

ATHENA MANAGED EQUITY

SMA COMMENTARY | QUARTER I, 2021



KEY TAKEAWAYS

- ◆ The portfolio increased 18.4% in Q1, strongly outperforming the Morningstar Global Markets benchmark return of 4.9%.
- ◆ Strong Quarter for small cap stocks overall.
- ◆ Strong quarter for value stocks overall.
- ◆ The Market Barometers signaled small stocks during the quarter, while our Active Equity Opportunity (AEO) index indicated a strong stock picking market.

Positive Impacts	Negative Impacts
<p>The tactical allocation to small caps was the strongest driver of portfolio out performance for the quarter.</p> <p>All but a few of the 22 stocks generated a positive return, with Dick's Sporting Goods tops with a nearly 40% return.</p>	<p>Dividend stocks trailed overall market performance.</p>

ECONOMIC AND MARKET PERSPECTIVE

- Markets continued to rally in Q1 despite political and pandemic challenges, ending the quarter at an all-time high (S&P 500) or near all-time highs (NASDAQ and Russell 2000).
- The pandemic impacts are waning with the rate of vaccinations accelerating during the quarter and optimistic feelings permeating the market.
- The Q1 economy strengthened dramatically, as indicated by a March PMI Manufacturing index at a 40 year high of 65 and a PMI Services index at an all-time high, (by 3 points) of 64. The latter was most impacted by the pandemic, so it is reassuring to see the 8.4 jump from February to March.
- The job market, which tends to lag overall economic activity, also took a big step in March, with nearly one million jobs being added. The hospitality and travel industries were major beneficiaries. This rapid healing of the employment market has led to GDP growth rate forecasts as high as 10% for Q3 and Q4.
- Our market indicators strengthened during the quarter, with economic and technical measures very strong, behavioral measures normal to very strong, while valuation measures remain elevated.
- Disruption in the economy and markets has created unique opportunities and a favorable environment for skilled active management. Market volatility has been higher than usual and may continue.
- We continue to believe that taking a long-term perspective and following a disciplined investment approach will be essential to successfully navigating the next year.

The combination of value-oriented stock selection with a tactical overlay has enabled Managed Equity to remain well positioned with attractive valuations. The portfolio has generated positive returns in eight out of the past ten years.

PERFORMANCE^A

Annualized Since Inception (10/1/2011)



Portfolio

Benchmark†

△ 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 Morningstar Global Markets Index.

Calendar Year Performance

YTD	18.4%
2020	6.3%
2019	18.6%
2018	-6.9%
2017	11.7%
2016	15.9%
2015	-15.2%
2014	12.2%
2013	52.4%
2012	5.3%
2011*	9.5%

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

% ANNUALIZED TRAILING PERFORMANCE AS OF 3/31/2021

	Q1 2021	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Managed Equity (Net)	18.4	18.4	87.5	12.7	10.9	N/A	12.3
Morningstar Global Markets NR Index	4.9	4.9	56.5	11.8	13.1	N/A	11.9

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, 2021.

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.