

ATHENA GLOBAL TACTICAL ETFS

SMA COMMENTARY | QUARTER 4, 2018



KEY TAKEAWAYS

- ◆ With a backdrop of a volatile market, Global Tactical dropped 12.4%, virtually matching its MSCI ACWI benchmark.
- ◆ The portfolio was invested in international developed markets throughout the quarter, which was the best performing market among the portfolio's three equity options.
- ◆ Both US Large Cap and International Market Barometers held steady during Q4. US Small Cap readings remained weak.
- ◆ For the full year, the portfolio beat its benchmark with a return of -2.5% vs -9.4% for the MSCI ACWI.

Positive Impacts	Negative Impacts
The international developed MSCI EAFE Index declined by 12.2% in the quarter. This was less than the S&P 500 loss of 13.5% and the Russell 2000 loss of 20.2%.	World growth outside the US stalled during the quarter. The EU economy softened from an improving Q3. US trade relations with China have become one of the biggest worries for those investing outside the US.

LONG-TERM PERSPECTIVE

The stock market stumbled in Q4, turning a 10.6% YTD gain on the S&P 500 at the beginning of the quarter into a 4.4% loss by year-end. This halted an amazing 9-year run of positive returns, one year short of the 10-year record of the late 1940's and 1950's. To put this in historical perspective, the market would normally have experienced 2 to 3 negative return years during this period.

The Q4 markets were roiled by the Fed's clumsy December announcement of Fed Funds target increase, which led to an accelerating sell-off. Concerns of slower growth and talk of possible trade wars further unsettled the markets during the quarter.

The market rebounded going into year-end from the sharp drop in late December, but volatility is likely to continue into Q1 2019 due to the speed and magnitude of the Q4 decline.

The economy continues to grow with a robust labor market, rising wages, and rising earnings and dividends, buoyed by low inflation and low interest rates. We believe the conditions supporting a long-term secular expansion remain intact.

The portfolio has been positive 8 out of 9 years and has outperformed its benchmark over the trailing 1, 3, and 5-year time periods.

PERFORMANCE^A

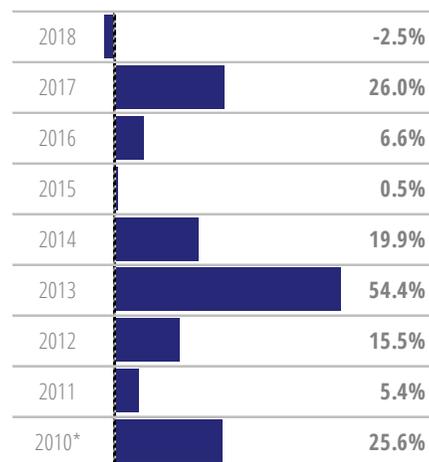
Annualized Since Inception (9/1/2010)



△ 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 12/31/2018

	Q4 2018	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Global Tactical ETFs (Net)	-12.4	-2.5	-2.5	9.4	9.6	N/A	17.1
MSCI ACWI NR Index	-12.8	-9.4	-9.4	6.6	4.3	N/A	8.3

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 December 31, 2018.

GT-QC-201812

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.