

# ATHENA MARKET ROTATION

SMA Commentary | Quarter 1, 2024



## Key Takeaways

- ◆ The strategy gained 4.6% in Q1 versus its Morningstar Global Markets benchmark gain of 7.8%.
- ◆ The strategy remained in US Small Cap (IWM) for the quarter.
- ◆ Deep behavioral currents remain normal.

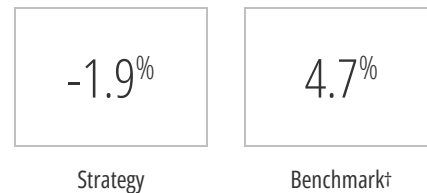
## Performance Impacts

Positive	Negative
Broad equity market strengthening.	Continued market volatility.

## Economic and Market Perspective

- The Morningstar US Market Index gained 10.2% in Q1, buoyed by a US Large Cap Index return of 11.1%.
- Real GDP grew by a strong 3.2% annual rate in Q4, resulting in a 2.5% growth rate for all of 2023. This represents an acceleration from 1.9% in 2022. Job growth remains strong along with March's unemployment rate holding steady at 3.8 percent, close to the average of 3.6 percent for both 2022 and 2023.
- PMI Manufacturing and Services indices are both in the low 50's, with each index strengthening in recent months.
- For Q1 2024, the estimated year-over-year earnings growth rate for the S&P 500 is 3.2%. This marks the third straight quarter of year-over-year earnings growth for the index. Forward earnings and prices reflect a 12-month S&P 500 forward median P/E ratio of 19, a bit higher than the five-year average.
- The most recent 6-month Core Personal Consumption Expenditures (Core PCE) annual inflation rate was 2.6% close to the Fed target of 2%. Monetary Base and M2 are once again growing, setting the stage for future economic growth.
- Behavioral indicators remain in the normal range for all three Market Barometers: US Large Caps, International Developed markets, and US Small Caps. The Small Cap Barometer is the strongest.

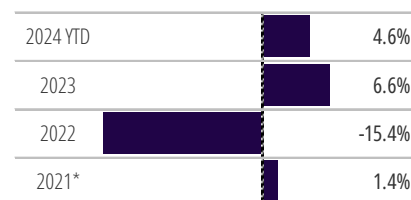
## Since Inception Performance<sup>Δ</sup>



Δ 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. 12/1/2021 inception.

† Strategy benchmark is the M\* Global Markets Index.

## Calendar Year Performance



\* 2021 return is Dec 1 – Dec 31 and is not annualized.

## Annualized Trailing Performance (As of 3/31/2024)

	Q1 2024	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	INCEPT
Market Rotation (Net Return)	4.6%	4.6%	10.8%	N/A	N/A	N/A	-1.9%
Morningstar Global Markets NR Index	7.8%	7.8%	22.6%	N/A	N/A	N/A	4.7%

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 strategy, including loss of principal.

For complete strategy performance, risks, and disclosures please visit [athenainvest.com](https://athenainvest.com).

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The opinions expressed in this commentary are as of March 31, 2024.  
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