

# ATHENA DIVIDEND INCOME EQUITY

SMA COMMENTARY | QUARTER 2, 2019



## KEY TAKEAWAYS

- ◆ The portfolio lost 4.5% return in Q2, underperforming its S&P 1500 benchmark by 8.7%.
- ◆ The dividend yield remains a healthy 5.8% versus the benchmark yield of 2.1%.
- ◆ Quarterly results were driven by three stocks experienced losses exceeding 15%.
- ◆ There were no trades during the quarter.

Positive Impacts	Negative Impacts
Four stocks generated positive returns in Q2: AT&T, Convanta Holdings, PacWest Bancorp, and Compass Minerals.	Three the twelve securities held during the quarter generated negative returns exceeding 15%: B&G Foods, Kohl's and Phillip Morris.

## LONG-TERM PERSPECTIVE

Stock markets were fairly normal during Q2. After a May pull back, markets recovered quickly and are now hovering around all-time highs, with the S&P 500 up 4.3% for the quarter. Key takeaways include:

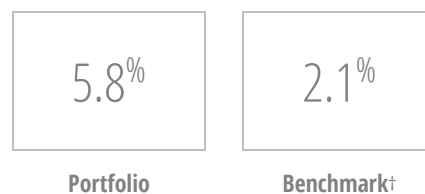
- Both the economy and the market hit new milestones with the 10+ year economic expansion becoming the longest in history and the associated bull market surpassing 10 years in length as well.
- The economy continues to grow with a robust labor market and rising wages buoyed by low inflation and low interest rates. The latter is almost unheard of, as it is rare for inflation and interest rates to remain low after a long expansion.
- The market has experienced high returns with relatively low volatility, driven by a growing economy since the 2016 election. Valuations are a bit elevated, but not extreme.
- Technical indicators are positive and have strengthened since late last year.
- Our Behavioral Market Barometers are in the normal ranges for US Large Cap, Small Cap and International markets.

The quarter witnessed a return to the long-running preference for low dividend yield stocks over high yield stocks. The MSCI ACWI index outperformed the MSCI ACWI High yield index by 3% during the quarter. This has been one of the longest periods in which low yield stocks have outperformed high yield stocks.

The portfolio delivers an attractive yield of 5.8%, nearly three times the S&P 500 yield of 1.9%, and a long-term return of 4.5%, outpacing inflation. The portfolio's valuation ratios remain attractive

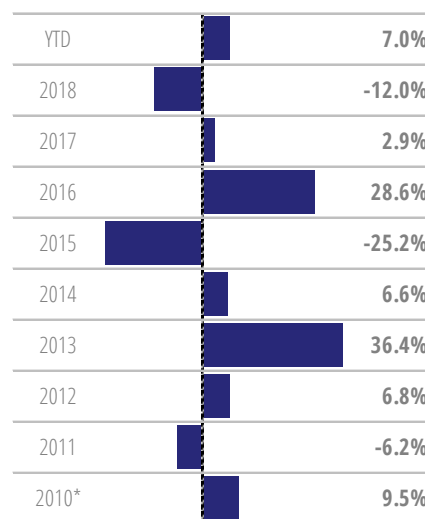
## DIVIDEND YIELD

Current Yield (As of 6/30/2019)



## PERFORMANCE<sup>A</sup>

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 6/30/2019

	Q2 2019	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
<b>Dividend Income Equity (Net)</b>	<b>-4.5</b>	<b>7.0</b>	<b>-8.8</b>	<b>0.7</b>	<b>-2.0</b>	<b>N/A</b>	<b>4.5</b>
<b>S&amp;P 1500 TR Index</b>	<b>4.2</b>	<b>18.4</b>	<b>9.3</b>	<b>13.9</b>	<b>10.5</b>	<b>N/A</b>	<b>13.7</b>

*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](http://athenainvest.com).

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The opinions expressed in this commentary are as of June 30, 2019.

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.