

ATHENA PURE VALUATION | PROFITABILITY

SMA COMMENTARY | QUARTER 3, 2022



KEY TAKEAWAYS

- ◆ The portfolio was down -7.5% in Q3 versus its Morningstar US Mid Value benchmark decline of 5.1%.
- ◆ Market conditions remain attractive for stock selection and value stocks.
- ◆ Huntington Ingals Industries (HII) was sold and replaced with Delek US Holdings Inc (DK) during the quarter.
- ◆ The strategy served its purpose by holding value stocks during this market decline.

Positive Impacts	Negative Impacts
Two stocks outperformed the benchmark by greater than 20% during the quarter. Cardinal Health (CAH) and Camping World Holdings (CWH).	Four stocks underperformed the benchmark by greater than 20% during the quarter. Trinseo PLC (TSE), Lumen Technologies (LUMN), Hanesbrands (HBI), and B&G Foods (BGS).

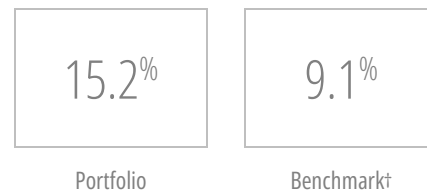
ECONOMIC AND MARKET PERSPECTIVE

- Despite a promising mid-quarter rally, markets declined to their 2022 lows by quarter end. Both large and small cap equities are down roughly 25% year to date. Declines of 14% in the aggregate bond markets compounded the situation for investors during the first nine months of the year.
- High inflation remains the major challenge, with investors uncertain about how much damage the Federal Reserve is willing to inflict on the economy in order to reign in demand. Money supply, as measured by M2, is roughly flat for the year.
- GDP declined at an annualized rate of 2.2% over the first half of the year.
- ISM Manufacturing and Service readings are in the low to mid 50's, indicating expansionary conditions well above typical recessionary levels.
- The job market remains unusually strong with the unemployment rate dropping to 3.5% in September and job openings remaining above 10 million, nearly twice the number of unemployed.
- Corporate earnings grew at an estimated 2.9% during Q3, the slowest rate since Q3 2020 (-5.7%). The S&P 500 forward P/E ratio of 15.8 reflects increasingly attractive valuations.
- Our behavioral US Large Cap barometer continues to indicate very low expected returns in the equity markets.

The Pure portfolio's long-term performance profile remains attractive with 16 out of 20 years positive and periodic outsized returns of greater than 20% in 9 of those years.

PERFORMANCE^A

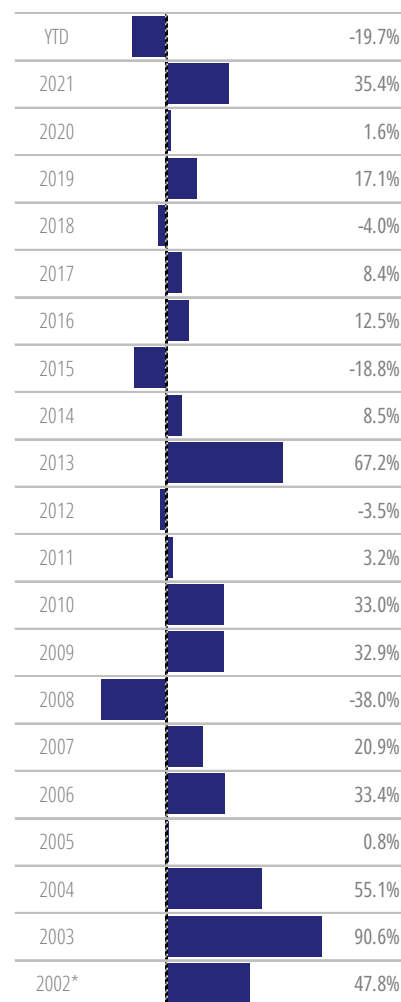
Annualized Since Inception (7/1/2002)



△ 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 9/30/2022

	Q3 2022	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Pure Valuation Profitability (Net)	-7.5	-19.7	-14.6	7.4	5.5	8.5	15.2
Morningstar US Mid Value TR Index	-5.1	-13.1	-6.8	4.5	5.0	10.6	9.1

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, risks, and disclosures please refer to athenainvest.com.

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The opinions expressed in this commentary are as of September 30, 2022.

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PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.