



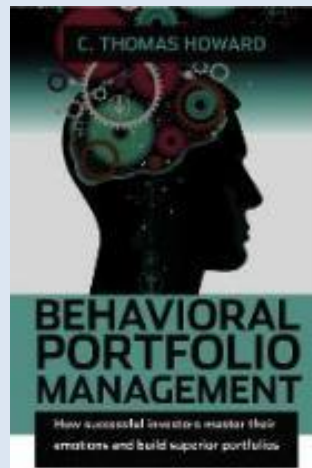
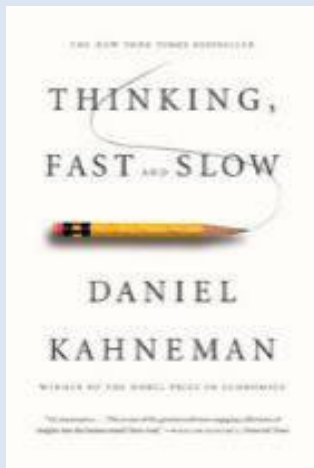
AthenaInvest **Behavioral Portfolio Management**

Life Transition Planners
October 20, 2015



Behavioral Portfolio Management

Thought Leadership



Performance

Athena Pure Valuation | Profitability

#1 Performing Small Value SMA for 2013 - Morningstar Advisor
Barron's Separate Account Winner Q1 and Q2 2013
PSN Top Guns 2010, 2011, 2012, 2013, 2014
PSN Best Of The Best 2013

Athena Global Tactical ETFs

Morningstar Advisor
#1 Performing Managed ETF Portfolio for 2013
#1 Performing Managed ETF Portfolio for 2014 - 3 Year Returns
PSN Top Guns 2013, 2014, 2015

Athena Equity Income

PSN Top Guns 2014



BPM - THE COST OF EMOTIONS

The Emotional Investor Decision Process:



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Myopic Loss Aversion

Social Validation

Availability Bias

Availability Cascade

Representativeness

Framing



WYSIATI

Anchoring

Fallacy of Information

Fallacy of Control

Peak-end Memories

Fooled by Randomness

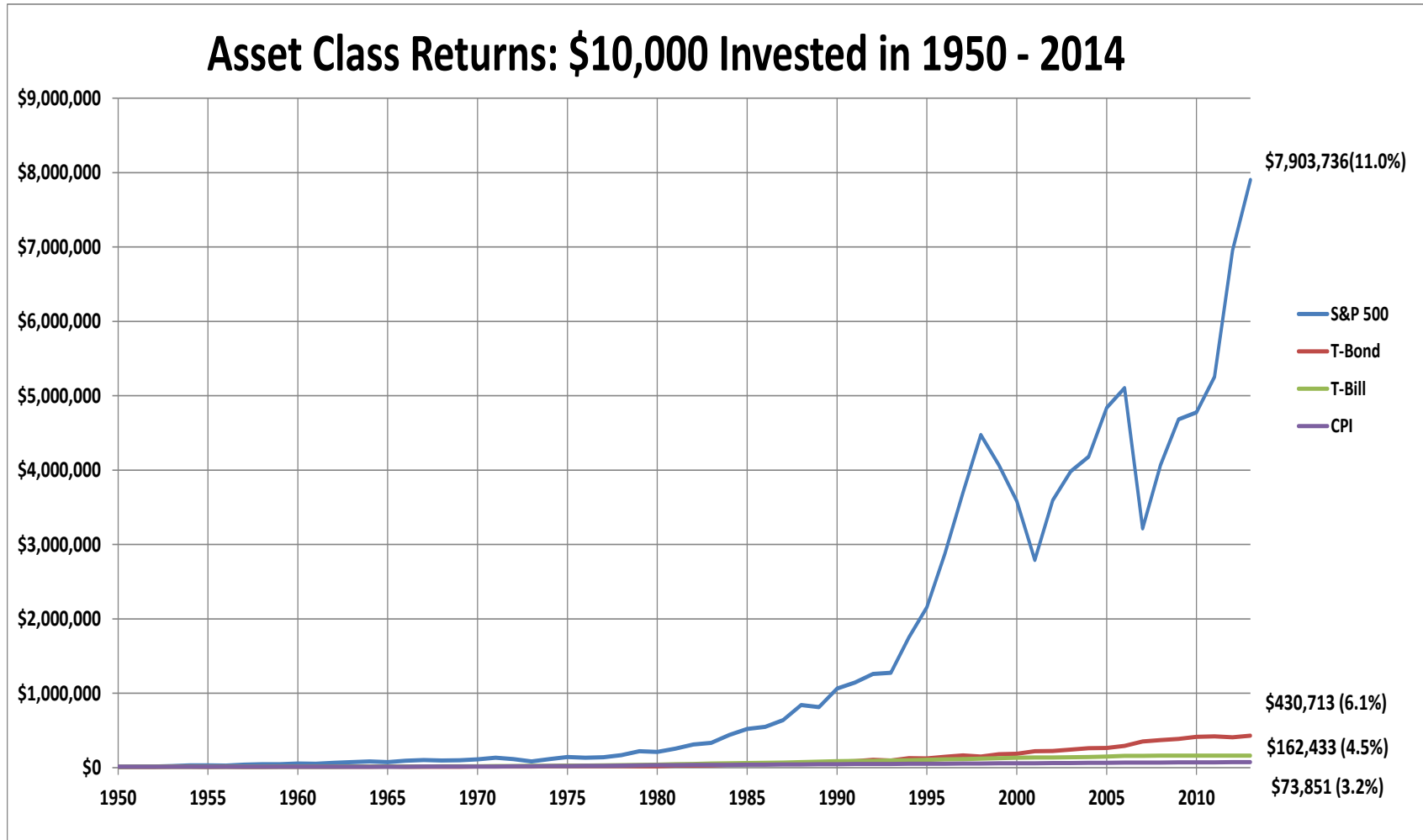
Phantastic Objects

Thinking, Fast and Slow by Daniel Kahneman 2012

Cost of Emotions –Volatile Equities vs Others



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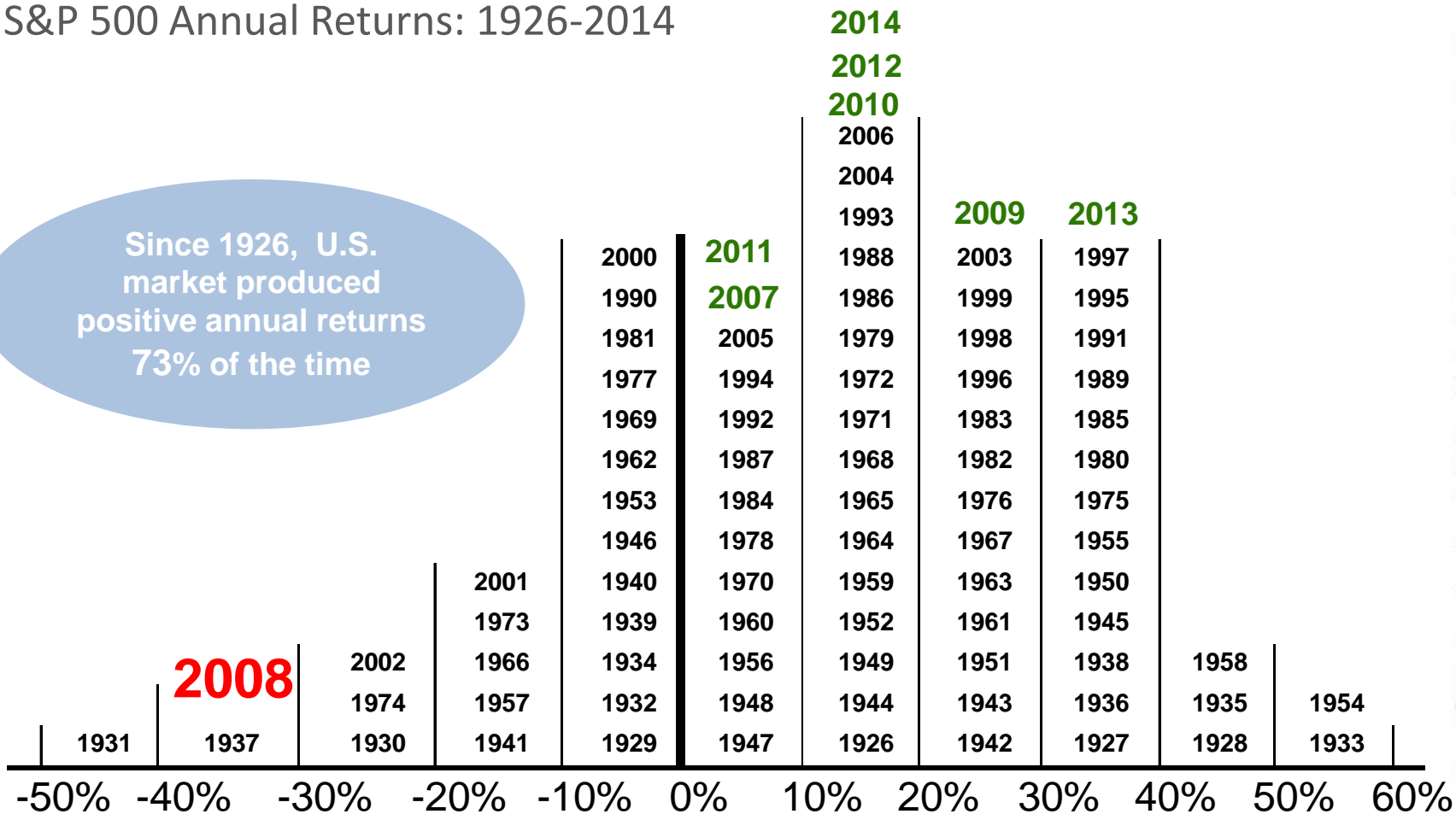
Source: AthenaInvest, Thomson-Reuters Financial, Center For Research In Securities Prices, St Louis Federal Reserve FRED data base.

Volatility and Tail Events



S&P 500 Annual Returns: 1926-2014

Since 1926, U.S. market produced positive annual returns 73% of the time

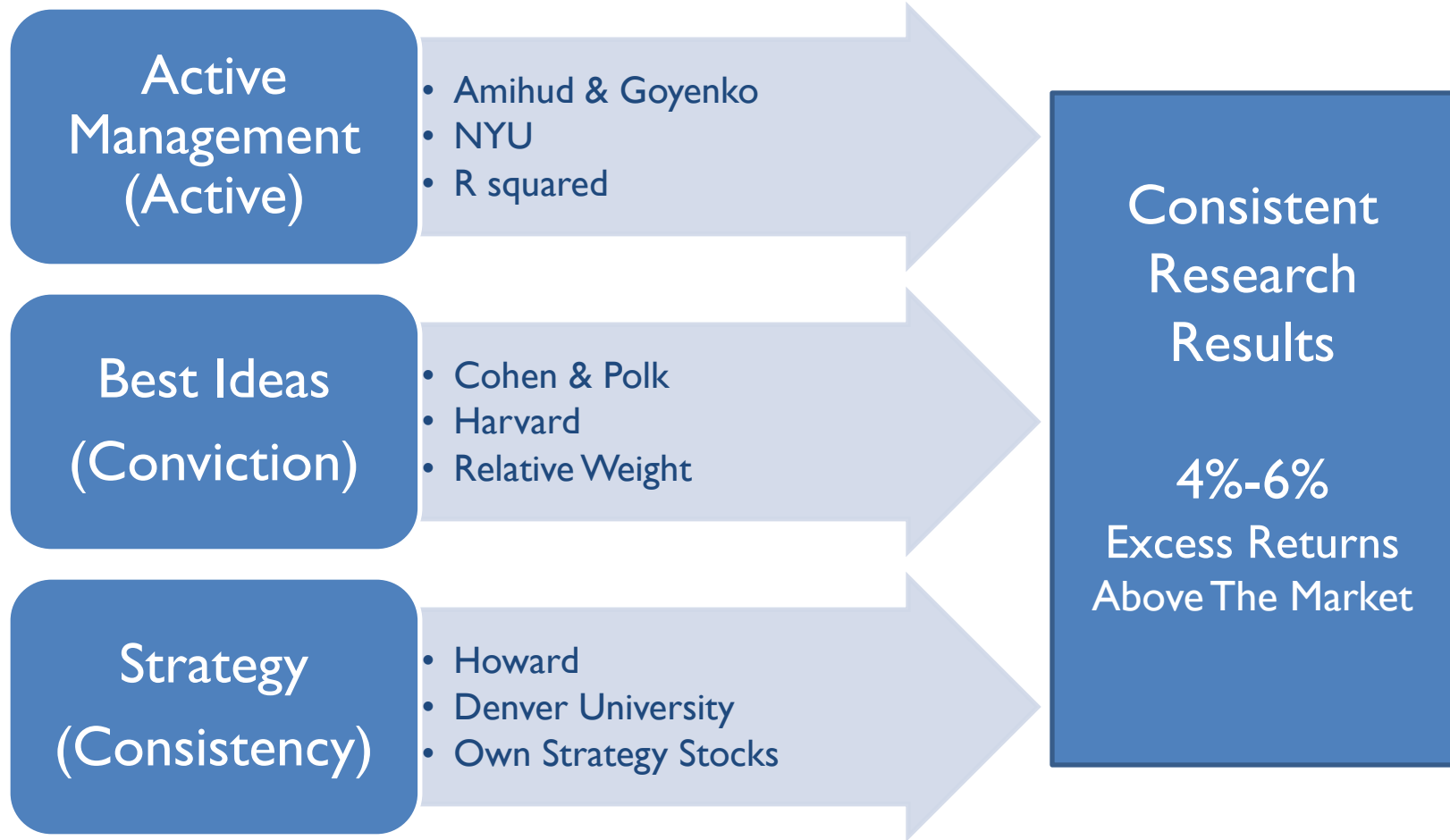


Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Academic Research Foundation



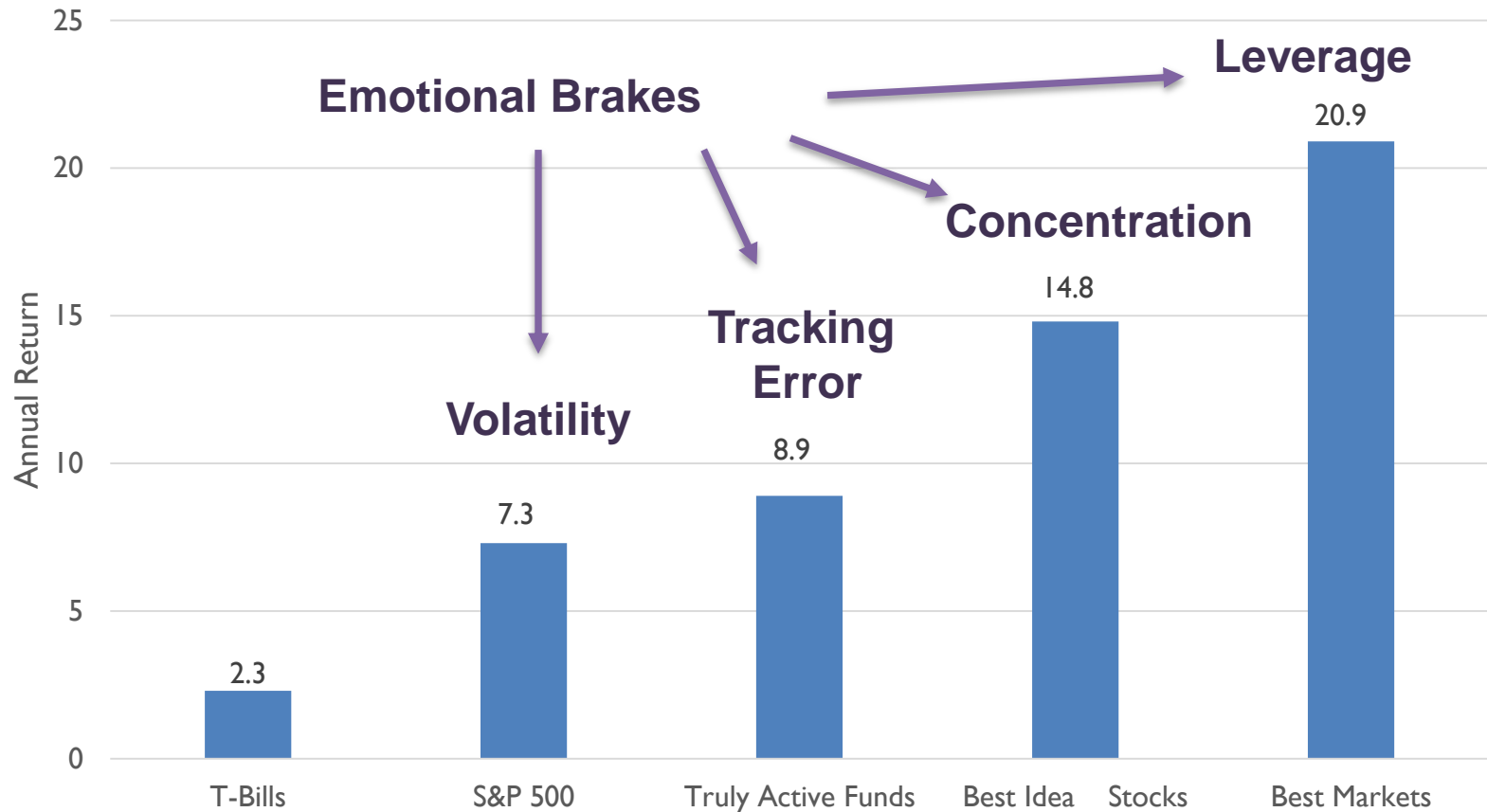
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BPM: Cost of Emotions



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For the period April 1997 through September 2014. For details regarding truly active funds (DR5 funds), Best Idea Stocks (DR5 stocks), and Best Markets, visit AthenaInvest.com.

Data sources: AthenaInvest, Thomson Reuters Financial, and Lipper

Long-term Cost of Emotions



\$1,000,000 invested over various investment horizons

Returns	10 Years	20 Years	30 Years	
4%	1,480,244	2,191,123	3,243,398	Bonds
6%	1,790,848	3,207,135	5,743,491	
8%	2,158,925	4,660,957	10,062,657	
10%	2,593,742	6,727,500	17,449,402	Stocks
12%	3,105,848	9,646,293	29,959,922	Active Equity
14%	3,707,221	13,743,490	50,950,159	
16%	4,411,435	19,460,759	85,849,877	

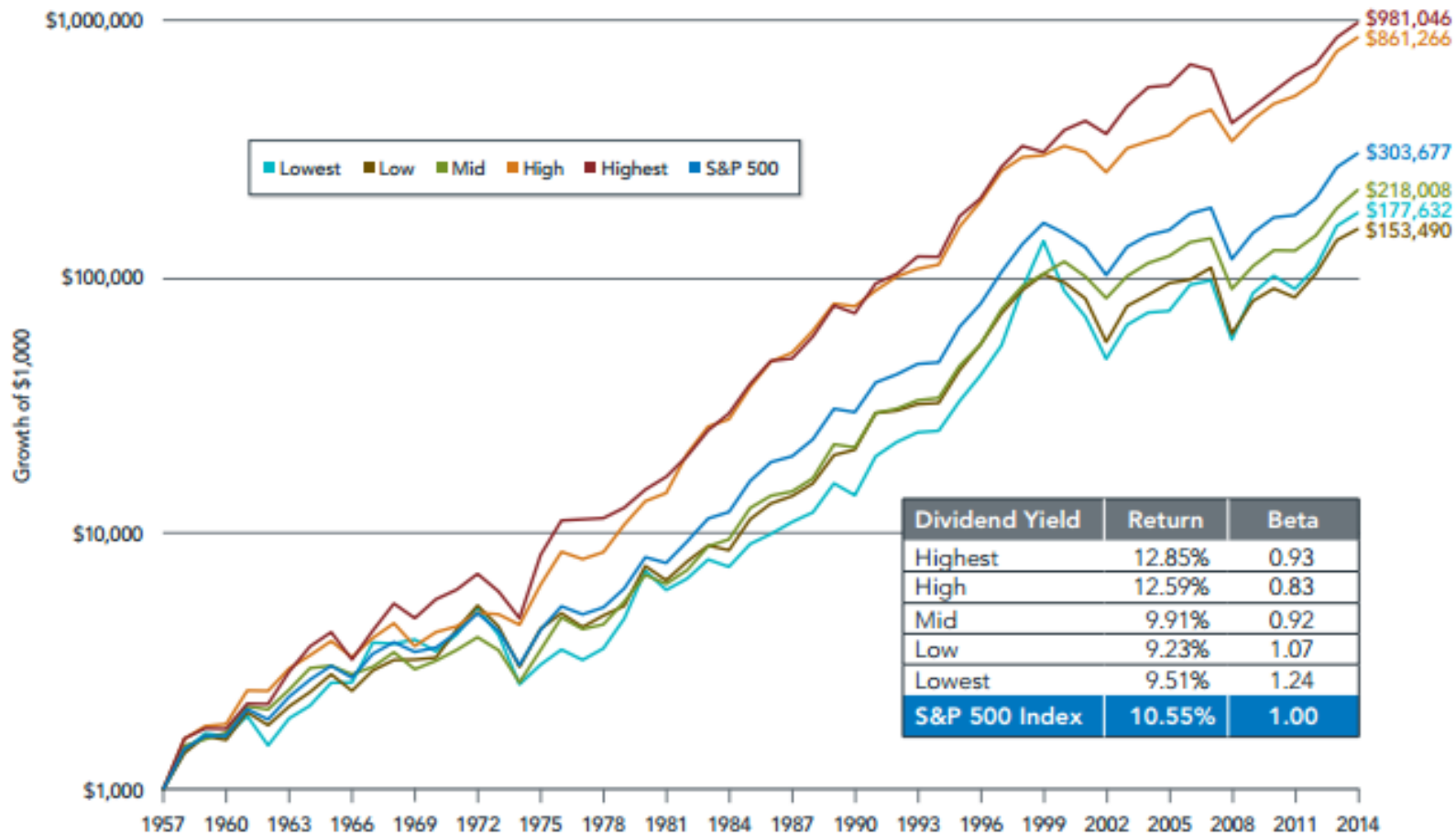


CURRENT ENVIRONMENT

Dividend Yields and Returns



[Quintile Charts from Jeremy Siegel's Research, period 12/31/1957-12/31/2014]



Source: Siegel, Future for Investors. 2005, with updates to 2014.

Past performance does not guarantee future results. Does not represent the performance of any investment vehicle; provided for educational/illustrative purposes only. This information should not be considered investment advice.

What About Rising Interest Rates ?



Start	End	Duration (Months)	10Yr UST Rate Chg	Total Return						
				10Yr US Treasury	LT Corporate Bonds	High Yield Debt	REITs	S&P 500	MSCI ACWI	S&P GSCI
7/1/2012	8/31/2013	14	+1.27	-6.4%	-3.8%	9.3%	2.9%	19.5%	20.8%	9.1%
1/1/2009	12/31/2009	12	+1.60	-9.5%	3.0%	58.2%	27.5%	26.4%	35.4%	13.5%
7/1/2005	6/30/2006	12	+1.21	-5.1%	-7.7%	4.8%	16.4%	8.6%	18.6%	13.4%
5/1/2003	5/31/2004	12	+1.29	-6.1%	-5.0%	11.9%	26.1%	18.3%	24.7%	32.7%
10/1/1998	1/31/2000	16	+2.24	-6.8%	-5.2%	3.1%	-7.5%	28.3%	30.4%	17.7%
1/1/1996	3/31/1997	15	+1.34	-1.4%	-0.7%	10.0%	28.0%	20.5%	9.1%	19.5%
4/1/1993	11/30/1994	20	+1.88	-1.8%	-0.2%	5.0%	-3.3%	3.2%	9.4%	-9.0%
7/1/1989	8/31/1990	13	+1.04	2.0%	2.0%	-4.1%	-18.6%	-2.9%	-12.4%	42.9%
9/1/1986	9/30/1987	13	+2.68	-8.1%	-3.9%	5.6%	-0.7%	28.8%	32.4%	24.6%
5/1/1983	6/30/1984	14	+3.57	-5.4%	-6.9%	-1.6%	3.2%	-1.3%	-1.5%	12.5%
9/1/1977	9/30/1981	49	+8.56	-2.1%	-4.9%	1.4%	13.6%	10.1%	6.3%	17.7%
11/1/1971	9/30/1975	47	+2.61	2.3%	3.2%	0.8%	-	0.7%	-1.9%	37.3%
Average		20	+2.44	-4.0%	-2.5%	8.7%	8.0%	13.4%	14.3%	19.3%
Median		14	+1.74	-5.2%	-3.9%	4.9%	3.2%	14.2%	14.0%	17.7%

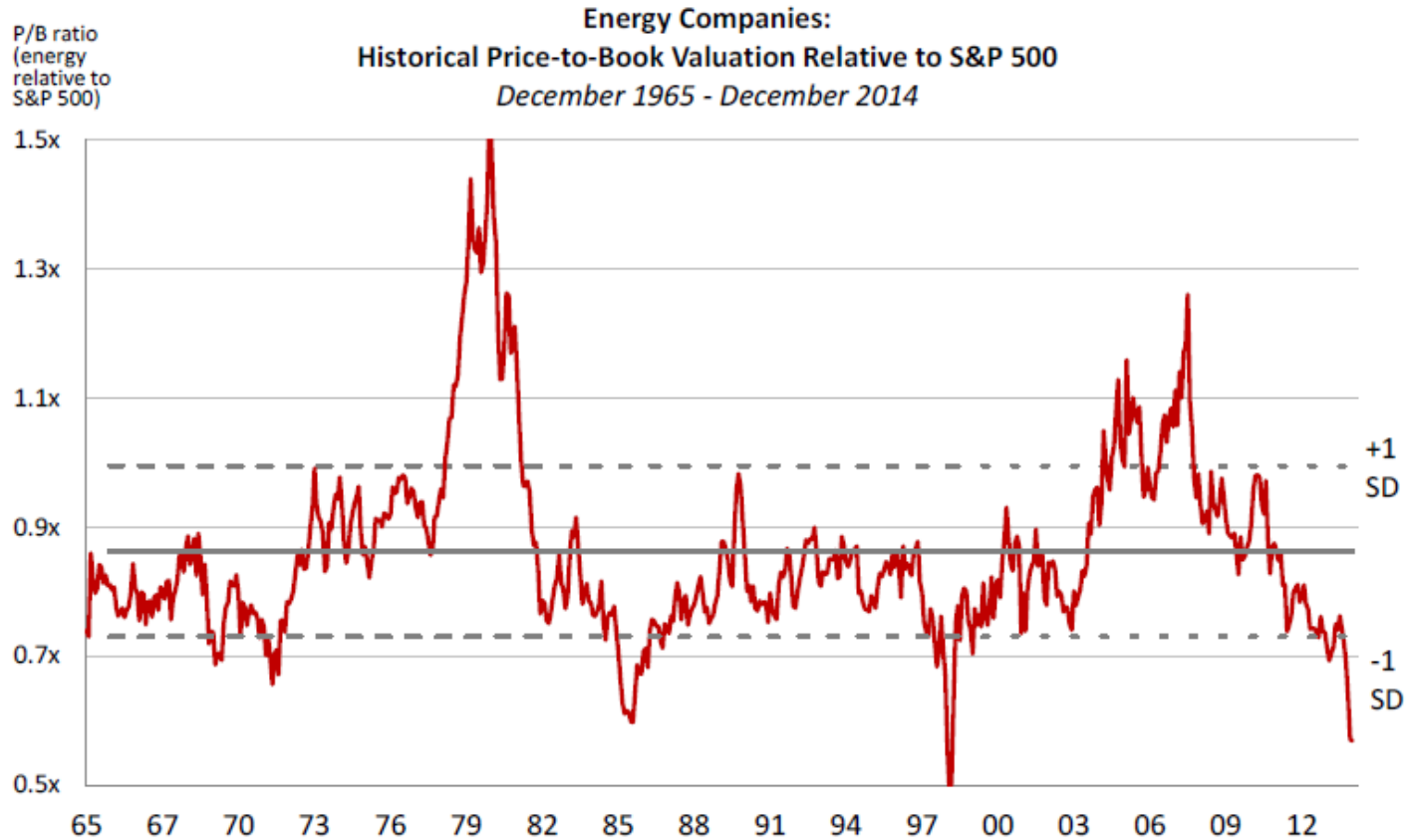
* Returns are annualized

Source: Global Financial Data, Morningstar, Compustat

What About Energy ?

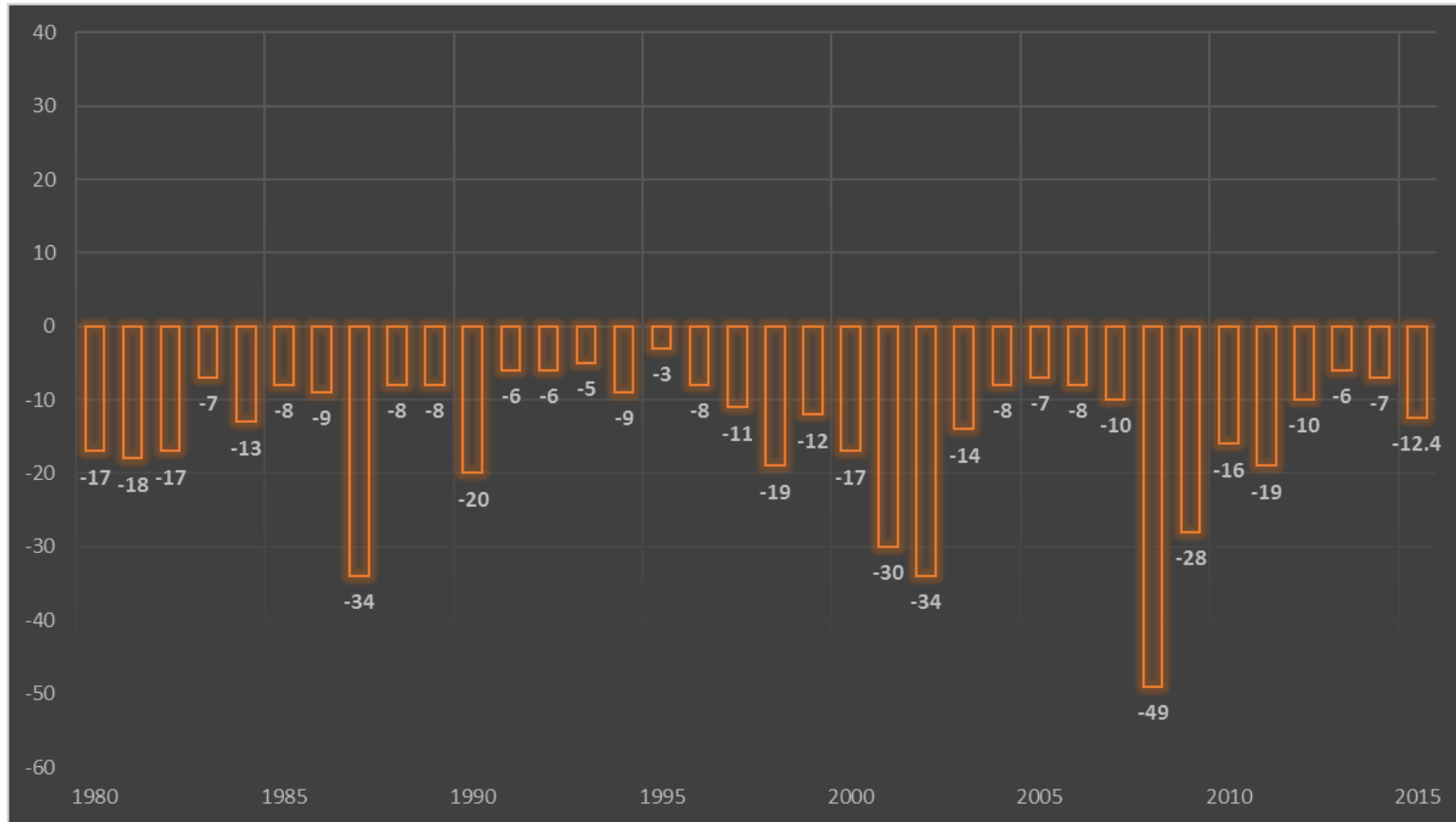


2015: Outlook for Energy



Source: Bernstein; Bloomberg LP; Guinness Atkinson Asset Management

What About Market Declines ?



The average intra-year pullback in the SP500 since 1980 has been roughly 14%, a little less since 2009. Despite the 14% intra-year decline, the SP500 has closed positive 27 out 35 years, 77%

Current Environment Summary



- Economic, fundamental and behavioral factors remain positive
- The economy is growing, and GDP has been upwardly revised, which is positive for the market.
- The median S&P 500 forward price to earnings ratio is roughly equal to its long-term average, so we see overall acceptable market valuations.
- Earnings, other than in the energy sector, continue to grow at a reasonable rate.
- All three of our market barometers, which measure longer-term deep behavioral currents, are in normal ranges.
- We also monitor volatility and drawdown ranges. While uncomfortable, recent market declines do not indicate a structural breakdown.



INVESTMENT APPROACH

Traditional Approaches **Are Not Working**



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60/40

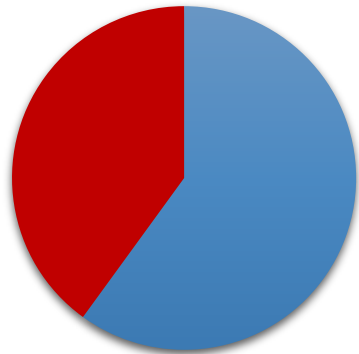
- Multiple Objectives
- High Correlations
- Low Bond Yields

Style Boxes

- Hurts Performance
- Highly Correlated

Complex

- Over-diversified
- Global Mush
- Weak Performance



■ Equity ■ Bonds

	Value	Core	Growth
Large			
Mid			
Small			

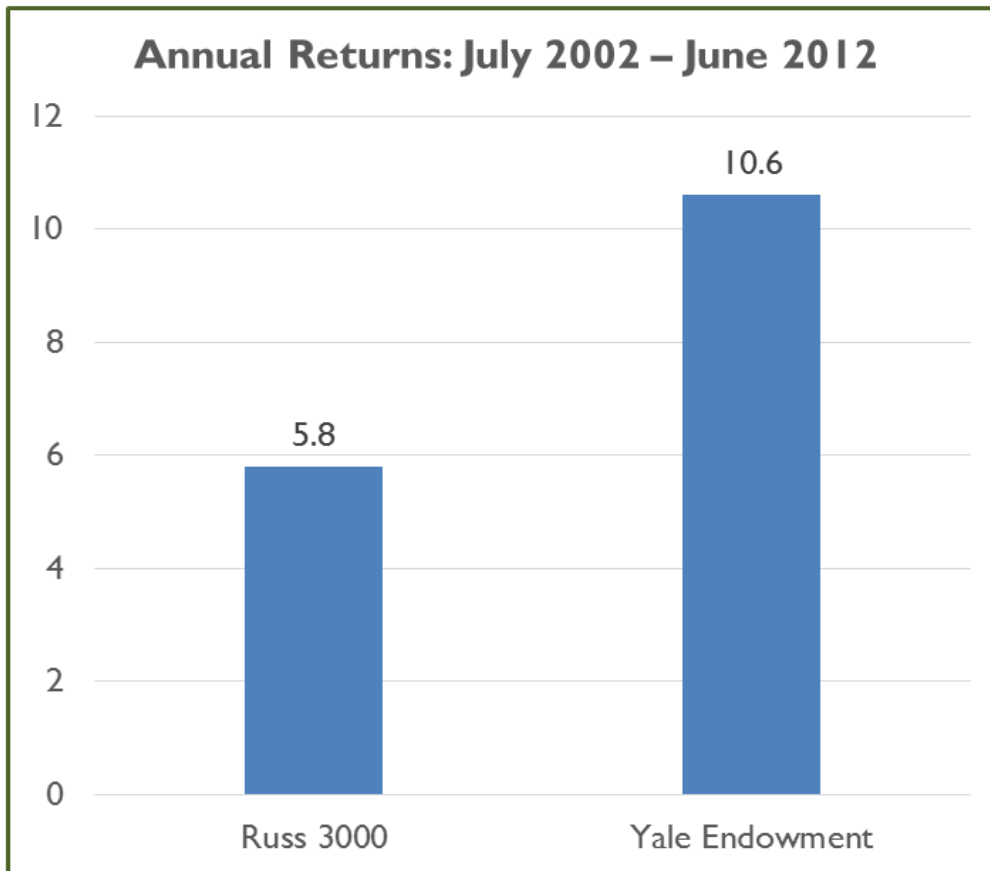


- Cash
- Bonds
- Small Cap Value
- Small Cap Growth
- Large Cap Value
- Large Cap Growth
- Emerging
- Developed
- Real Estate
- Commodities
- Natural Resources
- Hedge Funds

Endowment Performance



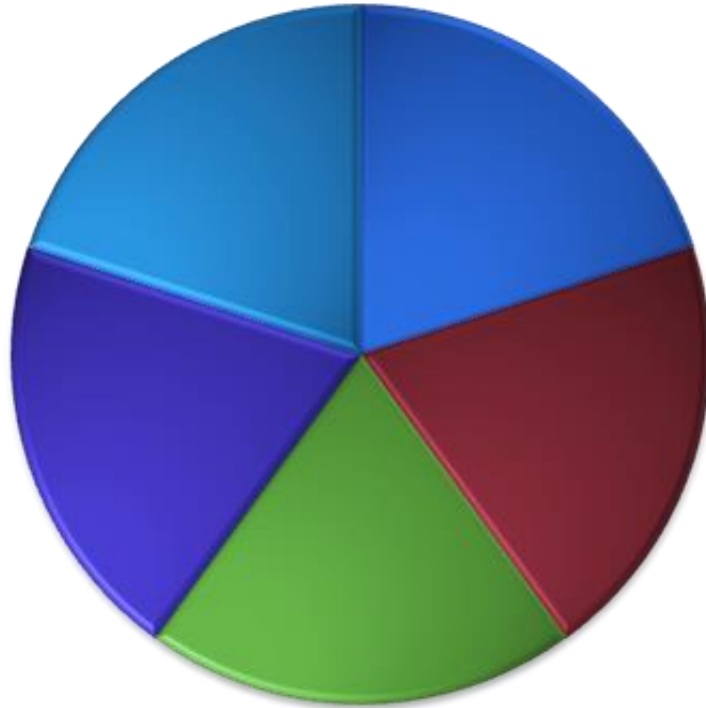
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Keys

- Time Horizon
- Asset Allocation
- Investment Selection

Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Past performance is not indicative of future performance. Sources: 2012 Yale Endowment and NACUBO reports.



Key Principles

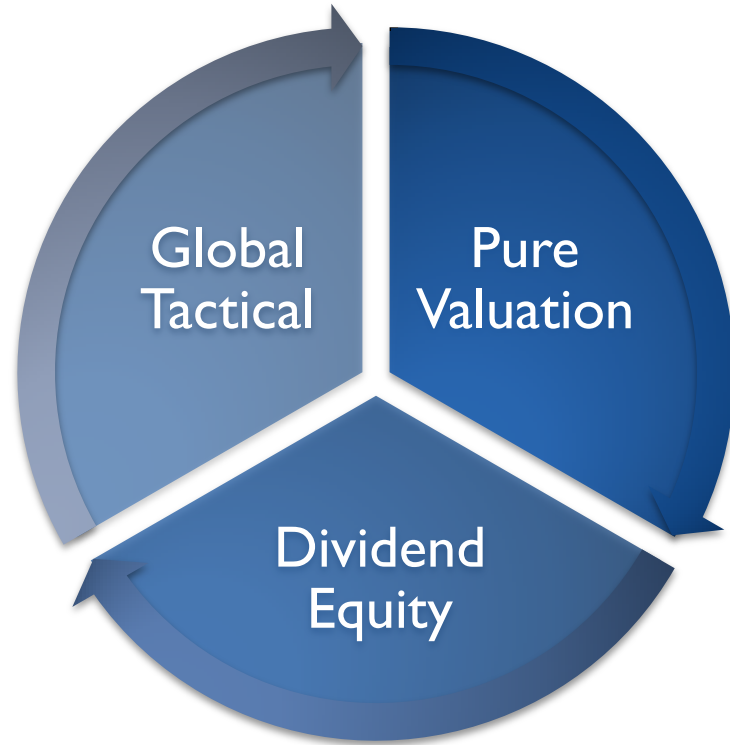
1. Strategic & Tactical
2. 3-8 Distinct Strategies
3. High Returns
4. Low Correlation

Managed Equity Portfolio Model



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- ✓ **Global Equity**
- ✓ **Patented Behavioral Research**
- ✓ **Truly Active Equity**
- ✓ **Tactical Management**



Important Information



- **The figures shown are past results.** Past performance does not guarantee future results. There are risks involved with mutual fund and stock investing, including the risk of loss of principal. There is no assurance that the investment process will consistently lead to successful results. Investing in securities involves inherent risks, including the risk that you can lose the value of your investment.
- The unmanaged Standard & Poor's (S&P) 500 Index is a market value-weighted index of large-cap common stocks considered representative of the broad market. Total returns for the unmanaged index include the reinvestment of dividends and capital gain distributions but do not reflect the costs of managing a mutual fund.
- Opinions and forecasts regarding industries, companies, countries and/or themes, and portfolio composition and holdings, are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security.
- You should consider the investment objectives, risks, charges, and expenses carefully before investing. The fund brochure contains this and other information, and may be obtained from AthenaInvest at 877-430-5675. Be sure to read this material carefully before investing.
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