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Money manager re-enters market with firm

Arcataur Capital is formed downtown

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Photo/William J. Liza

Ignatius L. Smetek, a former Northwestern Mutual Life money manager, has opened his own firm, Arcataur Capital Management, in downtown Milwaukee.

Three years into a painful bear market, with many discouraged investors determined to not even look at a stock, why would anyone start a money management firm?

Ignatius L. Smetek has several reasons.

Smetek, 42, who said he left his job in August as managing director and portfolio manager at Northwestern Mutual Life Insurance Co. to spend more time with his family and consider other opportunities, says he missed working in the markets.

He also says he has a good long-term track record, people are looking for help and now is a better time to jump into stocks than three years ago.

"I'm not hearing anybody saying investing is easy anymore," said Smetek.

"Valuations in general are more attractive than they have been in the last five or six years and the market has somewhat, not completely, digested the overhang of the 1990s."

Smetek started his new firm, Arcataur Capital Management LLC, in late January and owns at least 75% of it, according to filings with the Securities and Exchange Commission.

Smetek managed the Mason Street Asset Allocation Fund, was lead manager for Northwestern Mutual's charitable foundation and co-managed the insurance company's pension fund. He had been at

Northwestern Mutual since 1986. Before that, Smetek was at First Wisconsin Corp., now U.S. Bancorp.

When he left Northwestern Mutual, Smetek's Mason Street Asset Allocation Fund was a four-star fund that ranked in the top 14% of its big company growth category for the past five years, according to Chicago-based Morningstar Inc.

Arcataur will manage portfolios for individuals, pension funds and charitable foundations with a minimum of \$500,000 in assets. It offers portfolios of blue chip stocks, investment-grade bonds or a combination of both. "It's a high-quality, no-nonsense, diversified product," Smetek said.

It can make sense to start a money management firm in a lackluster stock market environment because investors are more willing to listen to pitches from different money managers, said Robert J. Bukowski, senior consultant at Alpha Investment Consulting Group.

"Everyone is depressed, no one wants to even talk about stocks. So if you can raise assets in this kind of market, you'll do fine when things get back to normal," Bukowski said.

Arcataur has \$1 million of assets from two customers under management, according to SEC filings. But those filings show the firm expects to have at least \$25 million under management within four months.

It may or may not be the right time to attempt that goal, but that's not what's important, said James B. Kitzinger, a local money manager Smetek sought advice from regarding starting his firm.

"If it's something you're passionate about, and you feel it's something you've always wanted to do, no one ever tells you today is the right day to do it," said Kitzinger, principal and equity portfolio manager at Kitzinger Lautmann Capital Management Inc.

Arcataur's vice president of operations is Helmut W. Hampel, who was previously a credit manager at U.S. Bancorp. The firm is also considering hiring a fixed income manager, Smetek said.

The name Arcataur was derived from blending the names of two stars: Arktos, the bear-guard star, and Taurus, the bull star.

The firm's office is at 826 N. Plankinton Ave.

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