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A Balanced Approach

The Yin and Yang of the Markets

The memory of the worst stock market returns since 1946 for the month of December 2018 has quickly faded with a very strong 2019 (S&P 500 31.5% total return). This was in sharp contrast to the more than 8% decline in the first four weeks of December a year ago. The S&P 500 is up more than 13% for the last 15 months (including the weak ending to 2018). This is a healthy return to be sure, but puts the 2019 return into a more appropriate long-term perspective.

Looking back over the past twelve months, we have witnessed a 180-degree change in nearly every factor that was driving the market down a year ago. Not surprisingly, investor sentiment has also changed, from the concerns of a recession and losing money a year ago, to the fear of missing out and chasing the year-end rally today.

Investors became jittery when the Federal Reserve raised interest rates for the fourth time in 2018 while the rest of the world was slowing down and inching toward recessionary territory amidst the world-wide trade and tariff tensions. The commentary by the Fed early in 2019 assuaged investors' fears of a monetary policy mistake, and stock prices sprinted out of the gates while bond investors pushed yields lower.

The Federal Reserve and other global monetary authorities shifted to a more accommodative policy (lower interest rates), as industrial investment and activity slowed decidedly during the summer of 2019. Trade-related fears and global growth weakness provided bouts of stock volatility and lower bond yields. In August, the U.S. yield curve inverted (shorter-term bond yields higher than longer-term) briefly, which triggered renewed recessionary concerns.

By October, monetary policy was in full accommodative mode. Short-term interest rates were lowered a third time and the Fed ended the reduction of bonds held on its balance sheet. The vast differentials in global economic growth and interest rates essentially forced the Fed to return bonds held on its balance sheet back toward peak levels seen over the past decade.

While the industrial side of the economy showed signs of weakness, U.S. consumer spending and rising employment provided stability to the overall domestic economy. Specifically, housing demand increased as mortgage rates fell during the peak selling season.

The uncertainty of how domestic companies would respond to the Trump Administration's tariff implementation continued, as the initiative moved beyond threats and became reality during 2019. With nearly 45% of the S&P 500 profits sourced overseas, earnings expectations fell throughout the year, dropping from earnings growth of 9% down to just 1% by the 4th quarter. Most of the cuts occurred in the first nine months of the year, and since October earnings forecasts have stabilized.

Despite the fears of an economic slowdown stemming from trade wars, anemic international economic growth, and the yield curve inversion, U.S. employment rates remain robust, as the unemployment rate has fallen all year and is currently at 60 year lows at 3.5%. The shortage of workers has led to wage growth above 3% for the first time since 2008. In turn, the strong employment gains have supported consumer spending, which accounts for over two-thirds of U.S. GDP, buttressing the economy while the manufacturing and industrial sectors slowed. Holiday sales were strong last year and rose 3.4% again this year, despite having six fewer shopping days between Thanksgiving and Christmas in 2019.

December 2019 stock market returns were also fueled by improved visibility on the trade front. Phase one of the U.S.-China agreement is near completion and the tariffs that were to go into effect on December 15th were cancelled. Brexit, which has been haunting the U.K. for over three years, also received clarity when the election propelled the conservatives to a large majority to finally ensure it happens. This will help pave the way for future trade deals between the U.S. and the U.K. Overall, Europe and Asia have been trending towards a modest accelerating economic recovery.

The U.S.-Mexico-Canada (USMCA) trade agreement is expected to be signed into law in early January. The NAFTA replacement, along with the agreement with Japan and pending phase one with China, has solidified our relationship with our top four trading partners, which accounts for nearly half of all U.S. trade. Removing this overhang, at least in part, goes a long way to not only calming investors' concerns, but also helping companies plan future capital budgets, which affects economic growth and therefore financial markets.

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

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

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

The Yin and Yang of the Markets (cont.)

As a result, recessionary fears have subsided and risk assets (such as stocks) have soared. Removing the uncertainty of both the potential for a Federal Reserve monetary policy mistake, as well as a possible escalation to a full-blown trade war, has pushed market volatility to the abnormally low levels we saw back in 2017 and the first half of 2018. Volatility is down substantially from the levels seen late last year.

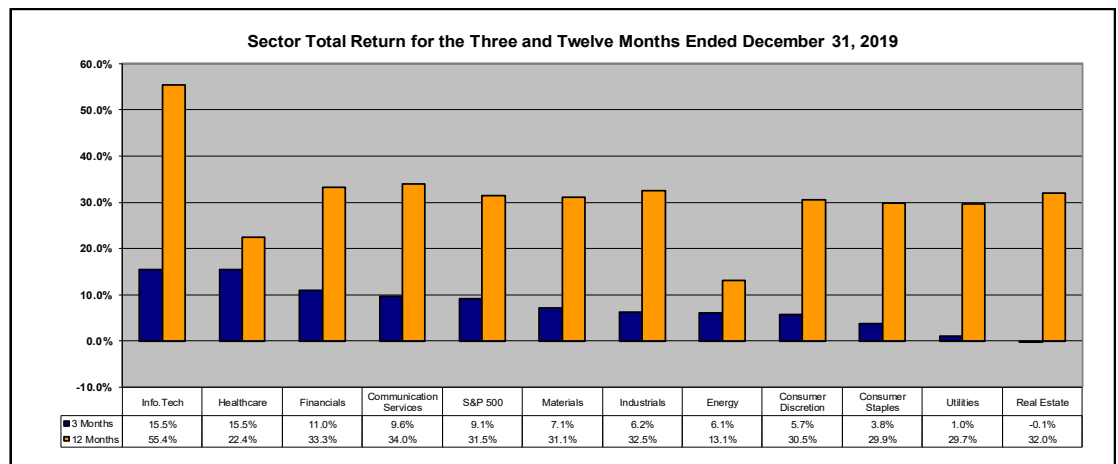
While the markets have digested nearly flat corporate profit growth in 2019 versus 23% growth in the previous year, valuations have become more elevated. Price/earnings ratios based upon 2020 earnings now exceed 18 times, compared to less than 14 times in December 2018 when stocks sold off and earnings expectations were higher. Current U.S. corporate profits are expected to increase by 10% in 2020. As stock market valuations are slightly above average, we would expect that future market gains will depend on a reacceleration in earnings growth going forward.

The House of Representatives vote to impeach President Trump garnered a limited reaction by the market with a Senate acquittal currently expected. Besides the approval of the USMCA in the House, Congress has passed a budget resolution and debt ceiling extension avoiding a government shutdown and modifying rules for 401ks and mandatory IRA distributions. With the pending 2020 elections, both parties would like to claim victories to the electorate and focus on their proposed direction for the country. The primaries will whittle a crowded Democrat pool, while the impeachment proceedings may reflect on the Republicans message. The electorate and investors will need to interpret how the election could impact the country. Policy changes regarding taxes, regulations, spending, and healthcare will all be in the forefront. Historically, the market can be volatile in election years and generally dip late in the summer when the general election campaign begins after each of the parties' candidates are known. An incumbent victory historically is viewed positively as the market does not like uncertainty and obviously a new administration stirs up concerns about where policy is headed.

Energy prices moved higher into year end. West Texas Intermediate (WTI) crude oil prices now exceed \$63 a barrel. The recent OPEC agreement to curtail production provides improved supply/demand balance. WTI has traded in a range of \$45 to \$75 per barrel the last three years and any changes out of that range would be problematic. With the death of Iran's military leader, tensions are on the rise in the Middle East and could potentially impact oil supply and prices.

The S&P 500 (total return) was up 9.1%, and the Dow Jones Industrial Average was up 6.7% in the quarter. The technology-heavy NASDAQ Composite was up 12.5% in the quarter, as investors aggressively moved back into the technology mega-cap companies. The smaller capitalization (illustrated by the S&P 600 Small Cap Index) issues rose by 8.2%, while stocks in developed international markets rose by 8.2% and in emerging markets rose by 12.1% for the quarter. The large capitalization stocks significantly outperformed smaller domestic and international issues for the year.

Utilities, real-estate and consumer staples were modest laggards in quarter, while the technology sector was the standout performer over the last twelve months. The energy sector remains a significant underperformer; however, there were signs of improvement late in the year with more stability to world oil prices after the recent OPEC accord and the pending Saudi Aramco IPO. The healthcare sector had a reasonable recovery in the quarter as some of the more extreme proposals from Democrat candidates were tempered. The chart below illustrates how all the sectors performed in the quarter and for the trailing twelve months.



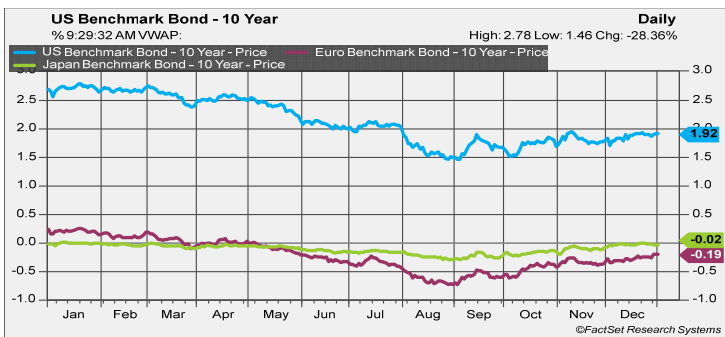
Source: FactSet

Near-Term Stability, but don't Ignore the Law of Averages

U.S. Government bond yields stabilized late in the third quarter and rose slightly in the final quarter of 2019. The spread between the 10-year Treasury bond and the 2-year Treasury bond widened, reflecting a more constructive economic outlook. While both the 10-year and the 2-year started the quarter dipping back to late August lows, by mid-October rates rebounded and the 10-year yield moved up 0.24 percentage points, while the 2-year was down slightly (-0.05 percentage points). The 10-year began the quarter at 1.68% and ended the year at 1.92%, while the 2-year started at 1.62% and ended at 1.57%.



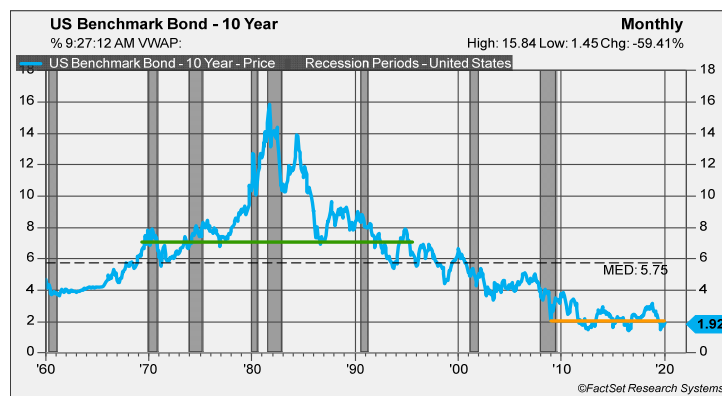
After the yield curve inverted (short-term yields higher than longer term yields) in August, the curve has steepened to the highest levels seen this year as actions by the Fed and stabilizing economic indicators have pushed the longer term yields higher from fading recessionary fears. While the ending spread between the 10-year and the 2-year of 0.35 percentage points is the widest since October 2018, it still remains narrow based on historical yields. The Federal Open Market Committee (FOMC) cut the Fed Funds rate for the third time this year at its October meeting. The cut, which has the Fed Funds target rate at 1.5–1.75%, is now deemed as “appropriate” by Fed Chair Jerome Powell. The Fed did not make any changes during its December meeting supporting his earlier comment. Based on Fed projections, no rate cuts or hikes are expected in 2020, but that could change based on economic conditions. The Fed expects the unemployment rate to stay near 3.5% and economic growth to be at 2% in 2020 and 1.9% in 2021. The core PCE, a measure of inflation, is estimated to be 1.9% in 2020 and 2% by 2021. The 2% inflation rate has been the Fed's target for a decade, and the Fed doesn't expect significant changes to policy until the target is reached.



The Euro and Japanese 10-year bond yields continue to be in negative territory, but rose closer to zero nominal rates throughout the quarter, similar to the 4Q rise in U.S. yields. Japanese interest rates have not been positive since early March. The ECB maintains its stance on negative interest rates in the hopes that they will help spur economic growth, but those ambitions have yet to come to fruition. Both the ECB and Japanese government are expected to continue to have lower interest rates compared to the U.S. for the foreseeable future.

During the fourth quarter 2019, Investment Grade Corporate Bond yields declined slightly. The Investment Grade 5 to 7-year Corporate Bond Benchmark effective yield started the quarter at 2.70% and closed at 2.63%. So, while Treasury yields increased in the quarter, corporate bond spreads fell. This dynamic reflects investors' desire for incremental yield, which makes new investments in Investment Grade Bonds less attractive as credit risk is incrementally more expensive as we move into the New Year.

While we tend to focus on current movements in the financial markets, we find value in analyzing longer-term trends for historical perspective. The chart below illustrates 10-year U.S. Treasury bond yields over the past 60 years. The obvious observation is that we are currently near 60-year lows with the range fluctuating between 2% and 16%. This begs the question of whether yields can go lower from here. Due to current global monetary policy, low inflation readings, and aging demographics, many investors are looking for ‘safety & certainty’. Most expect a continuation of lower interest rates indefinitely. History would show that the range of possible yields could be much different from current expectations, particularly when approached with a long-term focus that we believe is important for our clients. Investors tend to require a ‘real’ return (one that is above inflation) for lending their money. If returns cannot exceed inflation, buying power will be lower in the future, encouraging people to spend more today and save less. Investors also desire higher returns the longer they agree to lend money. This is known as a ‘term premium’ since it is difficult to predict what inflation rates will be 10 years hence versus where they will be next year. Today's government yields are essentially identical to current inflation rates, providing little ‘real’ return and no measurable term premium. Staying shorter in duration (average maturity) and higher in quality for bond investments appears prudent at this point in time.



The previous decade has been the antithesis of the late 1970s and early 1980s economically relative to inflation and interest rates. Investors, consumers, corporations, and governments made long-term decisions based upon expectations of continued high levels of inflation and interest rates. A similar phenomenon in reverse has the potential to permeate decision makers today after forty years of declines. While the law of averages encourages us to utilize current data to make intelligent decisions today, we look at longer term historical perspectives for potential shifts away from the current path that could alter conventional wisdom.

Arcataur continues to focus on high quality bonds. We have been patient over the last 12-months with the recent decline in yields, and we will continue using this discipline to find appropriate value where we see fit. The overall quality rating of the fixed income portfolio is mid-single A. Aggregate weighted average duration remains short and liquidity is sufficient to take advantage of opportunities that arise.

First Quarter 2020 Investment Outlook

The U.S. economy remains healthy overall and fears of a recession have receded. There is an old investment adage that “stocks climb a wall of worry”, and for now, the list of concerns seems to be shrinking. Looking forward, investors need to be vigilant on the direction and level of interest rates, inflation, corporate profits, and global economic growth, along with the general election in November.

As we start the third decade of the millennium, the first two decades produced unique economic and financial market results. The first decade (2000-09) included two significant recessions and a slightly negative annual return (-0.1%). This was the only negative return for a decade (measured by the S&P 500 total return) since 1939 and well below the 12.6% average over the last 70 years. The second decade (2010-19) produced the longest running economic expansion and the only time in our nation’s history where a calendar decade did not have a recession. The S&P 500 returned 13.5% annually, which was higher than average, but still below three other decades and well below the highest achieved during the 1950s, which was just shy of 19%. The two decades of 1980 through 1999 produced the largest consecutive decade returns when stocks averaged 17.7% in gains annually.

The historical perspective is interesting and provides context for the next decade and beyond. An easy prediction is that we will experience a domestic recession in the upcoming years. However, the timing and causes of the next recession will be the critical factors for investors to digest. While stock prices were strong last year, it doesn’t necessarily mean stock prices can’t

rise in the future, but the near-term return potential has diminished somewhat as valuations have risen.

Economically speaking, U.S. GDP has stabilized near 2% growth. Global economic growth has been anemic over the last 18 months, though it is now showing signs of “green shoots”, or the early signs of invigorated potential growth. A sustainable expansion and increased bank capitalization in Europe and Asia could provide a missing stimulus to global growth.

Besides global growth, investors will need to monitor the trends in corporate profits, interest rates, and inflation that can impact financial markets. Earnings expectations are for a 10% increase in 2020. The upcoming reports for the fourth quarter due later in January are not expected to provide significant surprises, but future guidance could provide meaningful direction to investors. Lower interest rates and inflation expectations, if maintained, support higher stock valuations, while higher inflation could trigger a meaningful correction.

Our proprietary market valuation models currently favor stocks slightly over bonds, primarily due to bonds being more overvalued than stocks. This supports our above median exposure to stocks. The primary swing factor in the near-term would be a material shift in corporate profit expectations.

While trade anxiety has calmed down, the recent geo-political escalation with North Korea and Iran could be a significant destabilizing factor to the economy and financial markets if those tensions lead to increased military activity.

The upcoming U.S. presidential election will be on the electorate and investor’s minds throughout the year. Historically during election years, stocks tend to start the year positively, but volatility increases into the summer with stock prices weakening late in the summer, up to a few weeks before the election in early November. Based upon the divergent views and divided electorate, we would anticipate above average market volatility this year. Approaching the current environment with appropriate diversification and discipline is important to balance the potential return and risk.

Financial market conditions can change rapidly, as the last 15 months illustrated so well. The primary underpinnings of financial asset prices are future economic growth, interest rates, inflation, and corporate profits. Financial markets are a discounting mechanism reflecting sentiment and expectations of those key variables in the future. This aspect can be confounding to the average observer, but the recent past illustrates the current dilemma for investors.

Client portfolios remain well diversified and liquidity provides the flexibility to take advantage of expected future volatility. We utilized the market strength to reposition portfolios slightly and improve diversification where appropriate.

New bond investments have become less attractive with lower yields, but we remain committed to find appropriate value within the current market environment. We have utilized money market investments for excess liquidity in client portfolios to achieve a reasonable return while being patient for better investment opportunities.

Historical Market Performance for the Period Ended 12/31/19

	<u>Close</u>	<u>Total Return (%)</u>			<u>Annualized Total Return (%)</u>		
		<u>Quarter-to-Date</u>	<u>One Year</u>		<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Dow Jones Industrial Average	28538.44	6.67	25.34		15.73	12.59	13.24
S&P 500	3230.78	9.07	31.49		15.28	11.70	13.56
S&P 100	1442.17	10.21	32.91		15.73	12.12	13.38
S&P Mid Cap 400	2063.02	7.06	26.20		9.27	9.03	12.72
S&P Small Cap 600	1021.18	8.21	22.78		8.37	9.56	13.35
NASDAQ Composite Index	8972.60	12.50	36.69		19.86	14.93	16.05
Russell 2000	4146.56	9.94	25.52		8.59	8.23	11.83
MSCI EAFE	2036.94	8.17	22.01		9.57	5.67	5.50
MSCI EM (Emerging Markets)	1114.66	12.13	18.22		11.19	5.02	2.91
Bloomberg Barclays US Aggregate	105.61	0.18	8.72		4.03	3.05	3.75
ICE BofA US Treasury (1-3 Yr)	100.07	0.51	3.60		1.85	0.75	0.73
Blommberg Barclays US Intern/Gov/Credit	102.94	0.37	6.80		3.24	2.57	3.05

Source: FactSet, DJ, S&P, WSJ, ICE, Nasdaq, MSCI, Bloomberg Barclays and ishares



Arcataur Composite Investment Performance for the 3 Months, 12 Months, 3 Years and 5 Years Ended December 31, 2019

Arcataur Composite Portfolio	Total Return			
			3 yr.	5 yr.
	3 months	12 months	annualized	annualized
	12/31/2019			
Large Cap Direct Stock Equity	10.22%	32.26%	14.14%	10.24%
Large Cap Equity ETF	8.69%	30.86%	14.91%	11.32%
Benchmarks				
Lipper Large Cap Core	8.30%	29.10%	13.70%	10.20%
S&P 500	9.07%	31.49%	15.28%	11.70%
S&P 100	10.21%	32.91%	15.73%	12.12%

Arcataur Composite Portfolio	Total Return			
			3 yr.	5 yr.
	3 months	12 months	annualized	annualized
	12/31/2019			
Fixed Income	0.67%	6.63%	2.84%	2.58%
Benchmarks				
Bloomberg Barclays 1-5 (T/G/C)	0.50%	5.01%	2.54%	2.03%
Bloomberg Barclays Aggregate	0.18%	8.72%	4.03%	3.05%
Lipper Bond MF Avg.	1.10%	8.60%	3.83%	3.00%

Arcataur Composite Portfolio	Total Return			
			3 yr.	5 yr.
	3 months	12 months	annualized	annualized
	12/31/2019			
Managed Balance	6.02%	20.34%	9.07%	7.19%
Benchmark				
Lipper Balanced	4.60%	18.50%	8.29%	6.00%
60/40 Custom Index	5.58%	19.19%	9.16%	7.36%

Arcataur Composite Portfolio	Total Return			
			3 yr.	5 yr.
	3 months	12 months	annualized	annualized
	12/31/2019			
Small Cap Equity	8.20%	22.62%	7.78%	8.83%
Mid-Cap Equity	6.84%	25.91%	9.31%	8.63%
Total Equity*	8.77%	27.73%	12.23%	9.53%
Benchmarks				
Lipper Small Cap Core	7.90%	23.70%	6.73%	6.90%
S&P 600	8.21%	22.78%	8.37%	9.56%
Lipper Mid-Cap Core	6.80%	27.20%	10.28%	7.00%
S&P 400	7.06%	26.20%	9.27%	9.03%

Arcataur Composite Portfolio	Total Return			
			3 yr.	5 yr.
	3 months	12 months	annualized	annualized
	12/31/2019			
Developed International Equity	7.79%	21.68%	9.11%	5.25%
Emerging International Equity	11.68%	19.98%	10.32%	4.45%
Total Equity*	8.77%	27.78%	12.20%	9.51%
Benchmarks				
EAFE	8.17%	22.01%	9.57%	5.67%
MSCI Emerging Market Index	12.13%	18.22%	11.19%	5.02%

*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, S&P 600® Index, the EAFE® index, the Bloomberg Barclays Aggregate Broad Investment Grade Index Treasury/Government/Credit (T/G/C), and the Bloomberg Barclays Investment Grade Index Treasury/Government/Credit (T/G/C) 1-5 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 and Lipper Large-Cap Core Average.

Arcataur Investment Grade Fixed Income Portfolio – the Bloomberg Barclays Aggregate Broad Investment Grade Index (T/G/C), the Bloomberg Barclays Investment Grade Index (T/G/C) 1-5 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: 18% S&P 500, 18% S&P 100, 9% S&P 400, 6% S&P 600, 6% EAFE, 3% MSCI-EM, 27% Bloomberg Barclays (T/G/C) 1-5 and 13% Bloomberg Barclays Aggregate (T/G/C) broad index.

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

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 and S&P 100 are indices of Large-Cap domestic core companies as produced by Standard and Poor’s. 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.

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