

# ATHENA PURE VALUATION | PROFITABILITY

SMA COMMENTARY | QUARTER 3, 2020



## KEY TAKEAWAYS

- ◆ The portfolio was up 14.1% in Q3, besting its Morningstar US Mid Value benchmark by a strong 9.7% during the quarter.
- ◆ Market conditions are attractive for stock selection, benefiting active managers as they pursue unique equity strategies.
- ◆ Four stocks were sold in July: Cardinal Health, Cheesecake Factory, HP, and KAR Auction Services.

Positive Impacts	Negative Impacts
Eight of the stocks held during the quarter outperformed the benchmark, with four generating returns exceeding 15%.	Two securities held in the portfolio during the quarter underperformed the benchmark by greater than 10%.

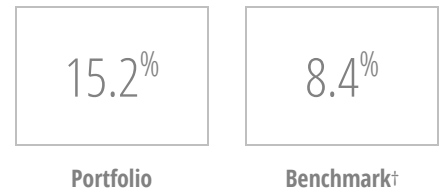
## ECONOMIC AND MARKET PERSPECTIVE

- Markets continued to rally in Q3, as the quarter witnessed a strong economic recovery and GDP growth.
- The economy continues to strengthen as indicated by PMI Manufacturing and Non-manufacturing indices.
- Our market indicators held steady during the quarter, with economic and technical measures remaining strong and behavioral measures in normal ranges while valuation measures remain elevated.
- The Presidential election is just weeks away and there is considerable consternation regarding the outcome. History tells us the stock market remains attractive in the long run regardless of the outcome.
- Disruption in the economy and markets can create unique opportunities and a more favorable environment for skilled active management.
- However, there is still uncertainty regarding the pandemic, government responses and their overall impact on the economy, markets, and Individual companies.
- We believe that taking a long-term perspective and following a disciplined investment approach will be essential to successfully navigating the next several quarters.

Pure's long-term performance profile remains attractive with 14 out of 18 years positive and periodic outsized returns of greater than 20% in 8 of those years.

## PERFORMANCE<sup>A</sup>

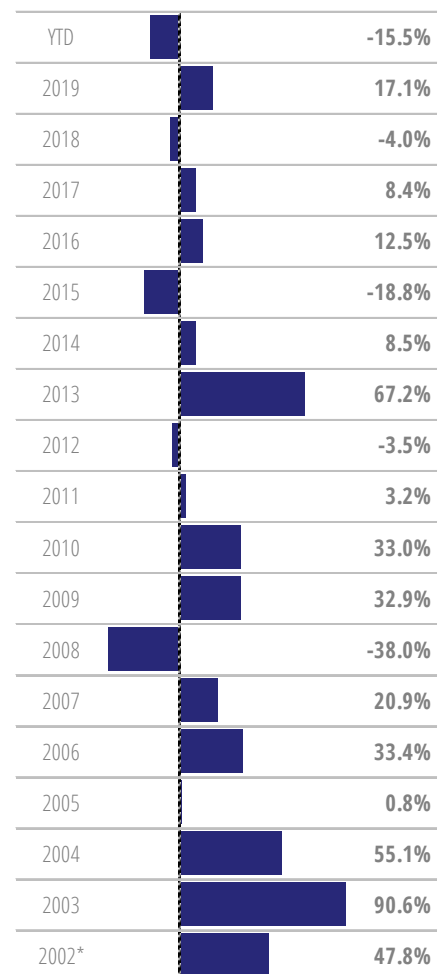
### Annualized Since Inception (7/1/2002)



△ 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 M\* Mid Value Index.

### Calendar Year Performance



\* 2002 return is Jul 1 – Dec 31 and is not annualized.

## % ANNUALIZED TRAILING PERFORMANCE AS OF 9/30/2020

	Q3 2020	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
<b>Pure Valuation   Profitability (Net)</b>	<b>14.1</b>	<b>-15.5</b>	<b>-5.4</b>	<b>0.0</b>	<b>4.1</b>	<b>7.3</b>	<b>15.2</b>
<b>Morningstar US Mid Value TR Index</b>	<b>4.4</b>	<b>-20.0</b>	<b>-15.4</b>	<b>-1.8</b>	<b>5.7</b>	<b>9.5</b>	<b>8.4</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, 2020.

PURE-QC-202009

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