

ATHENA MANAGED EQUITY

SMA COMMENTARY | QUARTER 2, 2019



KEY TAKEAWAYS

- ◆ With a backdrop of normal markets, the portfolio lost -1.2%, underperforming its MSCI ACWI benchmark by 4.8%.
- ◆ Global Tactical outperformed its benchmark while Pure and Dividend underperformed.
- ◆ US Large Cap Market, US Small Cap, and International Barometers all held steady in the normal range during Q2.

Positive Impacts	Negative Impacts
<p>Eight of the 22 stocks held in the portfolio during Q2 generated a positive return, with two stocks increasing in value by more than 10%.</p> <p>The Global Tactical positioning remained in the S&P 500 throughout the quarter</p>	<p>14 of the 22 stocks in the portfolio declined in value during the quarter.</p>

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:

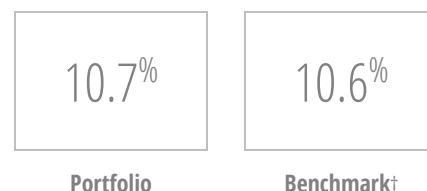
- Both the economy and the market hit new milestones with the 10+ year economic expansion becoming the longest in history and the associated bull market surpassing 10 years in length as well.
- The economy continues to grow with a robust labor market and rising wages buoyed by low inflation and low interest 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.

All the good news was drowned out with geopolitical and monetary policy noise and was generally met with anxiety by individual and professional investors alike. Everyone is wondering how and when things will get derailed, possibly making this one of the least loved bull markets of all time. Looking past the emotional angst, the fundamental conditions supporting a continued long-term secular expansion remain in place.

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 eight years and has outperformed its benchmark since inception.

PERFORMANCE^A

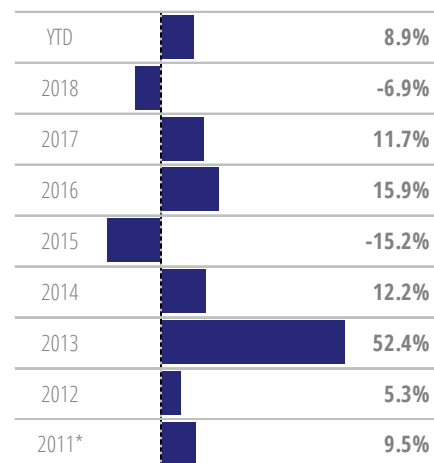
Annualized Since Inception (10/1/2011)



△ 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 MSCI ACWI NR Index.

Calendar Year Performance



* 2011 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
Managed Equity (Net)	-1.2	8.9	-1.1	7.3	2.9	N/A	10.7
MSCI ACWI Index	3.6	16.2	5.8	11.6	6.2	N/A	10.6

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 June 30, 2019.

MNGD-QC-201906

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.