

# ATHENA MANAGED EQUITY

SMA COMMENTARY | QUARTER 4, 2019



## KEY TAKEAWAYS

- ◆ The portfolio gained 8.5%, underperforming its MSCI ACWI benchmark's performance by 0.5%.
- ◆ Pure outperformed while Dividend and Global Tactical underperformed their respective benchmarks.
- ◆ US Large Cap Market, US Small Cap, and International Barometers all held steady in the normal range during Q4.

Positive Impacts	Negative Impacts
Ten stocks held in the portfolio during Q4 generated a positive return, with four stocks, Chemours, Bloomin Brands, Schlumberger, and Kohl's, increasing in value by more than 10%.	Nine stocks in the portfolio declined in value during the quarter, with one stock, Covanta Holdings, declining in value by more than 10%.

## LONG-TERM PERSPECTIVE

Stock markets reached all-time highs throughout the quarter, brushing aside trade war and recession fears.

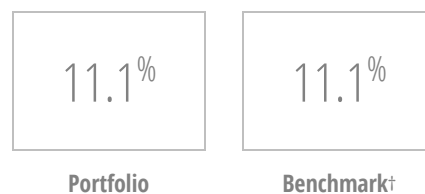
Key takeaways include:

- The economy reaccelerated during the quarter, partially driven by the recent thaw in threatened trade wars with the expected signing of the USMCA and first round China trade deals.
- The labor market remains amazingly robust, with rising wages buoyed by low inflation and low interest rates. The resulting strong consumer spending provides an important floor under the economy.
- The market was a delightful combination of low volatility and a series of all-time highs.
- Valuations are elevated, the one area of concern in the market. To rectify this concern, earnings will have to grow faster than stock prices going forward.
- Technical indicators are positive and strengthened throughout the quarter.
- Our Behavioral Market Barometers are in the normal ranges for US Large Cap, Small Cap and International markets.

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 matched its benchmark since inception.

## PERFORMANCE<sup>A</sup>

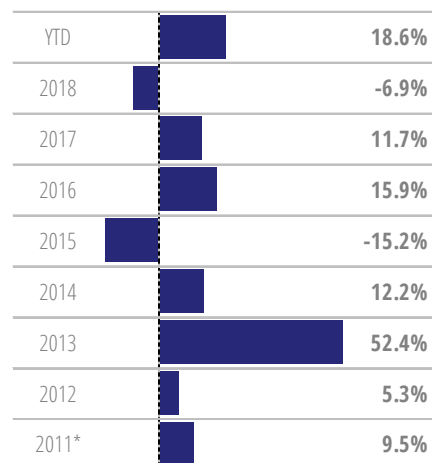
### Annualized Since Inception (10/1/2011)



△ 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 MSCI ACWI NR Index.

### Calendar Year Performance



\* 2011 return is Oct 1 – Dec 31 and is not annualized.

## % ANNUALIZED TRAILING PERFORMANCE AS OF 12/31/2019

	Q4 2019	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
<b>Managed Equity (Net)</b>	<b>8.5</b>	<b>18.6</b>	<b>18.6</b>	<b>7.2</b>	<b>3.9</b>	<b>N/A</b>	<b>11.1</b>
<b>MSCI ACWI Index</b>	<b>9.0</b>	<b>26.6</b>	<b>26.6</b>	<b>12.5</b>	<b>8.4</b>	<b>N/A</b>	<b>11.1</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 December 31, 2019.

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**PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.**