Astor Economic Index®
Real Time Snapshot of the Current State of the U.S. Economy

- Data-driven, real time, snapshot of the current state of the U.S. economy
- Proven track record suggests the Astor Economic Index® has a high correlation to periods of strength and weakness of the overall economy
- We believe the Astor Index gives clear direction for asset allocation—increasing or decreasing exposure to equities based on economic fundamentals
- Astor Index helps reduce drawdowns during economic contraction/recession when, as research shows, equity exposure (beta) should be reduced or even avoided.

Fundamentally Driven, Economics Based Market Intelligence

The Astor Economic Index® is the cornerstone of our fundamental, macroeconomics-based approach to investing. Sophisticated and data-driven, the Astor Index provides a real time snapshot of the current state of the U.S. economy.

For investment professionals and their clients, the Astor Index is a valuable gauge, “snapshotting” the current strength or weakness of the economy. It brings the science of robust, real-time economic analysis to the art of asset allocation. We believe this provides a better methodology for making asset allocation decisions, and complements the state-of-the-art technology we use to continuously monitor our portfolios.

We also believe the asset allocation models suggested by the Astor Economic Index® are far more intuitive than online portfolio tools (so-called “robo-advisors”) that suggest allocations based on such factors as investor demographics and risk-tolerance, without consideration of the current phase of the economic cycle and its implications on capital preservation. For investment advisors seeking to provide insights to their clients, the Astor Index is a unique source of economics-based market intelligence.

> The Astor Economic Index® is a sophisticated “diagnostic” that provides a fundamental, macroeconomics-based solution for determining equity exposure (beta) in portfolios.

The Astor Economic Index®® – A Pulse on the Economy

The Astor Index allows us to gain what we believe to be a comprehensive view of the relative strength or weakness of the economy *in current time*. The index aggregates data from across the U.S. economy into a single value, which is then compared to historical averages and absolute historical levels. Based on this comparison, we then determine the relative strength or weakness of the economy.

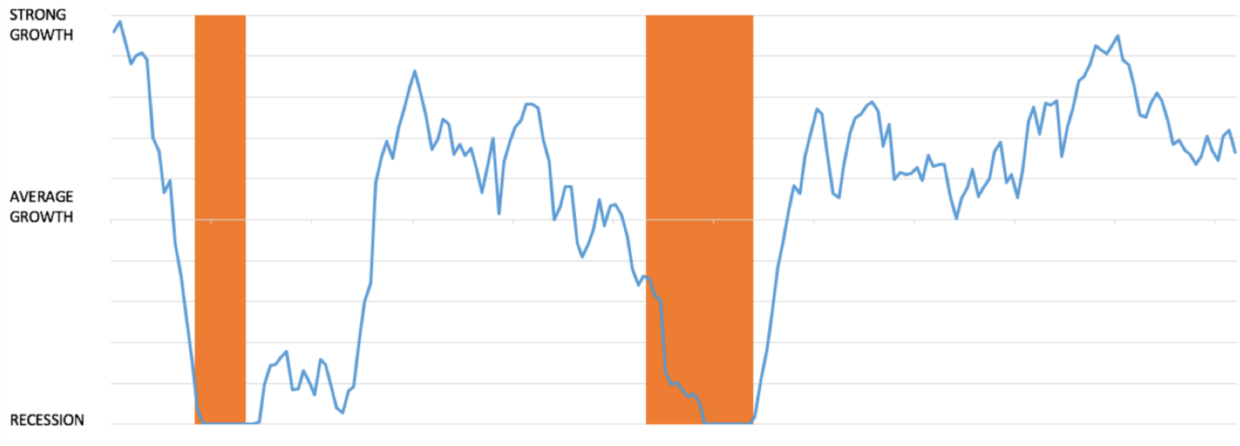
We do not seek to "time" the market, capturing short term "tops" and "bottoms." Rather, we focus on the medium- and longer term, utilizing a variety of economic data points and the Astor Index to keep our finger on the pulse of the economy and inform our asset allocation decisions:

- When the Astor Index shows that the economy is accelerating faster than the long-term average (by a statistically significant amount), our research suggests this is an optimal time to increase equity exposure and risk assets of the portfolio (known as adding "beta") and decrease fixed income allocations.

- When the Astor Index shows that growth is below the long-term historical average, our research suggests this is time to reduce equity/risk exposure (reducing beta) and increase fixed income allocations.

The Astor Economic Index® provides insight into the "why" behind market moves to inform our investment decisions.

A Proven Track Record for Identifying Economic Risks



Source: Astor; Data: 12/31/1999 – 9/30/2016
The Astor Economic Index® should not be used as the sole determining factor for your investment decisions. There is no guarantee the index will produce the same results in the future. Please refer to the accompanying disclosures for additional information regarding the Index.

As the graphic (above) illustrates, the Astor Economic Index® has a high correlation to economic strength and weakness—in particular to identify periods of weakness/contraction when the economy is in recession. We believe this correlation shows the effectiveness of using the Astor Index to determine the degree of equity exposure (beta) in a portfolio, or when it's best to avoid the risks of a declining stock market due to recession—or potentially to take an inverse (short) position to capitalize on a declining stock market.

Importantly, the Astor index is not utilized to react to fluctuations in one set of data (employment, quarterly GDP, manufacturing activity, etc.). In other words, one data point is unlikely to result in a portfolio adjustment. However, by keeping our finger on the pulse of the $17 trillion U.S. economy, we are aware of all changes and fluctuations, especially those that may indicate a change in direction.

The Astor Economic Index allows us to keep a close eye on the strength or weakness of the U.S. economy, by aggregating a variety of data into one single value, which is then compared to historical levels and averages.

Seeking Protection against Drawdowns

One of the most convincing arguments for using a macroeconomics-based tool such as the Astor Economic Index®, we believe, is to avoid drawdowns—that is, periods of economic contraction/recession when, as research shows, equity exposure (beta) should be reduced or even avoided. In fact, at Astor, our discipline is focused on identifying risks of wealth-destroying events, while also targeting potential opportunities to generate positive returns. We believe this approach will be accretive to investors over time.

As we see it, one of the most important considerations in investing is the amount of *drawdown* and how long it would take an investor to recoup losses.

- Drawdown – the total decrease in an investor's account, from the highest peak value achieved in that account
- Recovery – how long it takes the account to recover in terms of dollar amount, from the lowest value during the drawdown to the highest value

By using the Astor Economic Index® as an asset allocation tool, portfolios can be constructed to guard against drawdowns, thus providing a higher "floor" from which to build wealth over time. In this way, the Astor Index, we believe, is an invaluable tool for achieving smoother returns over the long term.

We believe our macroeconomics-driven approach, with the the data-driven Astor Economic Index® as the cornerstone, has the potential to be extremely productive for portfolio construction.