

Arcataur Capital Management LLC

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www.Arcataur.com

2/10/11

This brochure provides information about the qualifications and business practices of Arcataur Capital Management LLC ["Arcataur"]. If you have any questions about the contents of this brochure, please contact us at 414-225-8200 and/or ismetek@arcataur.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Arcataur Capital Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to help you determine whether to hire or retain an Adviser.

Additional information about Arcataur also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This brochure dated February 10, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Ignatius L. Smetek, President and Chief Investment Officer, at 414-225-8201 or ismetek@arcataur.com. Our brochure is also available on our web site www.arcataur.com, also free of charge.

Additional information about Arcataur is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Arcataur who are registered, or are required to be registered, as investment adviser representatives of Arcataur.

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Item 4 – Advisory Business

Arcataur is wholly owned by Ignatius L. Smetek and began operations on 2/1/03.

Arcataur provides continuous investment management and advice to its clients, based on each client's individual needs and objectives. Clients' needs and objectives are determined through a Fact Finder and ongoing communications. Funds are primarily invested in equity and debt securities. A client may impose restrictions on investing in certain securities or types of securities.

Assets under management at 12/31/10 were \$58,225,000. Arcataur manages all assets on a discretionary basis.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Arcataur is established in a client's written agreement with Arcataur. Arcataur calculates its fees monthly based on the combined value of all cash and securities under Arcataur's management at the end of the month. Clients are billed in arrears each calendar quarter. Clients may elect to be billed directly for fees or authorize Arcataur to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

Arcataur's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Arcataur's fee, and Arcataur shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Arcataur considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The following schedule applies to all accounts:

<u>Type of Account</u>	<u>Asset Value</u>	<u>Annual Rate</u>
Large Cap Equity Portfolios	First \$ 1 million	.95%
	Next \$4 million	.90%
	Next \$5 million	.85%
	Over \$10 million	.75%
Investment Grade Fixed Income Portfolios	First \$ 1 million	.60%
	Next \$4 million	.55%
	Next \$5 million	.50%
	Over \$10 million	.40%
Managed Balance Portfolios	First \$ 1 million	.80%
	Next \$4 million	.75%
	Next \$5 million	.70%
	Over \$10 million	.60%

All fees are subject to negotiation.

Item 6 – Performance-Based Fees and Side-By-Side Management

Arcataur does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Arcataur provides portfolio management services to individuals, trusts, corporations and other commercial entities, pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, religious organizations, foundations, endowments, and municipalities. Arcataur prefers clients with a minimum amount of assets under management of \$500,000.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Arcataur's methods of security analysis include economic analysis, fundamental analysis and technical analysis. In its economic analysis, Arcataur utilizes internal and external research on the economy and certain cyclical factors. In its fundamental analysis, Arcataur relies on both an industry analysis and an individual company analysis. Through a careful study of fundamental factors such as earnings, asset values, financial prospects, quality of management, outlook for the industry and the economy, Arcataur seeks to evaluate the earnings potential of an investment and its intrinsic value, and looks to determine whether the intrinsic value is above or below the actual

price of the security. Arcataur also utilizes Wall Street research services for fundamental analysis. Arcataur considers various technical and monetary analyses to be valuable tools in the decision-making process and in determining timing of purchases and sales of securities. In its technical analysis, Arcataur subscribes to technical and charting services and uses information from these services.

Arcataur's principal sources of information include the public filings of issuers with governmental authorities, industry data, corporate rating services, financial newspapers and magazines, publicly available company-prepared information (annual reports, prospectuses and press releases), charts and other statistical material furnished by outside vendors and trade publications, and research furnished by broker-dealers and other industry members. Other sources of information may include information from varied sources such as industry, trade association and academic publications, personal interviews with individuals knowledgeable about a company or industry, and material provided by government agencies, such as the U.S. Department of Commerce and Labor and the Federal Reserve Board. In addition, to supplement this information, Arcataur may attend company-sponsored meetings and road show presentations from time to time.

The **Arcataur Large Capitalization Equity Portfolio** offers investors a separately managed account consisting of high-quality, blue chip stocks and broad-based market indices that track the domestic large capitalization stock indices through exchanged traded funds (ETF'S). Our approach would be described as top-down, which combines fundamental analysis of macroeconomic statistics and specific data for most major public companies with subjective stock evaluation to achieve consistent returns for the level of risk taken. Appropriate diversification is also considered when constructing client portfolios.

Arcataur invests in high-quality companies that have sustainable growth, while taking into consideration specific risk that each investment introduces to the portfolio. Most companies will have market capitalization in excess of \$2 billion. Research fundamentals are emphasized and consider how each investment will fit with the current macro assumption utilized by our portfolio managers. Financial and operating quality is emphasized to provide a greater margin of safety and stability to our portfolios. Valuation is always considered to avoid overpaying for growth stocks. Technical analysis is utilized for timing decisions and taking advantage of trading opportunities. Our strategy focuses on maximizing expected return through constructing diverse portfolios covering most major industry sectors.

The **Arcataur Investment Grade Fixed Income Portfolio** offers investors a separately managed asset account focusing on Treasuries, Agencies, Corporates and Municipals (where applicable) with an average portfolio credit rating of A. The direct investments in bonds are augmented with the utilization of broad index-type bond exchange traded funds (ETF's) to enhance liquidity and diversification. Our fixed income strategy is to actively manage portfolios to generate conservative risk-adjusted total return. Our focus is to preserve capital while generating current income.

The **Arcataur Managed Balance Portfolio** offers investors a separately managed account which seeks to preserve capital during difficult market periods while allowing growth opportunity in good market conditions. The Arcataur Managed Balance Portfolio will hold 45% to 75% in equities depending upon market conditions. The objective is to seek growth over time and balance the stock market volatility with current income. This investment discipline provides flexibility and customization to meet unique client needs, return objectives and risk tolerances.

Since there are risks in all investments in securities, Arcataur cannot guarantee that it will achieve your investment goals or that the performance of your investments will be positive over any period of time. The value of your investments may change and you may lose money. Investing in securities involves risk of loss that clients should be prepared to bear.

For the Arcataur Large Capitalization Equity Portfolio the principal risks of investing are:

Market Risk – Market risk involves the possibility that the value of your investments will fluctuate as the stock and bond markets fluctuate over short or longer-term periods. Common stock prices tend to be more volatile than other investment choices.

Portfolio-Specific Risk – From time to time, the value of an individual company may decline due to a particular set of circumstances affecting that company, its industry or certain companies within the industry, while having little or no impact on other similar companies within the industry.

For the Arcataur Investment Grade Fixed Income Portfolio, the principal risks of investing are:

Credit Risk – Credit risk involves the possibility that the issuers of securities may fail to make timely interest and principal payments.

Interest Rate Risk – Interest rate risk refers to the risk that the prices of your investments, particularly fixed income investments, are likely to fall if interest rates rise. This is because the prices of debt securities typically move in the opposite direction of interest rates. Debt securities with longer maturities generally are affected to a greater degree than debt securities with shorter maturities as interest rates change. In addition, the income you receive from fixed income investments is based in part on interest rates which can vary widely over the short and long term. If interest rates decline, your income from new fixed income investments maybe lower as well.

Liquidity Risk – Changes in price resulting from the need to convert the investment to cash in a reasonable period of time.

The risks for the Arcataur Managed Balance Portfolio are similar to the Arcataur Large Capitalization Equity Portfolio and the Arcataur Investment Grade Fixed Income Portfolio. However, the process of blending stock and bond investments has historically offered a counter-balance to the stated risks of each.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Arcataur or the integrity of Arcataur's management. Arcataur has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Arcataur does not engage in any other financial industry activities and does not have any affiliates.

Item 11 – Code of Ethics

Arcataur has a Code of Ethics and an Insider Trading Policy that are designed to ensure that your interests come before the interests of Arcataur or its employees or related persons. In addition, Arcataur has a trade allocation policy designed to achieve a fair and equitable allocation of securities transactions among all client accounts.

Arcataur's Code of Ethics limits the circumstances under which Access Persons can engage in personal securities transactions. Access Persons include any of Arcataur's officers or directors or any employees who obtain timely information regarding the purchase or sale of a security by a client or of any investment recommendation made to a client within the normal scope of their job, and other designated persons. The Code requires all Access Persons to obtain pre-approval of all personal transactions in securities not otherwise exempt under the Code. Requests for trading authority will be denied when, among other reasons, the proposed personal transaction might adversely affect any transaction under consideration for any client account. In addition to the pre-approval requirements, the Code prohibits portfolio managers and other investment personnel from investing in any initial or secondary public offerings by an issuer (excluding open-end investment companies). All personal securities transactions reports by Access Persons are reviewed for compliance with the Code.

Arcataur anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which Arcataur, its affiliates and/or clients, directly or indirectly, have a position. Arcataur's employees and persons associated with Arcataur are required to follow Arcataur's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Arcataur and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Arcataur's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Arcataur will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities

have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Arcataur's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Arcataur and its clients.

Arcataur's Insider Trading Policy is designed to restrict Arcataur's employees from trading on material non-public information or communicating material non-public information to others in violation of the law. The Policy is further designed to prevent the communication of material information that is confidential to other individuals or companies.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Arcataur's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Arcataur will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is Arcataur's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Arcataur will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Arcataur does not serve as a broker-dealer (affiliated nor non-affiliated) nor as a custodian for clients.

All supervised persons at Arcataur must acknowledge the terms of the Code of Ethics and Insider Trading Policy annually, or as amended. Arcataur's clients or prospective clients may request a copy of the firm's Code of Ethics and Insider Trading Policy by contacting Ignatius L. Smetek.

Item 12 – Brokerage Practices

Generally, Arcataur selects brokers on its perceived ability to obtain best execution as described below. On that basis, Arcataur may aggregate orders to obtain the efficiencies that may be available on larger transactions when it determines that investment decisions are appropriate for each participating account. In some cases, this policy may cause an account to receive a less favorable price than if the account's order had not been aggregated. If a number of accounts managed by Arcataur are engaged in the purchase or sale of the same security at the same time, the orders may be aggregated and the transactions may be averaged as to price and allocated or, if necessary, reallocated equitably to each account pursuant to Arcataur's trade allocation procedures. In some cases, this policy might adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account. Subject to the foregoing, it is Arcataur's policy to seek "best execution" for all portfolio transactions. In selecting brokers and dealers for, and in negotiating commissions on, agency transactions, Arcataur considers a number of factors, including: Arcataur's knowledge of currently available negotiated commission rates or prices of securities currently available and other current transaction costs; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the quality of the execution, clearance and settlement services; financial stability of the broker; the existence of actual or apparent operational problems of any broker or dealer; and research products or services provided. Research products or services provided may include: furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling specific securities, and the availability of securities, or purchasers or sellers of securities; furnishing seminars, information, analyses and reports concerning issuers, industries, securities, trading markets and methods, legislative developments, changes in accounting practices, economic factors and trends and portfolio strategy; access to research analysts, corporate management personnel, industry experts, economists and government officials; comparative performance evaluation and technical measurement services and quotation services; and other similar products and services that assist Arcataur in carrying out its responsibilities. Research received from brokers or dealers is supplemental to Arcataur's own research efforts.

Although permitted by the Securities Exchange Act of 1934, as amended, Arcataur does not engage in the long-standing investment management industry practice of paying higher commissions to brokers and dealers who provide brokerage and research services ("research services") than to brokers and dealers who do not provide such research services, if higher commissions are deemed reasonable in relation to the value of research services provided. These types of transactions are commonly referred to as "soft dollar transactions". Two different types of research services are typically acquired through these transactions: (i) proprietary research services offered by the broker or dealer executing a trade, and (ii) other research services offered by third parties through the executing broker or dealer.

Arcataur permits a client to direct Arcataur to use particular brokers, dealers or banks to execute trades. In this event, the Arcataur will not seek better execution services or prices for the client from other brokers, dealers or banks, and the client may pay higher prices or transaction costs as a result. Arcataur also may not be able to seek better execution service for the client by combining the client's orders with those of other clients.

Item 13 – Review of Accounts

Arcataur will regularly review its accounts and the positions held in its accounts primarily through the efforts of its portfolio managers, and also in preparation for meetings with clients. Accounts are reviewed for performance, sector and asset allocation, adherence to Arcataur's investment policies and strategies and specific security ownership, and adherence with specific client guidelines and objectives. Arcataur periodically reconciles account information to available records kept by other persons, such as available custodial records or broker confirmations. Arcataur's compliance function will review client portfolios for compliance with investment policies and restrictions and regulatory requirements.

At least quarterly, all clients receive a statement of the assets held in their account(s) that contains a complete description of each asset together with cost and current market values. Other reports sent to clients quarterly include a list of security purchases and sales, realized gains and losses for taxable accounts, advisory fees charged and a performance summary. Clients also receive a monthly statement from their custodian that lists transactions and details all activity within their account. The custodian furnishes to the client annually a tax summary showing dividends and interest. Arcataur generally meets with each client on an annual basis, or more frequently at the client's request, to review investment strategy, performance and administrative matters. Arcataur may, if requested by the client, provide additional reports or information at this meeting or otherwise.

Item 14 – Client Referrals and Other Compensation

Arcataur or a related person does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

Arcataur does not directly or indirectly compensate any person for client referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the clients' investment assets. Arcataur urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Arcataur usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Arcataur normally will direct the sale of some or all of the securities in a client's account promptly after the initial receipt of the management of the account or the deposit of additional securities into the account. Arcataur will retain securities in a client's account to the extent they would be included in Arcataur's normal advised holdings for that account or if so requested by the client.

When selecting securities and determining amounts, Arcataur observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Arcataur in writing.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, Arcataur does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodians or a transfer agent.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Arcataur's financial condition. Arcataur has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Brochure Supplement/Requirements for State-Registered Advisers

The individuals who determine general investment advice to clients and the principal executive officers of Arcataur are as follows:

Ignatius L. Smetek, CFA, CPA

Born: 1961

Education: University of Wisconsin-Milwaukee, BBA-Accounting

University of Wisconsin-Madison, MSBA-Investments

Business Background: President and Chief Investment Officer, Arcataur Capital Management LLC; The Northwestern Mutual Life Insurance Company and various of its investment advisory affiliates, 1993-2002, Portfolio Manager and Director/Managing Director, 1986-1993, Common Stock Analyst; Firststar Corporation, 1983-1985, Senior Loan Review Analyst

William C. Weber

Born: 1953

Education: United States Military Academy, BS-Engineering

University of Chicago, MBA-Finance

Business Background: Vice President, Arcataur Capital Management LLC; managed personal and family accounts 2003-2007; J.P. Morgan & Co. 1999-2002, Vice President-Institutional Equity Sales; Salomon Brothers, 1983-1998, Vice President-Institutional Equity Sales; U.S. Army, 1975-1981, various positions.

Cindy L. Jackson, CFA

Born: 1959

Education: University of Wisconsin-Eau Claire, BBA

University of Wisconsin-Madison, MBA

Business Background: Vice President-Investments, Arcataur Capital Management LLC; The Northwestern Mutual Life Insurance Company and various of its investment advisory affiliates, 1990-2005; Portfolio Manager and Director/Managing Director, 1998-2005, Associate Director and Common Stock Analyst, 1990-1998; The State Teachers Retirement System of Ohio, 1989-1990, Fixed Income Analyst; U.S. Bancorp (f/k/a Firststar) Audit Officer, 1981-1987

Helmut W. Hampel, CPA

Born: 1961

Education: University of Wisconsin-Milwaukee, BBA-Accounting

University of Wisconsin-Milwaukee, MS-Management

Business Background: Vice President-Operations, Arcataur Capital Management LLC;

U.S. Bancorp (f/k/a Firststar Bank): 1996-2001, Vice President and Regional Manager,

Credit Review Department, 1983-1996, various positions in the Audit and Credit

Review Departments.

Nancy M. Smetek

Born: 1958

Education: University of Wisconsin-Eau Claire, BBA

Marquette University, MBA

Business Background: Vice President, Arcataur Capital Management LLC;

U.S. Bancorp (f/k/a Firststar Bank): Senior Vice President & Director, Credit Risk

Assessment 1998-2008; Vice President & Team Leader, Credit Risk Assessment 1990-

1998; various positions in the Audit and Loan Review Departments 1984-1989; State of

Wisconsin, Department of Financial Institutions, Bank

Examiner, 1980-1983.

Minimum Qualifications for Professional Designations:

CFA - Chartered Financial Analyst

Issued by: CFA Institute

Prerequisites/Experience Required:

Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or
- 4 years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the 3 levels)

Examination Type: 3 course exams

Continuing Education/Experience Requirements: None

CPA – Certified Public Accountant

Issued by: Each state

Prerequisites/Experience Required: Varies by state; generally an undergraduate degree with a minimum number of qualifying credit hours in accounting and business administration and a minimum number of years of qualified work experience

Educational Requirements: None

Examination Type: Exam consisting of 4 parts

Continuing Education/Experience Requirements: Varies by state