

**DEAR INVESTORS:**

On March 10th, I published my first **'Letter to Investors' of 2020**. The U.S. and Global economies continue to change rapidly as the impact of COVID-19 ripples across the globe. At Astor, our job is to assess the amount of risk in the stock market and adjust our strategies accordingly.

The core to Astor's investment process: We believe stock prices have a higher probability of going up when the economy is healthy. Vice versa and equally important, Astor believes stocks have higher probably of experiencing large, sustained losses when the economy is 'less healthy'.

To summarize the events of the past month as concise as possible: In our opinion, the U.S. economic fundamentals have further deteriorated to a level that supports the **risk** of owning stocks outweighs the potential **reward**.

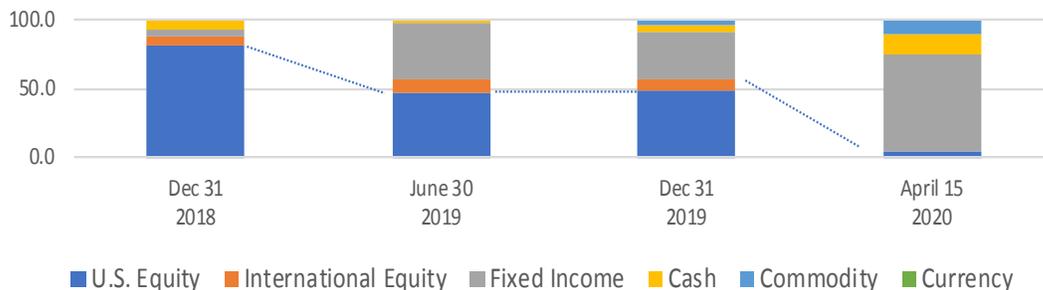
**Prepared For A Surprise – 2019 Economic Review:** COVID-19 was a surprise to the world. However, the deterioration of the U.S. economy was not a surprise. The Astor Economic Index® (AEI), Astor's proprietary tool that gauges the health of the U.S. economy, started to indicate that the economic fundamentals were not as robust in early 2019. In fact, the manufacturing side of the U.S. economy was in a contraction for parts of 2019. It is also important to note that most of the global economy was arguably in a contraction throughout 2019 and into 2020. **To be clear, Astor was not predicting a catastrophic event.** History and research have shown that "if" an outside influence disrupts the financial markets while the AEI is at substantially lower levels, it would have an outsized impact on stock prices. We do not time the market or react to price data. To that end, Astor's strategies began to systematically reduce exposure to equities throughout 2019.

To see current and historical readings of the **Astor Economic Index®**, visit [www.astorim.com/charts](http://www.astorim.com/charts)

**COVID-19:** As of April, 2020, the decimation of the U.S. labor market (roughly 22M Americans filing for unemployment in 4 weeks) due to COVID-19 caused the AEI to fall to levels that suggest a 'below average' expected return in stocks and, as a result, Astor further reduced equity exposure across our strategies.

*The below chart illustrates the reduction in equity exposure in Astor's flagship product, Astor Dynamic Allocation:*

**Dynamic Allocation Portfolio Adjustments: 2019-Current**



*The allocations presented are target allocations for the period indicated as determined by Astor's Investment Committee. Any individual investor's portfolio may be allocated differently than presented here due to many factors, including but not limited to, timing of entry into the investment program, discretionary decisions by the clients and referring advisors, and custodial limitations or the manner in which trades are executed. Allocations do not include cash or cash equivalents. Allocations are subject to change without notice.*

**WHAT HAPPENS NEXT?**

**The Fed and the Treasury have initiated a variety of support programs essentially trying to build a bridge until the economy restarts.**

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## WHAT HAPPENS NEXT?

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Astor will continue to diligently monitor the data to determine the directional health of the U.S. economy. I believe Astor has the tools to identify the directional health of the U.S. economy and determine if the bridge is strong enough to get to the other side or if the bridge needs further support beams. If the economy starts to exhibit signs of improvement (or 'less bad' data), then it is reasonable to assume Astor will be adding equity back into our strategies. However, if the deterioration continues, Astor can take additional defensive positions to protect our investors' capital.



Rob Stein  
CEO/Founder

**For More Information on Astor's Communication  
Regarding The Current Market Environment**

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*The Astor Economic Index® is a proprietary index created by Astor Investment Management LLC. It represents an aggregation of various economic data points and is designed to track the varying levels of growth within the U.S. economy by analyzing current trends against historical data. It is not an investable product. 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. All conclusions are those of Astor and are subject to change.*

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