

# Athena Global Tactical ETFs

Investor Guide

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Tactical market rotation strategy designed to invest in the right market at the right time.

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## Recognized Performance<sup>1</sup>



TM

Overall Morningstar Rating™ out of 374 Tactical Allocation strategies as of 3/31/2022.

## Athena Global Tactical ETFs Target Exposures<sup>1</sup>

Cash Equivalents
1x US Large Cap
1x US Small Cap
1x Developed International
2x US Large Cap
2x US Small Cap
2x Developed International

1. The portfolio typically seeks exposure in one of the above choices at any given time. Exchange Traded Funds (ETFs) are used to provide the desired exposure. See last page for portfolio risks.

## Global Opportunity

At AthenaInvest, we believe that diversifying assets globally while actively managing the asset mix in response to changing market conditions can enhance portfolio returns.

### Market Rotation

Over long periods of time markets within an asset class tend to perform similarly. However, during shorter time periods different parts of the world and different size companies can perform better than others. Broad market Exchange Traded Funds (“ETFs”) offer an efficient way to access these opportunities.

### Adjusting Market Exposure

In addition to being in the right market at the right time, the level of exposure to a particular market can also be increased or decreased in order to be opportunistic or defensive. Specialized ETFs allow investors to efficiently adjust the level of exposure to a market, anywhere from zero up to twice the normal exposure.

### Annual Broad Market Index Returns at Single and Double Long Exposure<sup>Δ</sup>

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2X Intl Dev	2X US Small	2X US Large	US Large	2X US Small	2X Intl Dev	Cash Equiv	2X US Large	2X US Large	2X US Large
35.6%	86.4%	25.6%	0.7%	40.1%	56.7%	0.1%	69.4%	28.8%	55.3%
2X US Large	2X US Large	US Large	Intl Dev	2X US Large	2X US Large	US Large	2X US Small	US Large	2X US Small
32.9%	75.0%	12.9%	0.3%	24.1%	46.8%	-5.1%	54.9%	20.9%	30.0%
2X US Small	2X Intl Dev	2X US Small	Cash Equiv	US Small	2X US Small	US Small	2X Intl Dev	US Small	US Large
32.2%	49.5%	11.9%	0.0%	20.3%	30.7%	-12.1%	48.3%	16.4%	25.8%
Intl Dev	US Small	US Small	2X US Large	US Large	Intl Dev	2X US Large	US Large	2X US Small	2X Intl Dev
17.9%	37.9%	6.9%	-1.0%	12.4%	25.5%	-12.4%	31.2%	12.6%	21.4%
US Small	US Large	Cash Equiv	2X Intl Dev	Intl Dev	US Large	Intl Dev	US Small	2X Intl Dev	US Small
16.5%	33.1%	0.0%	-1.3%	1.0%	21.5%	-14.2%	26.0%	11.1%	16.3%
US Large	Intl Dev	Intl Dev	US Small	Cash Equiv	US Small	2X US Small	Intl Dev	Intl Dev	Intl Dev
16.3%	23.2%	-5.0%	-4.9%	0.1%	15.0%	-25.1%	22.3%	8.6%	11.0%
Cash Equiv	Cash Equiv	2X Intl Dev	2X US Small	2X Intl Dev	Cash Equiv	2X Intl Dev	Cash Equiv	Cash Equiv	Cash Equiv
0.0%	0.0%	-10.6%	-11.8%	-0.8%	-0.1%	-27.4%	0.2%	0.1%	-0.1%

**Abbreviations:** Cash Equiv = US Short Term Treasury Index (Cash Equivalents); US Large = Morningstar US Market TR Index (1x US Large Cap); US Small = Morningstar US Small Cap TR Index (1x US Small Cap); Intl Dev = Morningstar Developed Markets Ex-North America NR Index (1x Developed International); 2X US Large = 200% daily US Market (2x US Large Cap); 2X US Small = 200% daily US Small Cap (2x US Small Cap); 2X Intl Dev = 200% daily Dev Ex-NA (2x International Developed)

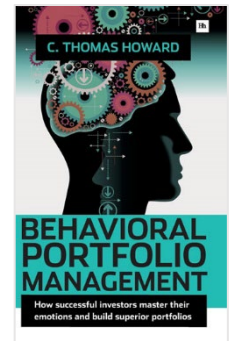
<sup>Δ</sup> Source: Morningstar as of 12/31/2022. See last page for index definitions.

## Separating Signals from Noise

A key element in managing market exposure is to avoid short-term trading and over-reaction to temporary events and market movements. Athena's analysis evaluates deep market forces in order to distinguish real directional signals from noise. This approach is designed to identify structural opportunities and threats and involves investing in markets for longer periods of time (months or years) when compared to traditional short term tactical trading and volatility oriented strategies.

## Behavioral Finance Research and the Nobel Prize

Conventional wisdom in the marketplace holds that investors are rational and markets are efficient. Behavioral Finance Research shows that in reality, there is an overwhelming presence of emotions involved in investment decisions. Daniel Kahneman, renowned psychologist and winner of the Nobel Prize in Economics, shares decades of this research in his book *"Thinking Fast and Slow"* which uncovers the natural biases in our thinking and how emotions inevitably play into investment decisions. These collective emotional decisions by investors, in Athena's view, result in persistent and predictable market inefficiencies.



**“Once you make the transition to a behavioral perspective, unique investment opportunities become available.”**

- C. Thomas Howard, PhD  
CEO, AthenaInvest



## Patented Behavioral Portfolio Management

The Athena Global Tactical ETFs portfolio is managed with Athena's Behavioral Portfolio Management approach. Using an innovative patented research process, based on Behavioral Finance principles, Athena systematically measures predictive and persistent behavioral patterns for each market to determine portfolio rotation and exposure, which is implemented with ETFs.

## Tactical Compliment to a Core Portfolio

A tactical component of a portfolio can help increase exposure to markets which are expected to perform well and reduce exposure to markets during undesirable conditions. Athena Global Tactical ETFs systematically over or under weights selected markets to complement a long-term strategic asset allocation.

## About Athenainvest Advisors LLC

Athenainvest is the industry leader in Behavioral Portfolio Management and provides investment services and research to financial professionals. Athena uses its patented research in applying behavioral finance principles to asset allocation, investment selection, and tactical management.

For more information about the Athena Global Tactical ETFs portfolio, consult your financial professional.



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While Athena uses Exchange Traded Funds ("ETFs") to construct the Athena Global Tactical ETFs portfolio, the Athena Global Tactical ETFs portfolio is not itself an ETF. This document is informational in nature only. Nothing herein is intended to imply that an investment in this portfolio may be considered "safe" or "risk free." This investment portfolio may not be suitable for all types of investors. This information is not intended to constitute legal, tax, accounting or investment advice. Prospective clients should consult their own advisors about such matters. No regulatory authority has passed upon or endorsed this summary or the merits of an investment using our strategy.

**PAST PERFORMANCE DOES NOT GUARANTEE OR INDICATE FUTURE RESULTS.** An investment utilizing our investment methodology involves risks, including the risk of loss of a substantial portion (or all) of the amount invested. There is no assurance that the investment process outlined in this document will consistently lead to successful results. Risks of investing in the Athena Global Tactical ETFs portfolio include, but are not limited to:

**ETF, MF AND CEF RISK** The cost of investing in the portfolio will be higher than the cost of investing directly in Electronically Traded Funds (ETFs), Mutual Funds (MFs) and Closed-End Funds (CEFs) and may be higher than other portfolios that invest directly in stocks and bonds. Each ETF, CEF and MF is subject to specific risks, depending on the nature of the fund. **LEVERAGED OR GEARED ETFs RISK** Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. For example, a 2x leveraged S&P 500 ETF seeks to deliver twice the investment return of the S&P 500 Index. This also means that this ETF will lose 2% for every 1% loss in the index. Most leveraged ETFs "reset" daily, meaning that they are designed to achieve their investment objective on a daily basis. The portfolio sometimes holds leveraged ETFs for periods longer than one day, often for months or years, which can result in performance that is significantly different than the indicated multiple of the underlying index or benchmark, including performance in the opposite direction of the underlying index's return. For more information about how leveraged ETFs implement their investment strategies and their specific risks, please refer to each ETF's prospectus. **DERIVATIVES RISK** Futures, options and swaps involve risks different from, or possibly greater than the risks associated with investing directly in securities including leverage risk, tracking risk and counterparty default risk in the case of over the counter derivatives. Option positions may expire worthless exposing the Fund to potentially significant losses. **FOREIGN INVESTMENT RISK** Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards. Investing in emerging markets imposes risks different from, or greater than, risks of investing in foreign developed countries.

**INDEX DEFINITIONS** The **Morningstar US Market Index** measures the performance of US securities and targets 97% market capitalization coverage of the investable universe. It is a diversified broad market index. The **Morningstar US Small Cap Index** measures the performance of US small-cap stocks. These stocks fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7 percent of the investable universe. The **Morningstar Developed Markets ex-North America Index** measures the performance of companies in developed markets ex-North America. It covers approximately 97% of the full market capitalization in the Developed Markets ex-North America. The **2X Return Indices** were calculated by geometrically linking the doubled daily returns of the underlying indices.

Morningstar Ratings™ are based on risk-adjusted performance as of 3/31/2022. The Morningstar Rating™ for a strategy is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating™ metrics. For each strategy with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a strategy's monthly performance (including the effects of applicable fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of strategies in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star.

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