

ATHENA DIVIDEND INCOME EQUITY

SMA COMMENTARY | QUARTER 3, 2018



KEY TAKEAWAYS

- ◆ With the backdrop of a weaker high-dividend market, the portfolio generated a -0.5% return in Q3, underperforming its S&P 1500 benchmark by -7.9%.
- ◆ Quarterly results were driven by one stock with a return of -18% and two others with losses exceeding 7%.
- ◆ The dividend yield is a healthy 5.3% versus the benchmark yield of 1.8%.

Positive Impacts	Negative Impacts
One stock held in the quarter, Verizon, generated a return exceeding 6%, close to the Q3 return of the broad market. The portfolio overweight position in Energy and Utility stocks helped reduce quarterly losses, as industries within these sectors benefited from strengthening Q3 economic growth.	Three of the 12 securities held during the quarter, Tivo, B&G Foods, and Pitney Bowes, declined by more than 5%. No stocks were sold during the quarter.

LONG-TERM PERSPECTIVE

While there is mounting concern about geopolitics, interest rates and the length of the current bull market, fundamentals remain solid with strong manufacturing activity, economic growth and earnings.

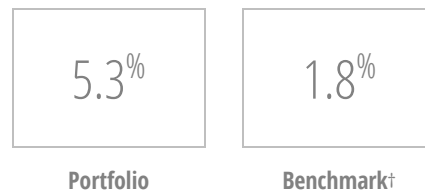
Interest rates and inflation remain well below long-term averages. While there is always potential for slower growth and heightened market volatility, we believe the conditions supporting a long-term secular expansion remain intact.

The market continues to undervalue dividends, a distortion that has gone on for nearly five years now. Broadly, investors continued to favor stocks with little or no dividend yield over high-yielding stocks. Even share buybacks are not being rewarded by investors.

The portfolio delivers an attractive yield of 5.3%, nearly three times the S&P 500 yield of 1.8%, and a long-term return of 6.3%, outpacing inflation. The portfolio's valuation ratios remain attractive.

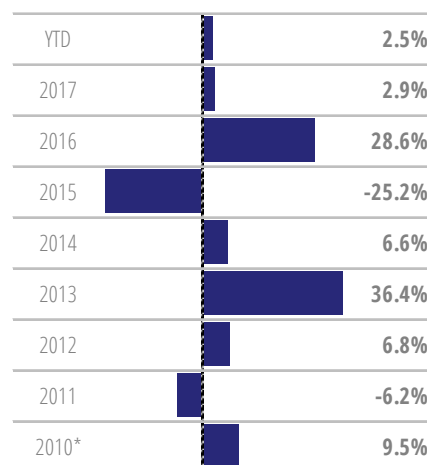
DIVIDEND YIELD

Current Yield (As of 9/30/2018)



PERFORMANCE^A

Calendar Year Performance



△ All performance figures are based on composite portfolio performance on a pre-tax basis with reinvestment of dividends and is net of all trading, custodial, and management fees.

† Portfolio benchmark is the S&P 1500 TR Index.

* 2010 return is Oct 1 – Dec 31 and is not annualized.

% ANNUALIZED TRAILING PERFORMANCE AS OF 9/30/2018

	Q3 2018	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Dividend Income Equity (Net)	-0.5	2.5	5.7	9.1	3.5	N/A	6.3
S&P 1500 TR Index	7.4	10.5	17.7	17.3	13.8	N/A	14.8

Investment returns presented assume reinvestment of dividends and capital gains and are net of actual management fees. Current performance may be higher or lower than what is shown. Benchmark performance is shown for comparison purposes only and it is not possible to invest directly in an index. Holdings shown and discussed in this analysis should not be deemed as a recommendation to buy or sell securities and the current portfolio holdings may be different than what is presented. There are risks involved in investing in any Athena Portfolio, including loss of principal.

For complete portfolio performance, disclosures and risks, refer to athenainvest.com.

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The opinions expressed in this commentary are as of September 30, 2018.

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.