on record with his forecast for a larger interest rate reduction. His more aggressive forecast for a larger reduction and being the only one of twelve voting members not voting for the 0.25% raised concerns about future independence of the Fed from the executive branch of government. While the overnight rate doesn't directly impact longer duration residential mortgages, the national average of a 30 year mortgage dropped below 6% for the first time over the last three years.

With the government shut down, the September jobs report will not be available until it re-opens. The August job report had a slight uptick in unemployment to 4.3% and was a significant factor for the September Fed interest rate cut. The August labor participation rate was stable at 62.3%. The ADP private sector jobs survey for September was weaker, however this has a more volatile reporting history. The trend of companies being incrementally less aggressive in hiring has been the case over the past six months too. This also supports the renewed focus of its dual mandate of maintaining full employment and increases the expectation of at least another 0.25% interest rate cut at the end of October.

Corporate profit expectations are a key determinant in valuing stocks. The third quarter of 2025 reports due over the next seven weeks for the S&P 500 are expected to produce an 8% increase from the 3rd quarter of 2024. Valuations are elevated at 25 times earnings, up from 23 times at the end of June, and approaching the high watermark of February. Given the economic, policy and geopolitical risks, company's forward earnings guidance is likely to be somewhat cautious as they hedge how these multiple uncertainties impact their business.

For the quarter, the S&P 500 (total return) was up 8.1%, while the Dow Jones Industrial Average rose by 5.6%. The technology-heavy NASDAQ Composite increased by 11.4% in the quarter. The S&P 600 Small Cap Index was up 9.1% and the S&P 400 Mid-Cap rose by 5.6% in the quarter. Developed international markets rose by 4.8% and emerging markets increased by 10.7% for the quarter.

The recovery rally continued in the quarter led by the previous leading sectors of Technology, Communication Services, and Consumer Discretionary (mainly powered by Tesla). These were the only three sectors to outperform the S&P 500. The Consumer Staples sector was the only area that was down for the quarter, while the Healthcare, Materials and Real Estate produced negative returns on a twelve month basis. The Financial Services sector lagged in the quarter, but still achieved the third strongest 12 month return. Much of the variance in returns relate to the potential for lower interest rates and a decelerating economy, in addition to favoring areas with sustainable earnings growth and beneficiaries of AI-related spending and investment. The chart below illustrates how all the sectors performed in the quarter and for the trailing twelve months.



	Info.Tech	Communication Services	Consumer Discretion	S&P 500	Utilities	Energy	Industrials	Healthcare	Financials	Materials	Real Estate	Consumer Staples
3 Months	13.2%	12.0%	9.5%	8.1%	7.6%	6.2%	5.0%	3.8%	3.2%	3.1%	1.7%	-2.4%
12 Months	28.2%	35.6%	20.3%	17.6%	11.2%	4.4%	15.7%	-8.0%	20.7%	-4.3%	-5.6%	0.5%

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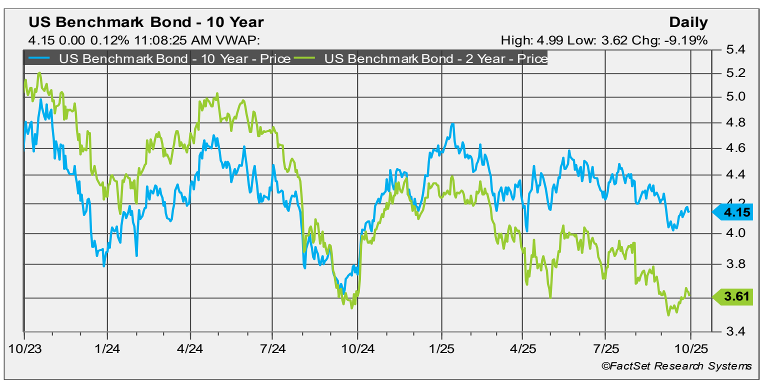
The Fed is Feeling the Pressure

Yields across the Treasury maturity curve continued to trend lower in the third quarter, driven by lower inflation readings, some economic softness, and the anticipation of the Federal Reserve lowering interest rates. The market is expecting the Fed to implement two to three 0.25% basis point cuts in the short-term discount rate before the end of the year. While the U.S. economy has continued to grow, there is evidence of deceleration with weaker job creation, lower consumer confidence, and overall labor market softness. President Trump's tariff policies have created uncertainty in the bond market and continue to have investors pondering how tariffs will impact growth and inflation in the future. The bond market anticipates Fed moves and Treasury yields actually peaked 2 years ago, but approached the peak levels in late January. This year, rates have declined in response to somewhat slower economic growth and inflation readings in line with expectations. The recent tariff comments from the administration and the deficit financing that requires more treasury issuance to fund government spending could impact inflation levels, the economy, or both as we move into 2026. Treasury yields, while incrementally lower, continue to provide yields that exceed inflation expectations and therefore deliver a safe option for investors to receive real returns and afford investors' with portfolio diversification.

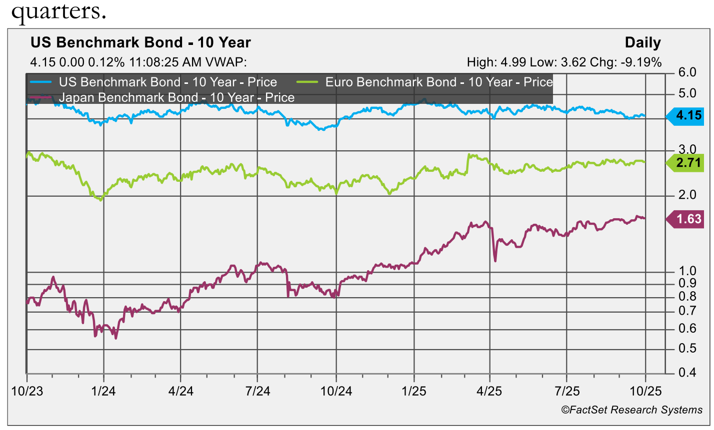


The Fed has been under the microscope and their monetary policy decisions are hyper-analyzed across the globe with direct pressure from President Trump. At its latest Federal Open Market Committee meeting in September, the Federal Reserve decided to cut the Federal Funds rate by 0.25 basis points to a range of 4.0% - 4.25% as Fed Chair Jerome Powell noted that with the weaker labor data for August, cutting interest rates was appropriate at this time. The dovish Fed also hinted at possible further cuts to end the year. It was widely expected that the Fed would begin cutting interest rates as the Fed voting members' projections, aka dot plots, showed a potential three interest rate cuts this year before the meeting began. The main argument against a rate cut is that inflation still remains elevated, above the Fed's 2% target. Inflation has been the key determinant on the Fed's decisions, and inflation could tick higher over time as tariff policies are normalized. In the short-run, tariffs have not produced a meaningful rise in inflation, however there are signs that companies are accepting slightly lower profit margins to avoid being chastised by President Trump.

Corporate bond spreads (the yield above Treasury bonds required to absorb default risk in the corporate bond market) remained extremely tight during the quarter and edged lower with less volatility than in the previous quarter. As shown in the following chart, spreads have continued to decline since peaking this spring at close to 1.3%. The credit spread for corporate bonds maturing in 5 to 7 years began the quarter at 0.92% and ended in the quarter at 0.80%. Generally, credits spreads move higher when the economy weakens as investors demand more yield, as a weaker economy often has a negative impact on corporate profits. In the spring, there were concerns that tariffs could put pressure on profits and investors demanded higher credit spreads. With credit spreads returning to very low levels, that makes corporate bond investment less attractive. Wider corporate bond spreads would be welcomed to invest in high quality corporate bonds to broaden client's bond portfolios; however, we remain patient as we wait for better opportunities and overall value.

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

As long-term bond yields declined in the U.S., the European and Japanese counterparts generally rose throughout the quarter. The EU 10-year yield rose from 2.58% to 2.71% during the quarter, while the JPY 10-year yield rose from 1.39% to 1.63% as is illustrated in the chart below. The divergence in yields between the U.S. and the EU/JPY comes as a bit of a surprise, as the foreign bonds were moving generally in lockstep with their U.S. counterparts over the past number of quarters.



During the second quarter 2025, there was enough rate volatility to put idle cash to work for clients at reasonable yields, but the third quarter was much more challenging. As Treasury yields came down and corporate spreads tightened, staying liquid in money market funds earning over 4% while patiently looking for high quality bonds to meet client needs seemed logical. Treasuries have been more of the focus in recent history; however, should spreads rise off lows, corporate bonds would become more attractive. The overall quality of the Arcataur fixed income portfolio is single-A, with an average duration of 3.5 years and yield to maturity of 4.2%. Liquidity remains sufficient to take advantage of future opportunities.

Fourth Quarter 2025 Investment Outlook

The powerful move in stock prices and the stability of the U.S. economy has been impressive over the last five months. The elevated valuations of stock prices should give investors pause; however, the increase in retail investors' share of market activity has been inordinately larger versus trading historically dominated by institutional and professional money managers. On the flip side, levels of cash on the sidelines of institutional managers are significantly above average. In the past, this typically would signal an imminent peak and correction. Moreover, October is historically the worst performance month for stocks and this fact can't be ignored either.

A normal 5 to 7% correction could be the pause that refreshes broader investors' appetite. However, there are many potential challenges that could change the status quo significantly. Geopolitical tensions, rising Federal spending and debt, declining population growth, and the breakdown of civility and laws imperils the aspirations of life, liberty and the pursuit of happiness.

The stock market continues to be a discounting mechanism, so the lofty valuations may reflect the potential of new technologies that could lead to longer and healthier lives. The last 40 years of medical advancement has incrementally done that.

The excitement and potential risks of Artificial Intelligence (AI) is unfolding quickly. One of the most significant potentials of AI is a boost to productivity, similar to the eras of electricity, smaller and faster computers, and the internet, and is widely viewed to be the catalyst of the next productivity revolution. AI capital spending has been booming with the expectations of significant returns on investment. History has taught us that early adopters are not always the winners in the long run. Investors can be excited about the possibilities, but can get ahead of themselves and need to be discerning of the potential for longer term earnings impact.

The OBBBA attempted to achieve many of President Trump's campaign promises, with the glaring exception of reducing the record and growing deficit. Global investors have identified this as a significant and growing risk for years, but so far there has not been a day of reckoning. Expectations are that the current government shutdown will not produce any long-term changes in the trajectory of spending and will be punted to the future again. Despite this, with the numerous tax changes for individuals passed into law, checking in with your CPA on how it might impact your tax planning before year end could be beneficial.

Based upon current data, economic growth is expected to decelerate, but the probability for a U.S. recession is still relatively low in the near term. Employment trends weakened late in the summer, however seasonal employment can skew longer-term trends. Recently, consumer sentiment has modestly declined.

Rising deficits in the U.S. and the accompanying cost of financing the national debt remains a concern. 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 Federal Reserve has incrementally pivoted from an inflation fighting focus to maintaining a stable and growing employment. Assuming inflation remains somewhat in check, the Fed does have room for more interest rate cuts to stimulate any signs of negative employment. There is evidence of companies being more discerning on new hires with a rise of unfilled positions. The Federal Reserves has the ability to react quickly to a material change in employment and inflation, however financial markets are currently pricing in the status quo.

The recent development in the Russia-Ukraine conflict is reviewed below in the special section. This along with the potential peace plan in the Middle East are at significant tipping points. The concerns of China to decide to take action to control Taiwan would surely be a significant destabilizing event to the global economy and financial markets too.

Consensus earnings growth estimates for the S&P 500 have accelerated back to the estimate from early in 2025 for a +11% annual rise. The upcoming earnings reports, employment, and economic data will be important for investors to confirm or repudiate current expectations.

The U.S. third quarter GDP report is expected to show a similar result as the second quarter of 3.8%, which is a significant recovery from the statistical decline in the first quarter that was impacted by front loading of imports and lower government spending. Current forecasts expect 2025 U.S. GDP growth to be in the range of 1.5 to 2%.

For our clients, total equity exposure remains slightly above average within targeted ranges. However, the significant outperformance of large capitalization and international stocks year-to-date has been an incremental source of funds within our asset allocation discipline. At current levels, we believe patience will be rewarded. Reducing into strength of established portfolios has been a focus.

The decline in interest rates and the rise in bond prices have shifted quickly. Expectations for declining short-term interest rates and potentially rising longer-term interest rates is a possibility in the current environment. 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.

A Shift in the Russia - Ukraine War may Impact Geopolitics and Financial Markets

From the outset of Russia invading Ukraine in 2022, and then after the failed Ukrainian 2023 offensive, the perception rose that Russia will inevitably be victorious. The Russian manifest advantages in resources, geography, and population would be too much for Ukraine to overcome. The downbeat outlook was heightened after the disastrous Oval Office meeting with President Volodymyr Zelenskyy in late February 2025, and President Trump not only implemented policies that actively hindered Ukraine's war effort, but he also crafted and pushed a peace plan that offered Putin more than he could reasonably hope to achieve on the battlefield. In late spring, the key city of Pokrovsk looked likely to fall to the Russians and in late July, the Russians claimed they had conquered another key city in Donetsk, Chavis Yar. All the expectations for an imminent Russian success played an essential role in Putin's reticence to enter into the peace deals that Trump was aggressively pushing. All the while, the Ukrainians were implementing an effective long range strike plan designed to damage and destroy Russian logistical capabilities and energy infrastructure while continuing to inflict massive casualties on Russian infantry. Putin's bold 2025 prediction of a summer offensive that would devastate Ukrainian forces and end in victory has not been realized. The Ukrainian strike plan has clearly impacted Russian resupply capability, and by some accounts, has reduced Russian oil refining capacity by as much as 30%, leading to shortages of refined product in war zones and throughout mother Russia. Perhaps more important than the battlefield developments is the fact that President Trump appears to be changing his approach to Russia, Putin, and Ukrainian prospects. There are indications that U.S. intelligence services are coming to the view, recently espoused by President Trump, that Ukraine may actually be capable of winning its war with Russia and regaining not only the scant territory seized by Russia since the Feb 2022 invasion, but even the Crimean territory Russia seized in 2014. Of course, President Trump is notoriously mercurial and has been involved in a long term "bromance" with Putin. Yet, if his comments lead to actual changes in U.S. policy, such as the use of Tomahawk missiles, real-time sharing of intelligence for long range strikes, and implementation of the sanction package currently languishing in the U.S. Senate, Ukraine's prospects improve dramatically. Unfortunately, one likely result of increasing weakness in Russian prospects in Ukraine is increased Russian risk-taking in other arenas. The recent Russian incursions in the air space of various NATO countries, drone activity near airports and key defense assets, and ghost fleet ships threatening vital undersea telecom cables are all examples of this. It's absolutely essential that the U.S. and its NATO brethren realize that Russia is a diminished power in all dimensions and respond to these provocations with decisive actions, including military operations if necessary. Geopolitical events and the potential for the increased use of military forces worldwide, could create significant uncertainty for investors. While financial markets have been resilient thus far, the decline in the U.S. dollar may reflect concerns beyond economics. Could rising tensions among regions and countries of the world be a factor? An eventual loss of U.S. dollar hegemony, the dollar's unique role as the world's reserve currency and foundation for global finance, would be a truly earth-shaking outcome for investors. Ukraine falling to Russia would be a negative for the dollar and U.S. positioning in the world's balance of power, so the recent brightening of Ukrainian prospects is a welcome development, not only for the heroic citizens of Ukraine, but for all freedom-loving, pro-western nations of the world.

Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years, 5 Years & 10 Years Ended September 30, 2025

Arcataur Composite Portfolio	Total Return				
	3 months	12 months	3 yr. annualized 9/30/2025	5 yr. annualized	10 yr. annualized
Large Cap Direct Stock Equity	8.3%	15.5%	22.7%	16.0%	14.4%
Large Cap Equity ETF	7.9%	16.9%	24.2%	15.7%	14.9%
Benchmarks					
Morningstar Large Cap Core Average	6.9%	14.6%	22.3%	14.8%	13.7%
Dow Jones Industrial Average	5.6%	11.3%	19.4%	12.8%	13.3%
S&P 500	8.1%	17.6%	24.9%	16.5%	15.3%
S&P 100	9.6%	21.4%	28.5%	17.8%	16.5%

Arcataur Composite Portfolio	Total Return				
	3 months	12 months	3 yr. annualized 9/30/2025	5 yr. annualized	10 yr. annualized
Small Cap Equity	9.1%	3.6%	12.4%	12.3%	9.5%
Mid-Cap Equity	5.5%	6.0%	15.2%	12.7%	10.2%
Benchmarks					
Morningstar Small Cap Core Average	8.3%	6.3%	14.5%	12.7%	9.6%
S&P 600	9.1%	3.6%	12.8%	12.9%	10.0%
Morningstar Mid-Cap Core Average	7.7%	7.7%	16.1%	12.7%	10.4%
S&P 400	5.6%	6.1%	15.8%	13.6%	10.8%

Arcataur Composite Portfolio	Total Return				
	3 months	12 months	3 yr. annualized 9/30/2025	5 yr. annualized	10 yr. annualized
Fixed Income	1.7%	4.2%	5.7%	1.1%	2.2%
Benchmarks					
Bloomberg Barclays 1-5 (T/G/C)	1.3%	4.1%	4.9%	1.4%	2.0%
Bloomberg Barclays Aggregate	2.0%	2.9%	4.9%	-0.5%	1.8%
Bloomberg Barclays 1-3 (T/G/C)	1.2%	4.1%	4.7%	1.8%	1.9%
Morningstar Core Bond Average	2.0%	3.0%	5.0%	-0.3%	1.8%

Arcataur Composite Portfolio	Total Return				
	3 months	12 months	3 yr. annualized 9/30/2025	5 yr. annualized	10 yr. annualized
Developed International Equity	5.2%	16.1%	21.4%	10.8%	7.8%
Emerging International Equity	10.1%	16.6%	17.1%	7.2%	7.7%
Benchmarks					
EAFE	4.8%	15.0%	21.7%	11.2%	8.2%
MSCI Emerging Market Index	10.7%	19.6%	18.2%	6.3%	7.4%

Arcataur Portfolio	Total Return				
	3 months	12 months	3 yr. annualized 9/30/2025	5 yr. annualized	10 yr. annualized
Total Equity*	7.7%	13.1%	20.2%	14.0%	12.4%

*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

Arcataur Composite Portfolio	Total Return				
	3 months	12 months	3 yr. annualized 9/30/2025	5 yr. annualized	10 yr. annualized
Managed Balance	5.7%	10.3%	15.2%	9.8%	9.1%
Benchmark					
Morningstar Balanced Fund Average	4.8%	9.5%	14.3%	8.8%	8.5%

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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