

ATHENA PURE VALUATION | PROFITABILITY

SMA COMMENTARY | QUARTER 4, 2020



KEY TAKEAWAYS

- ◆ The portfolio was up 20.2% in Q4, matching its Morningstar US Mid Value benchmark return.
- ◆ Market conditions are attractive for stock selection, benefiting active managers as they pursue unique equity strategies.
- ◆ Two stocks were sold in November: Insperty and Science Applications International.

Positive Impacts	Negative Impacts
Half 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 generated losses greater than 15%.

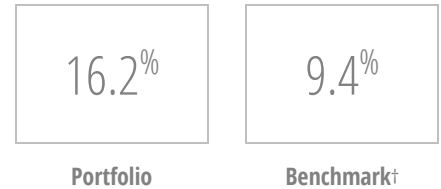
ECONOMIC AND MARKET PERSPECTIVE

- Markets rallied strongly in Q4 despite continued political and pandemic challenges, ending the quarter at or near all-time highs.
- Small stocks shook off their recent doldrums, with the Russell 2000 small cap index posting an eye-popping 32% quarterly return, double the tech-heavy NASDAQ index quarterly return.
- The elimination of election uncertainty supercharged markets, resulting in strong returns in both November and December.
- The economy continues to strengthen as indicated by a PMI Manufacturing index over 60 and a PMI Services index a very strong 57. The latter has been most impacted by the pandemic, so it is heartening to see this sector strengthen during the quarter.
- The employment market weakened towards the end of the quarter, as new hospitality lockdowns led to an increased number of layoffs. Without this impact, job growth would have continued throughout the quarter.
- Our market indicators strengthened during the quarter, with economic and technical measures very strong, behavioral measures normal to very strong, while valuation measures elevated.
- Disruption in the economy and markets has created unique opportunities and a more favorable environment for skilled active management.
- We believe that taking a long-term perspective and following a disciplined investment approach will be essential to successfully navigating the next year.

The Pure portfolio's long-term performance profile remains attractive with 15 out of 19 years positive and periodic outsized returns of greater than 20% in 8 of those years.

PERFORMANCE^A

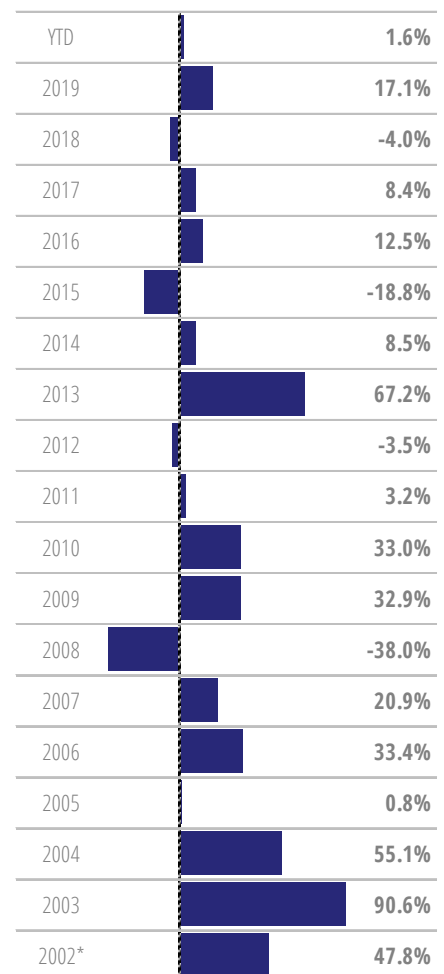
Annualized Since Inception (7/1/2002)



△ 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 12/31/2020

	Q4 2020	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Pure Valuation Profitability (Net)	20.2	1.6	1.6	4.6	7.0	7.5	16.2
Morningstar US Mid Value TR Index	20.3	-3.8	-3.8	2.4	8.7	10.4	9.4

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.

IMPORTANT DISCLOSURES

The information provided here is for general informational purposes only and should not be considered an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. It should not be assumed that recommendations of AthenaInvest made herein or in the future will be profitable or will equal the past performance records of any AthenaInvest investment strategy or product. There can be no assurance that future recommendations will achieve comparable results. The author's opinions may change, without notice, in reaction to shifting economic, market, business, and other conditions. These views may not be relied upon as investment advice or as an indication of trading intent on behalf of AthenaInvest.

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The opinions expressed in this commentary are as of December 31, 2020.

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.