

# ATHENA GLOBAL TACTICAL ETFS

SMA COMMENTARY | QUARTER 3, 2018



## KEY TAKEAWAYS

- ◆ Against a strengthening US economy and global environment during the third quarter, the portfolio generated a strong 8.9% return, beating the MSCI ACWI benchmark return by 4.5%.
- ◆ The portfolio was invested in the S&P 500 throughout much of the quarter but was traded into EAFE in mid-September.
- ◆ The US Large Cap Market Barometer was steady during Q3 while the International Market Barometer strengthened. US Small Cap readings weakened.
- ◆ Two Market Barometers are currently signaling normal markets while the third is flashing caution.

| Positive Impacts   | Negative Impacts  |
|--|---|
| The US economy strengthened during Q3 while stock market volatility was about normal. Economic growth is driving corporate earnings growth and, in turn, has provided a solid foundation for stock prices. | World growth outside the US strengthened during the quarter. The EU economy bounced back from a soft Q2. Emerging markets were particularly hard hit during Q2 but are showing signs of renewed strength in Q3. |

## 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.

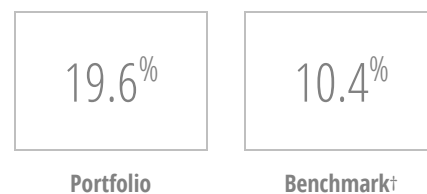
Interest rates and inflation remain well below long-term averages. While there is always potential for slower growth and heightened market volatility, we believe the conditions supporting a long-term secular expansion remain intact.

Our Behavioral Market indicators have strengthened for International markets, resulting in a rotation from US Large Cap to International Developed. A growing divergence in pricing along with strong economic activity and attractive valuations further support market appreciation potential for International Developed markets. As of September 30, 2018, the S&P 500 TR Index gained 10.6% year to date while the MSCI EAFE Net Return Index declined -1.4% over the same time period.

The portfolio has had positive returns in every year since inception, and has outperformed its benchmark over the trailing 1, 3, and 5-year time periods.

## PERFORMANCE<sup>A</sup>

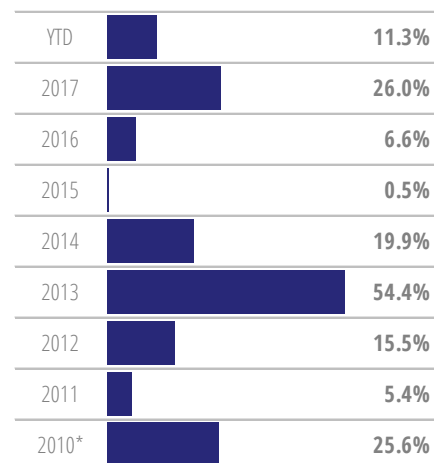
### Annualized Since Inception (9/1/2010)



△ 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 MSCI ACWI NR Index.

### Calendar Year Performance



\* 2010 return is Sep 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      |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|------------|-------------|
| <b>Global Tactical ETFs (Net)</b> | <b>8.9</b> | <b>11.3</b> | <b>18.3</b> | <b>16.7</b> | <b>13.7</b> | <b>N/A</b> | <b>19.6</b> |
| <b>MSCI ACWI NR Index</b>         | <b>4.3</b> | <b>3.8</b>  | <b>9.8</b>  | <b>13.4</b> | <b>8.7</b>  | <b>N/A</b> | <b>10.4</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 September 30, 2018.

GT-QC-201809

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.