

**ASTOR INVESTMENT MANAGEMENT LLC**

# **FIRM OVERVIEW PRESENTATION**

AS OF MARCH 31 • Q1 2016

Portfolio Managers: Robert Stein, John Eckstein, & Bryan Novak

# ABOUT ASTOR

## WHO WE ARE

Astor Investment Management LLC (“Astor”) is a Chicago-based, registered investment adviser founded by former Federal Reserve analyst Robert Stein.

## WHAT WE DO

We provide actively managed strategies through various product channels including: *Separately Managed Accounts, Mutual Funds, and Model Delivery Arrangements.*

## HOW WE THINK

Our unique approach focuses on monitoring macroeconomic trends.

## WHY ASTOR

Our People. Our Research. Our Process.

\*Astor is a registered investment adviser with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940. SEC registration does not constitute an endorsement of Astor by the SEC nor does it indicate Astor has a particular level of ability.

703161-400 All information contained herein is for informational purposes only.

Please refer to the important disclosure information at the end of this presentation for definitions, additional information, and risks.

# ASTOR LEADERSHIP



## **Robert Stein**, *Chief Executive Officer*

Mr. Robert Stein began his career as a project analyst for the Federal Reserve under former chairman Paul Volcker and later went on to hold senior trading or portfolio management positions with large money-center Wall Street banks. Returning to Chicago in 1994, he formed Astor Financial, Inc., the parent company of Astor Asset Management LLC (“AAM”) a registered investment adviser and the predecessor firm to Astor Investment Management, LLC. AAM was acquired in 2010 by Knight Capital group (NYSE:KCG) and Mr. Stein was appointed to the Executive Committee reporting to the Board of Directors and directly to the Chairman. In a management restructuring, Mr. Stein re-organized AAM as an independent firm (Astor Investment Management LLC). Mr. Stein is the co-creator of the Astor Economic Index® (AEI), the firm’s proprietary method used to create what we believe is a smoother, more accurate “live read” on the economy. He is also the author of several books, including: Inside Greenspan’s Briefcase (McGraw Hill) and Finding the Bull inside the Bear (John Wiley & Sons). Mr. Stein is the founder of the i-CARE Foundation, an organization that provides an annual grant to Northwestern Hospital to enhance patient experience and is Vice Chairman of the Board of Advisors to GlenKirk, an organization that supports people with special needs. Mr. Stein holds a Bachelor of Science from the University of Michigan.



## **John Eckstein**, *Chief Investment Officer*

Mr. John Eckstein joined Astor in 2011 and serves as the Chief Investment Officer. As Vice Chairman of the Investment Committee, Mr. Eckstein is responsible for the firm’s international and global macro strategies. In 1995, Mr. Eckstein founded Cornerstone Quantitative Investment Group, a global macro hedge fund with peak assets of \$600M. Prior to Cornerstone, Mr. Eckstein was a researcher for Luck Trading Company, a commodity trading adviser. Mr. Eckstein is the co-author of Commodity Investing (John Wiley & Sons, 2008) and is a frequent speaker at industry events. Mr. Eckstein holds a Bachelor of Science degree from Brown University and a Master’s in Public Administration (International Economic Policy) from Columbia University.



## **Bryan Novak**, *Senior Managing Director*

Mr. Bryan Novak joined Astor in 2002 and currently serves as Senior Managing Director. Mr. Novak has been involved in the research and development of the trading and investment strategies at the firm. He was instrumental in the launch of the firm’s mutual fund family in 2009 and has served as part of the portfolio management team since 2004. Prior to Astor, Mr. Novak was an equity options trader for Second City Trading, LLC at the CBOE in Chicago. Mr. Nova appears regularly in numerous financial media outlets and is often a panelist at ETF industry events. Mr. Novak earned his Bachelor of Science in Financial Management from the Ohio State University. Mr. Novak is a CAIA charterholder.

*The Chartered Alternative Investment Analyst (“CAIA”) designation is offered by the Chartered Alternative Investment Analyst Association to individuals working in the field of alternative investments. In order to receive the designation, candidates must pass two four-hour exams, hold a bachelor’s degree or equivalent with at least one year of professional experience (or four years of experience), and abide by the policies of the Association.*

*703161-400 All information contained herein is for informational purposes only.*

*Please refer to the important disclosure information at the end of this presentation for definitions, additional information, and risks.*

# ASTOR FUNDAMENTALS

## OUR PEOPLE

Our people have decades of combined experience in various parts of the investment industry including:

- economic analysis
- financial marketing
- capital markets & trading
- portfolio management
- compliance
- sales & marketing

## OUR RESEARCH

Our research is based upon these experiences and has been time-tested.

- Astor's proprietary economic indicator, the Astor Economic Index® (AEI), is the cornerstone of the investment process.
- The AEI aggregates multiple series of unrelated, real-time economic data points in an attempt to create what we believe is a smoother and more accurate "live read" on the economy.

## OUR PROCESS

Our process is systematic, repeatable, and researched.

- Utilizing current economic data and historical trend analysis, Astor seeks to identify the level of appropriate risk for the current environment.
- The Investment Committee (IC) formally meets on a monthly basis to review indicators and decide whether portfolio adjustments are warranted.
- Once the IC has made its decision(s) on allocations, it selects appropriate exchange-traded funds (ETFs) to achieve exposure within the strategies.

# PHILOSOPHY & RESEARCH

**Astor's investment philosophy is based on three key beliefs:**

**Economic  
Fundamentals  
Matter.**

*We believe a systematic analysis of economic data can provide insight for investment decisions.*

**Stocks Tend  
to Appreciate.**

*We believe equity prices tend to appreciate over longer periods.*

**Active Management  
is Beneficial.**

*Astor's analysis seeks to identify and measure risk levels to help navigate a portfolio throughout market cycles.*

---

**Our research and experience have shown that, historically, periods of severe economic stress (i.e. recessions) often coincide with substantial drawdowns in the stock market.**

**Astor's analysis seeks to identify signs of weakness as they start to appear and use this information in an attempt to identify the appropriate level of risk for the current environment.**

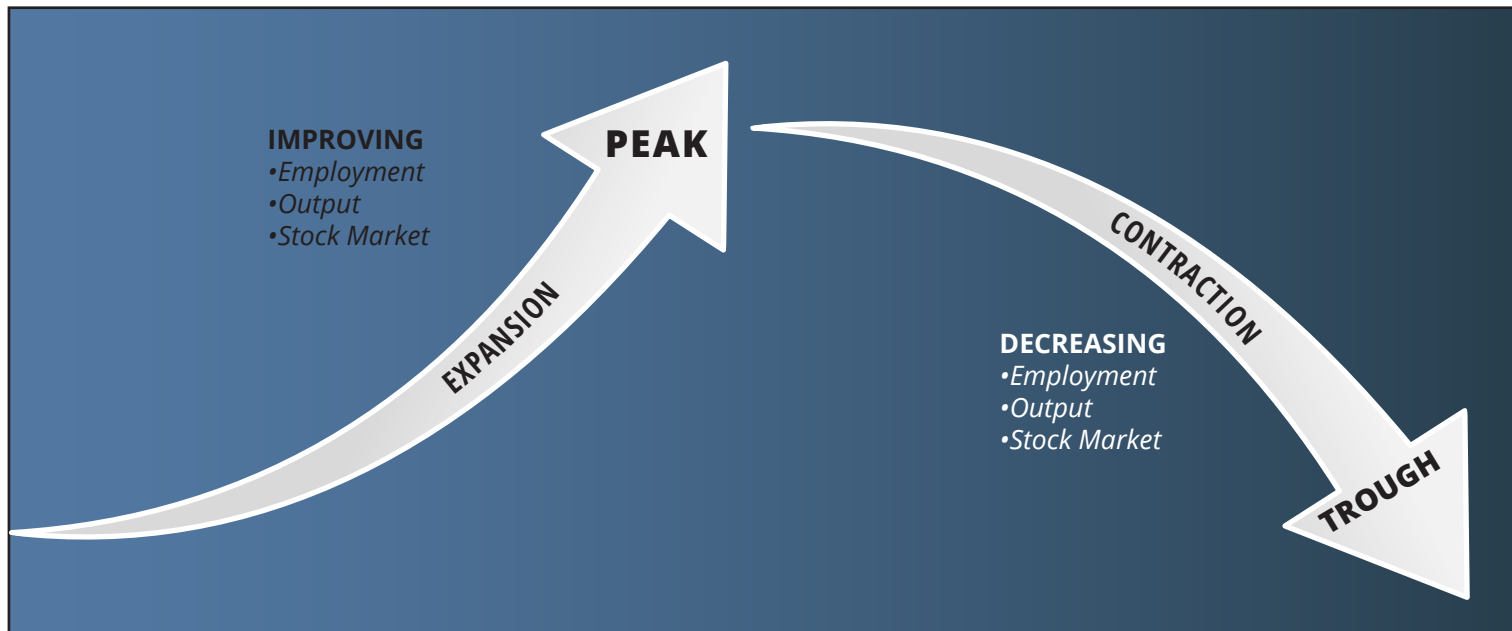
703161-400 All information contained herein is for informational purposes only.

Please refer to the important disclosure information at the end of this presentation for definitions, additional information, and risks.

# ECONOMIC CYCLE

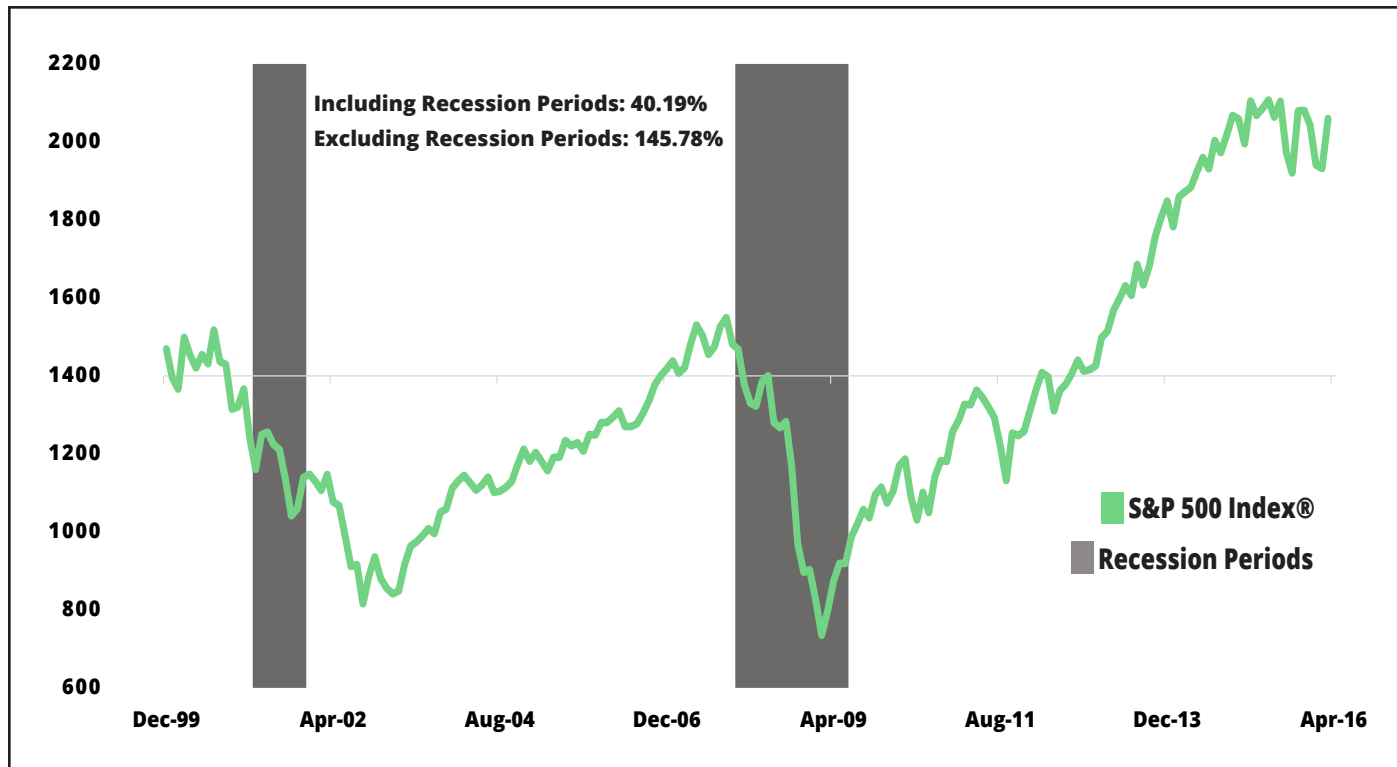
We believe financial markets respond in certain ways to changes in the economic cycle. The Investment Committee aggregates fundamental data, such as employment and output, into an economic indicator that we believe creates a systematic reading of the economy.

## The Economic Cycle and Investment Strategies



# ECONOMIC CYCLE & EQUITY MARKETS

We believe substantial drawdowns in equity markets are often associated with economic weakness. Investment managers like Astor seek to reduce exposure to these periods so clients can achieve financial goals on their timelines instead of waiting multiple years for prices to recover.



Source: Astor, Bloomberg, NBER Data: 12/31/1999 - 3/31/2016. Past performance no guarantee of future results. Performance shown represents price change only.

## Monthly Average S&P 500® Index Price Return 1928-2015

Recession*	Average Return	% of Months
Yes	-0.78%	20%
No	0.93%	80%

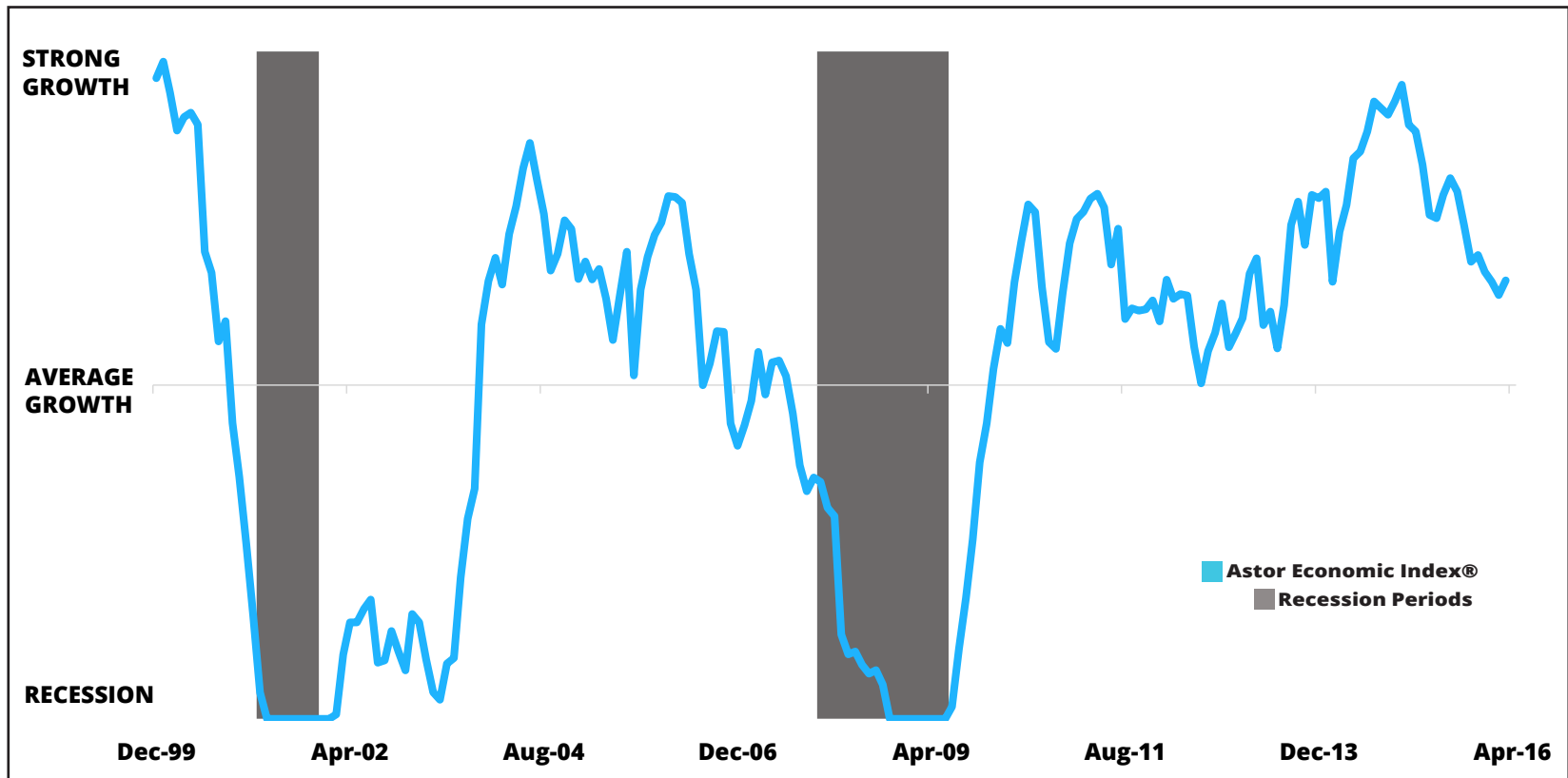
\*As defined by NBER

- Since the 1920's, periods associated with growth have had an average monthly return of 0.93%
- Recessionary periods during the same time frame have had an average monthly return of -0.78%

# ASTOR ECONOMIC INDEX®

## The Cornerstone of Astor's Investment Process

The Astor Economic Index® provides a “roadmap” for equity exposure by linking economic levels to a target portfolio beta scale. Astor believes risk assets (e.g. stocks) tend to appreciate during periods of positive economic growth so higher readings of the Index produce higher beta targets and vice versa.



Source: Astor, Bloomberg, NBER Data: 12/31/1999 - 3/31/2016. Past performance no guarantee of future results. 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. An investment cannot be made in an index.

703161-400 All information contained herein is for informational purposes only.

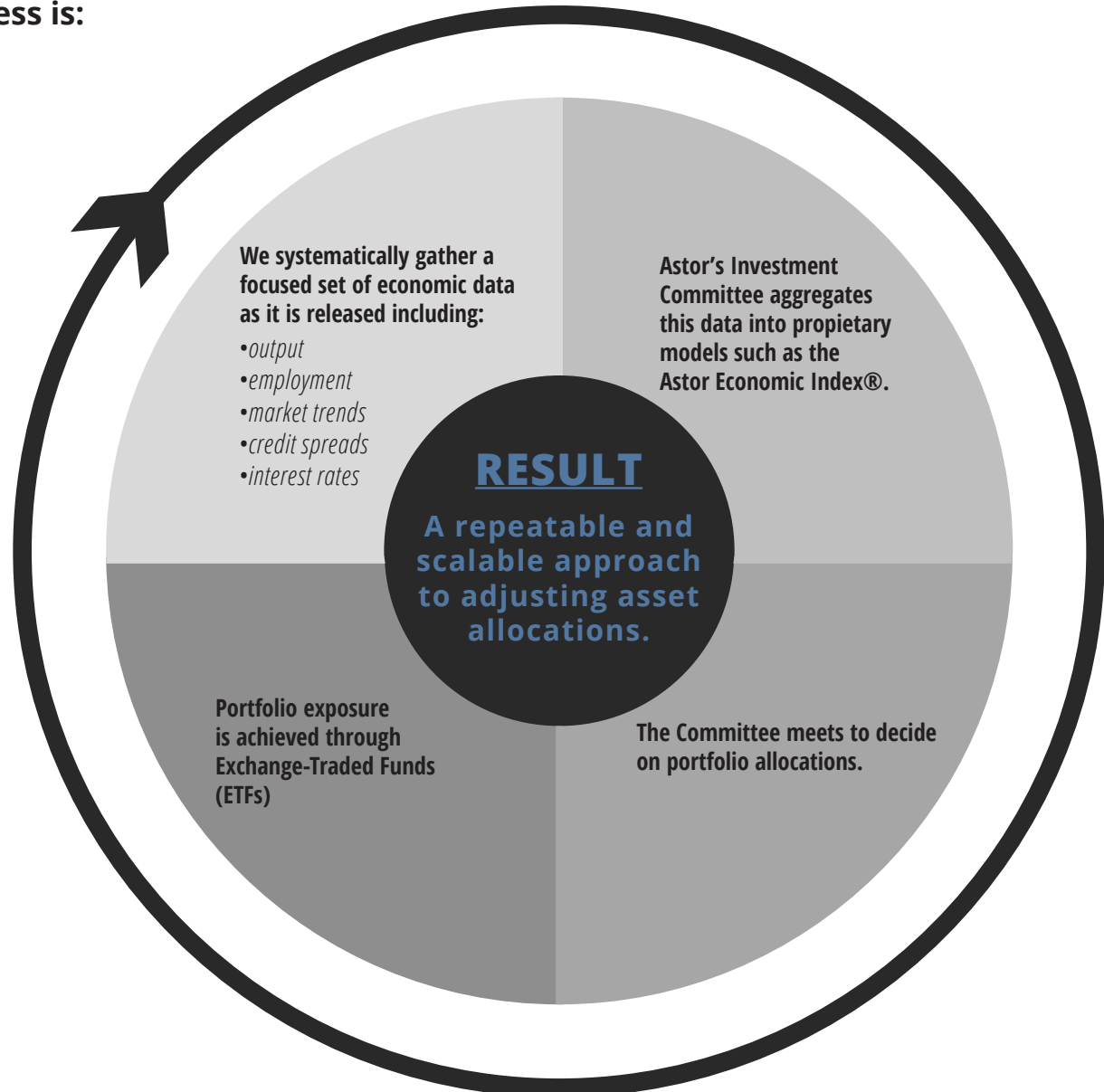
Please refer to the important disclosure information at the end of this presentation for definitions, additional information, and risks.



# ASTOR APPROACH

At Astor, our approach and process is:

- **SYSTEMATIC**
- **REPEATABLE**
- **RESEARCHED**



703161-400 All information contained herein is for informational purposes only.

Please refer to the important disclosure information at the end of this presentation for definitions, additional information, and risks.

# PRODUCT LINEUP

## LONG/SHORT BALANCED

*Multi-Asset Macro Investing*

- Featuring the Astor Economic Index® as the foundation, the strategy adjusts portfolio beta throughout economic cycles by utilizing a broad range of asset classes.
- Seeks to produce more favorable risk-adjusted returns (higher average return and lower volatility) than broad equity and alternative benchmarks.
- Attempts to reduce correlation to equities by allocating to inverse equity, fixed income, cash, or other asset classes during periods of economic weakness in order to lower portfolio risk and participation in drawdowns.

## SECTOR TACTICAL ASSET ROTATION (STAR)

*Core Equity for the Risk-Minded Investor*

- The strategy seeks to provide capital appreciation during periods of economic expansion by investing in sectors and broad markets categories displaying positive fundamental and/or price trends.
- A proprietary sector rotation model seeks to under/overweight sectors throughout periods in order to take advantage of growth differentials between sectors.
- As economic trends weaken, the strategy will attempt to progressively lower equity exposure and substitute with cash and/or fixed income positions in order to manage risk and reduce significant drawdowns.

## ACTIVE INCOME

*Tactical Unconstrained Income*

- Alternative to traditional fixed income investments.
- Actively shifts portfolio allocations across multiple income producing asset classes in response to varying credit and market conditions.
- Seeks to produce income and additional capital appreciation.

## MACRO ALTERNATIVE

*Multi-Strategy Quantitative Global Macro*

- Seeks to provide independent sources of alpha generation through diverse asset class exposure and a combination of multiple strategies.
- Size parameters prevent over-concentration in assets and asset classes.
- The strategy takes a “global macro” approach designed to capitalize on multiple market opportunities & environments.

# DISCLOSURES

**Alpha:** The excess return generated by a strategy above a benchmark. **Beta:** A quantitative measure of the volatility of a given portfolio, relative to the S&P 500 Index, computed using monthly returns. Specifically, the performance the portfolio has experienced since the portfolio's inception as the S&P 500 Index moved 1% up or down. A beta above 1 is more volatile than the index, while a beta below 1 is less volatile. **Correlation:** A statistical measure of the interdependence of two or more random variables, computed using monthly returns. Fundamentally, the value indicates how much of a change in one variable is explained by a change in another. Specifically, the correlation between the portfolio and the S&P 500 Index. A correlation of 1 implies the security moves in the same direction as the index and a correlation of -1 implies the opposite. A correlation closer to 0 indicates that the portfolio does not move with the movements of the index. **Drawdown:** A drawdown represents the loss experienced during a period and is calculated as the difference from the peak price to the lowest price in the period. **Recession:** A recession as defined by the National Bureau of Economic Research (NBER) is a significant decline in economic activity over a period of time as witnessed by data such as real GDP, real income, employment, industrial production, and retail sales.

All information contained herein is for informational purposes only. This material is not a solicitation to offer investment advice or services in any state where to do so would be unlawful. Analysis and research are provided for informational purposes only, not for trading or investing purposes. All opinions expressed are as of the date of publication and subject to change. Astor and its affiliates are not liable for the accuracy, usefulness or availability of any such information or liable for any trading or investing based on such information. There is no assurance Astor's strategies will produce profitable returns or that any account with have similar results. You may lose money. Past results are no guarantee of future results and no representation is made that a client will or is likely to achieve results that are similar to those shown. Factors impacting client returns include individual client risk tolerance, restrictions a client may place on the account, investment objectives, choice of broker/ dealers or custodians, as well as other factors. Any particular client's account performance may differ from the program results due to, among other things, commission, timing of order entry, or the manner in which the trades are executed. Clients may not receive certain trades or experience different timing of trades due to items such as client imposed restrictions, money transfers, inception dates, and others. The investment return and principal value of an investment will fluctuate and an investor's equity, when liquidated, may be worth more or less than the original cost. An investment cannot be made directly into an index. Please refer to Astor's Form ADV Part 2 for additional information regarding fees, risks, and services.

Astor seeks to achieve its objectives by investing in Exchange-Traded Funds ("ETFs"). An ETF is a type of Investment Company which attempts to achieve a return similar to a set benchmark or index. The value of an ETF is dependent on the value of the underlying assets held. ETFs are subject to investment advisory and other expenses which results in a layering of fees for clients. As a result, your cost of investing in Astor's strategies will be higher than the cost of investing directly in ETFs and may be higher than investments with similar investment objectives. ETFs may trade for less than their net asset value. Although ETFs are exchanged traded, a lack of demand can prevent daily pricing and liquidity from being available. Investors should carefully consider the investment objectives, risks, charges, and expenses of the ETFs held within Astor's strategies before investing. This information can be found in each fund's prospectus.

The Astor Economic Index® is a proprietary index created by Astor Investment Management LLC. It represents an aggregation of various economic data points: including output and employment indicators. The Astor Economic Index® is designed to track the varying levels of growth within the U.S. economy by analyzing current trends against historical data. The Astor Economic Index® is not an investable product. When investing, there are multiple factors to consider. The Astor Economic Index® should not be used as the sole determining factor for your investment decisions. The Index is based on retroactive data points and may be subject to hindsight bias. There is no guarantee the Index will produce the same results in the future. The Astor Economic Index® is a tool created and used by Astor. All conclusions are those of Astor and are subject to change. An investment cannot be made in an index.

The S&P 500 Index is an unmanaged composite of 500 large capitalization companies. An investment cannot be made in an index.

S&P 500® is a registered trademark of McGraw Hill Financial.

Astor Economic Index® is a registered trademark of Astor Investment Management LLC.

# CONTACT US



## **ASTOR INVESTMENT MANAGEMENT LLC**

111 S. Wacker Drive, Suite 3950, Chicago, IL 60606

(800) 899.8230 • [info@astorim.com](mailto:info@astorim.com)

703161-400 All information contained herein is for informational purposes only.

Please refer to the important disclosure information at the end of this presentation for definitions, additional information, and risks.

**ASTOR INVESTMENT MANAGEMENT LLC** • 111 S. Wacker Drive, Suite 3950, Chicago, Illinois 60606 • [www.astorim.com](http://www.astorim.com) • 800.899.8230

