

# ATHENA MANAGED EQUITY

SMA COMMENTARY | QUARTER 3, 2018



## KEY TAKEAWAYS

- ◆ With the backdrop of a strengthening economy, the portfolio generated a 4.1% return, nearly matching its MSCI ACWI benchmark return of 4.3%.
- ◆ Of the three components making up the portfolio, Global Tactical outperformed its benchmark while Dividend and Pure underperformed.
- ◆ Two Tactical Market Barometers are currently signaling normal markets while one is signaling caution.

Positive Impacts	Negative Impacts
<p>Thirteen of the 22 individual stocks held in the portfolio during the quarter contributed positively to performance. Of these, Nordstrom, HP and Cardinal Health produced strong returns exceeding 10%. The portfolio's Consumer Cyclical stocks contributed to the quarterly performance, as industries within these sectors benefited from the acceleration of economic growth in Q3.</p> <p>The Global Tactical positioning in US Large Caps and EAFE outperformed the portfolio's benchmark return.</p>	<p>The Pure portion of the portfolio somewhat underperformed due in part to the continued underperformance of value versus growth stocks. Two of the 10 Pure stocks generated negative returns.</p> <p>The Dividend portion underperformed as investors are still not rewarding dividend-paying stocks based on historical measures and thus returns on high yield stocks continue to be muted. Five of the 12 Dividend stocks had negative returns for the quarter.</p>

## 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.

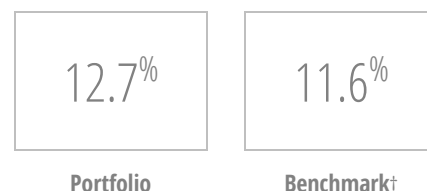
Interest rates and inflation remain well below long-term averages. While there is always potential for slower growth and heightened market volatility, we believe the conditions supporting a long-term secular expansion remain intact.

The combination of value stock selection with a tactical overlay has enabled Managed Equity to keep up with the broad market, while remaining well positioned with attractive valuations.

The portfolio has generated positive returns in six out of the past seven years and has outperformed its benchmark since inception.

## PERFORMANCE<sup>A</sup>

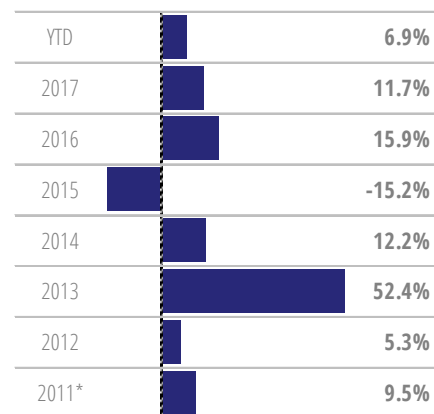
### Annualized Since Inception (10/1/2011)



△ 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 MCSI ACWI NR Index.

### Calendar Year Performance



\* 2011 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
<b>Managed Equity (Net)</b>	<b>4.1</b>	<b>6.9</b>	<b>11.5</b>	<b>12.1</b>	<b>7.7</b>	<b>N/A</b>	<b>12.7</b>
<b>MSCI ACWI 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>11.6</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).

## IMPORTANT DISCLOSURES

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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.