

ATHENA GLOBAL TACTICAL ETFS

SMA COMMENTARY | QUARTER 1, 2019



KEY TAKEAWAYS

- ◆ With a backdrop of surging markets, Global Tactical increased a strong 9.5% in Q1, underperforming its MSCI ACWI benchmark by 2.7%.
- ◆ The portfolio was invested in international developed markets through Mid-March and then switched to the better performing S&P 500.
- ◆ US Large Cap and International Market Barometers held steady in the normal range during Q1. US Small Cap readings moved into the normal range.

Positive Impacts	Negative Impacts
The portfolio switched from EAFE to S&P 500 in mid-March and benefited from the resulting relative strength of the US economy. Since March the S&P 500 has been the top performer among the four markets in which the portfolio can be invested.	While EAFE outperformed the S&P 500 during the Q4 market plunge, the roles reversed in Q1. World growth outside the US continued to stall during the quarter making international markets less attractive.

LONG-TERM PERSPECTIVE

The stock market roared back in Q1, with the S&P 500 up a strong 13.6% and the Russell 2000 up an even stronger 14.6%. Q1 was one of the best first quarters in decades.

The Q4 market swoon combined with the Q1 sharp reversal presented a deep V market formation. These tend to occur when the market drops sharply for little or no fundamental reason and thus bounces back quickly. The late year 2018 drop came within a hair's breadth of turning into a Bear Market but stopped short of the widely recognized 20% requirement. Currently the S&P 500 is again flirting with its all-time high of 2929 set last September and valuations have become a bit elevated.

The Q4 markets were roiled by the Fed's clumsy December announcement of Fed Funds target increases, which led to an accelerating sell-off. The Fed backed off interest rate increases any time soon which provided a boost for market returns.

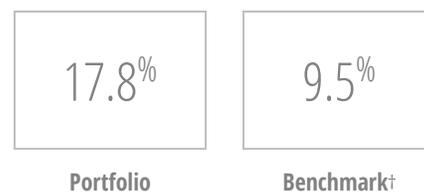
The economy continues to grow with a robust labor market and rising wages buoyed by low inflation and low interest rates. We believe the conditions supporting a long-term secular expansion remain intact.

The quarter witnessed a return to the long-running preference for growth stocks over value stocks. The Russell 1000 Value index outperformed the Russell 1000 Growth index by 5% during the quarter.

The long-term performance profile remains attractive with 9 out of 10 years positive and periodic outsized returns of 20% or greater in 4 of those years.

PERFORMANCE^A

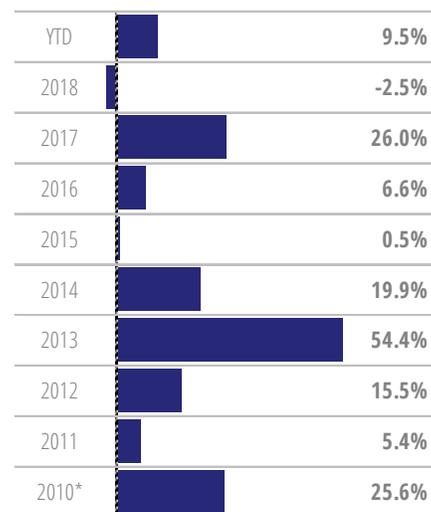
Annualized Since Inception (9/1/2010)



△ 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 3/31/2019

	Q1 2019	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Global Tactical ETFs (Net)	9.5	9.5	7.9	12.3	11.7	N/A	17.8
MSCI ACWI NR Index	12.2	12.2	2.6	10.7	6.5	N/A	9.5

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 March 31, 2019.

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.