

U.S. ECONOMY UPDATE

The Astor Economic Index® (AEI)

Our proprietary Astor Economic Index® dropped over the last month and is now showing *modestly above average growth in the U.S. economy*. The payroll number disappointed but this may be related to a particularly strong report for January.

Fed Stance

The Fed continues its pause and the next move will depend on how both inflation and economic growth evolve. Additionally, the most common interpretation of the Fed Funds futures curve shows that the Fed is not expected to raise rates again this cycle.

International Environment

The international environment continues to be challenging. Weaker growth this year is expected in both Europe and China.

Economic Summary

We believe the U.S. economy remains solid. Renewed market turmoil and International environments may become more of a headwind.

ASTOR STRATEGY UPDATE

At Astor we believe that a solid economic environment, as we are currently enjoying, is usually accompanied by an appreciating equity market. Nevertheless, it is clear that investors are becoming more skeptical of equities. Continued solid earnings may eventually be catalyst for a rally.

Astor Dynamic Allocation (ADA)

- Defensive positions in minimum volatility and high-quality ETFs outperformed in February while emerging markets were a drag.
- We are reducing equity exposure modestly in line with the more subdued growth environment.

Astor Sector Allocation (ASA)

- ASA's large tech position did especially well last month.
- ASA is reducing energy exposure in favor of materials.

Active Income (AI)

- AI is reducing its equity exposure in line with the falling AEI.
- Active Income maintains its position of low duration but more credit exposure than the broad fixed income indexes.
- AI outperformed the broad fixed income market in February as credit spreads contracted especially at the low end of the credit spectrum.

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