ASTOR INVESTMENT MANAGEMENT | FUNDAMENTALLY DRIVEN.

ASTOR DYNAMIC ALLOCATION STRATEGY
2020 PERFORMANCE REVIEW
As of 6/30/2020

ASTOR DYNAMIC ALLOCATION (ADA) STRATEGY OBJECTIVE

ADA seeks to find the appropriate balance of risk and non-risk assets for the given economic condition. Its core objective is to help reduce or avoid losses during major wealth destroying events in equity markets associated with weak economic environments while attempting to capture positive gains during equity bull markets.

PERFORMANCE REVIEW

The Astor Dynamic Allocation ("ADA") strategy performance YTD through 6/30/20 was -10.31% (net of fees). As expected, the volatility across equity markets and economic fundamentals caused by COVID-19 were the main factors driving performance. The strategy entered 2020 with a beta target (relative to the S&P 500) of 0.55 and ended Q2 with a beta target of 0.40. The strategy's lowest beta target throughout the first half of 2020 was 0.05 (April).

The main driver of the decline of the Astor Economic Index® (AEI), which is largely responsible for ADA's beta target, was a collapse of the labor market in the United States. Although there were signs of labor market strength in Q2, the overall picture continues to be very concerning as over 2M Americans have filed for Pandemic Unemployment Assistance/unemployment every week since the beginning of the pandemic (6M+ weekly filings at the peak).

Below average exposure to equities benefited the strategy as the initial market decline took place in March/April. Vice versa, the biggest determinant to performance was the reduced equity exposure in ADA as a result of the steep drop in the Astor Economic Index® (AEI). A suppression in economic activity from the COVID-19 outbreak resulted in some of the worst monthly economic data reports in history. The AEI declined quickly, moving the strategy beta from ~0.55 to ~0.10 in mid-April. The strategy's beta increased to ~0.25 in early June, which coincided with some improvement in U.S. Nonfarm payrolls as the economy reopened. As the market rebounded, the strategy was able to capture a portion of the positive returns, but not in line with broad equity markets.

As the economy absorbs and reacts to the consequences (both good and bad) of stimulus and the economic shutdown, the true impact of the COVID-19 will start to be realized... Stay tuned!

Astor Dynamic Allocation Strategy

YTD 2020 Performance

As of 6/30/20

-9.39%	-10.31%
Pure Gross	*Net*

The Astor Economic Index®

The AEI entered 2020 at a level of 'average economic growth' and ended Q2 at a level of 'below average economic growth'. As a result, the overall equity exposure within ADA decreased in the first half of 2020.

Astor Dynamic Allocation Strategy

Beta Target

relative to S&P 500

12/31/18	12/31/19	6/30/20
.86	.55	.40

ADA 2020 ALLOCATION SUMMARY

Dynamic Allocation	Dec 31 2018	June 30 2019	Dec 31 2019	June 30 2020
U.S. Equity	81.0%	46.5%	51.0%	19.1%
International Equity	6.8%	10.7%	7.1%	0.0%
Fixed Income	5.3%	39.0%	33.4%	68.5%
Cash	6.8%	2.6%	5.6%	2.1%
Commodity	0.0%	0.0%	2.9%	10.3%
Currency	0.0%	0.0%	0.0%	0.0%

**The allocations presented are as of the quarter-end dates indicated and do not show allocations or changes during each period. Any quarter period may have higher or lower allocations than what is shown. Allocations represent the Dynamic Allocation Composite. 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, custodial limitations, the structure of the investment product or program, and the manner in which trades are executed. Allocations are subject to change without notice.*

FIRST, SECOND, THIRD ORDER EFFECTS:

When analyzing the impact or potential impact an event will have on the economy, it's the second and third order effects that will cause the most damage. Recessions are not typically caused by a business closing their doors (first order). It's the fallout (second and third order effects) of that business closing their doors that can set forward a chain of events that can lead to recessions/depressions.

For example: A restaurant going out of business is the first order effect. The linen supplier to that restaurant cutting workers and potentially going out of business is the second order effect. The dry cleaner that cleans the linens having to cut employees and potentially going out of business is the third order effect. Always keeping in mind that the employees of all the above companies that have reduced income/loss-of-job are no longer customers of the clothing stores, restaurants, daycare, Etc. establishments. The downward cycle continues.

Due to the impressive action by the Federal Reserve announcing various level of stimuli, some business closings were saved and others were delayed. The chapter in the history books on the economic fallout from the shutdown of the economy is very much still being written. The true impact of the 'shut-down' will not be realized until the magnitude of the second and third order effects are realized.

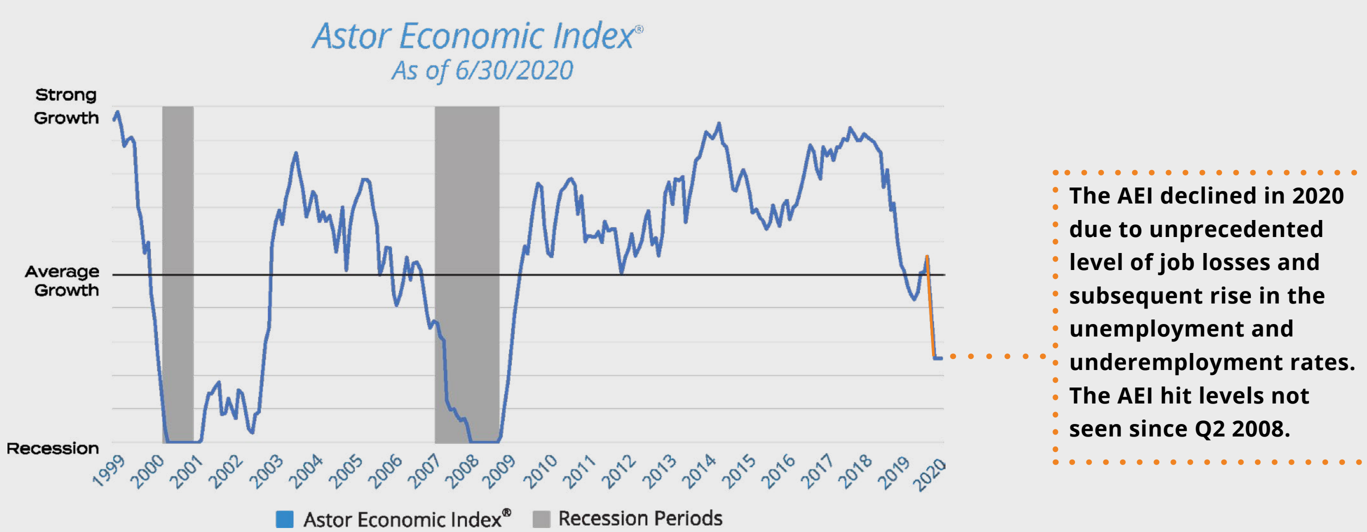
BIG PICTURE: FOLLOWING AND TRUSTING THE PROCESS

We give performance updates for ADA on a semi-annual basis. Obviously, quite a few things have changed in world since Q4 2019. Astor's investment thesis and process, however, is not one of those. Consider the following (increasingly prophetic) quote from our 2019 Q3/Q4 review:

> ***"At Astor, we believe that recessions can only occur when the following happen: A weakening economy PLUS some sort of 'shock' to the system (terrorist attack, extraordinary political uncertainty, liquidity crisis, etc.). Additionally, Astor believes that massive, sustained losses in equity markets don't occur unless the economy is in, or getting closer, to a recession. Simply put, Astor believes there is a very low probability of a recession if the economy is healthy. Vice versa, Astor believes that the risk of a recession increases as economic fundamentals deteriorate."***

In our previous performance review, we noted that the AEI had undergone a substantial weakening, and that this weakening coupled with an exogenous shock could result in recession. Astor is not in the business of predicting shocks and does not believe that anyone can do so successfully over the long-term. What we do provide for our clients, however, is a deep understanding of the risks and reward for risk assets in different states of the economy.

The Astor Economic Index® : Astor has identified key macro data points with trends that have a tendency to correlate with movement in risk assets, or equities. Astor collects this data and applies a 'score' to each data point that is based on rigorous research on how impactful that particular data point is in determining the health of the U.S. economy. For example, Astor believes employment data is more meaningful compared to oil and gas inventories. The end result is a monthly score that determines the current health of the U.S. economy. The chart (below) is Astor's monthly score on the health of the economy going back over 20 years.



Source: NBER Astor Data: 12/31/1999 – 6/30/2020. 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.

WHERE WAS THE AEI PRE-PANDEMIC AND WHERE IS IT NOW?

It is that understanding which led us to cut equity exposure in Q4 of 2019. As our previous review noted, "... it is our belief that if 'something' (trade war, election cycle, repo market, etc.) causes equity markets to correct while the economy is 'less-strong', the probability of systemic losses and potential for recessionary conditions are higher compared to 18-months". With COVID-19, we found our "something".

The Astor Economic Index® undulated around the 0 line during January and February, well below 2019 highs of 0.62. As the macroeconomic impacts of COVID-19 became clear, the AEI began a steady decline in March, ending Q1 at -0.2 and the Investment Committee cut equity exposure accordingly at the end of March. With stay-at-home orders and other public measures forcing business to shutter, the AEI dropped further in Q2 to a post Global Financial Crisis low of -0.5, indicating very weak economic activity.

2020 Q1/Q2 ECONOMIC REVIEW

Labor Market

The impact of stay-at-home orders and public health measures had an immediate and historic impact on the U.S. labor market. At the end of Q1, nearly 1.4 million jobs were lost as restaurants, retail and hospitality business were forced to shutter. In April, an eyewatering 21 million jobs were lost, the largest month over month on record by several orders of magnitude. As restrictions began to ease in Q2, the labor market has begun to recover, with about 7.5 million jobs gained back since the end of April.

Nonetheless, labor market churn and joblessness remain elevated. U3 unemployment, a measure of unemployment in the labor market ended Q2 at 11.1%, down from the pandemic peak of 14.7% in April. Continuing jobless claims, which show those remaining on unemployment benefits, ended the first half of the year at 18 million, below its peak of 25 million but still historically high. As federal unemployment benefits run out, a key watchpoint going forward is the impact on consumer spending and knock-on effects on businesses.

Policy Response

Unprecedented times call for unprecedented measures, and the federal government and the Federal Reserve have taken that bromide to heart. The Fed undertook a series of extraordinary measures. Starting in Q1, the Fed launched facilities to ease financial turmoil in crucial markets like commercial paper and repo, as well as improve international dollar liquidity via swap arrangements with foreign central banks. The Fed has also played an important role in administering business loans in coordination with the U.S. Treasury. Perhaps most notable, the Fed announced purchases of high yield debt, an arrangement that would have been unthinkable just a few months ago.

The federal government has taken substantial action to ease the burden on households and businesses who suddenly found themselves without a source of income. Federal unemployment insurance ramped up, one off checks were cut to many households, and business loans were made available. Ultimately, the question is whether these actions will be enough to limit permanent damage to business and allow for employees to remain on payrolls.

International

The experience of foreign countries has been varied and generally correlated to government effectiveness in contain the virus, as well as fiscal space and capacity to prop up economies. In China, where the virus was contained relatively quickly and government support was outsized, the economy has likely returned to growth. Emerging markets like Brazil, where public health measures have been limited and that are highly reliant on export markets, will likely be most exposed to the global economic situation.

CONCLUSION: YOU CAN'T SEE THE FOREST THROUGH THE TREES

COVID-19 has dominated news headlines, market movements and economic activity for the past 4 months. It's important to remember that before COVID-19 was the singular focus, there was an escalating trade war with China, Europe was/is on the brink of a recession, and the political tensions in the United States were rising, amongst other points of geopolitical concern. At Astor, we often discuss a rather simple formula: A weak economy + a 'shock' to the system = rising probability of a recession.

The Federal Reserve's response to shore up businesses and the economy is applauded and has definitely worked thus far. It is very important for investors to understand that the U.S. economy has not recovered and is absolutely still in very fragile shape. We believe taking the appropriate amount of risk given the current state of the U.S. economy is very prudent at this point in the economic cycle.

DISCLOSURES

Beta: A quantitative measure of the volatility of a given portfolio, relative to the S&P 500 Index, computed using monthly returns. A beta above 1 is more volatile than the index, while a beta below 1 is less volatile.

S&P 500: The S&P 500 Index is an unmanaged composite that measures the performance of 500 large capitalization stocks, which together represent approximately 80% of the total equities market in the United States. S&P 500 is a registered trademark of McGraw Hill Financial.

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Valuations are computed and performance is reported in U.S. dollars. Performance results assume the reinvestment of dividends. Certain client accounts may take dividends as distributions. Gross-of-fee returns are shown as supplemental information only and represent "pure gross" returns. "Pure gross" returns are calculated before the deduction of all fees, including trading, advisory, and administrative fees. Net of fee returns are calculated using a monthly model fee based upon end of period client account market values. Certain accounts pay fees outside of the composite account and thus, require a model fee for performance calculation. In order to maintain consistency, Astor calculates a model fee across all composite accounts. The model fee is representative of the actual fees charged to client accounts, which covers trading, advisory, and other costs. The model fee provides a more conservative estimate of performance. The annual model fee used for the 2020 performance shown is 2.0%.

The performance shown is of the Astor Dynamic Allocation Composite. The Astor Dynamic Allocation Composite is a multi-asset, tactical allocation strategy that exclusively uses exchange-traded funds (ETFs). The Composite will invest in a mix of asset classes, including equity, fixed income, commodities and currencies depending on the economic and market environment. During economic contractions, the Composite seeks to reduce risk by utilizing defensive positioning such as inverse equity and fixed income. The strategy may employ the use of unleveraged inverse exchange traded funds, designed to track a single multiple of the daily inverse performance of a given index. The portfolio managers. may at their discretion, depart from the target allocation range when they feel that certain sections of the financial markets are over or under valued. For purposes of defining the composite of accounts, a minimum account size of $50,000 is imposed monthly.

The Dynamic Allocation Strategy seeks to achieve its objectives by investing in 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 the Strategy will be higher than the cost of investing directly in ETFs and may be higher than securities 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. The Strategy can purchase ETFs with exposure to equities, fixed income, commodities, currencies, developed/emerging international markets, real estate, and specific sectors. The underlying investments of these ETFs will have different risks. Equity prices can fluctuate for a variety of reasons including market sentiment and economic conditions. The prices of small and mid-cap companies tend to be more volatile than those of larger, more established companies. It is important to note that bond prices move inversely with interest rates and fixed income ETFs can experience negative performance in a period of rising interest rates. High yield bonds are subject to higher risk of principal loss due to an increased chance of default. Commodity ETFs generally gain exposure through the use of futures which can have a substantial risk of loss due to leverage. Currencies can fluctuate with changing monetary policies, economic conditions, and other factors. International markets have risks due to currency valuations and political or economic events. Emerging markets typically have more risk than developed markets. Real estate investments can experience losses due to lower property prices, changes in interest rates, economic conditions, and other factors. Investments in specific sectors can experience greater levels of volatility than broad-based investments due to their more narrow focus.

The Strategy can also purchase unleveraged, inverse fixed income and equity ETFs. Inverse ETFs attempt to profit from the decline of an asset or asset class by seeking to track the opposite performance of the underlying benchmark or index. Inverse products attempt to achieve their stated objectives on a daily basis and can face additional risks due to this fact. The effect of compounding over a long period can cause a large dispersion between the ETF and the underlying benchmark or index. Inverse ETFs may lose money even when the benchmark or index performs as desired. Inverse ETFs have potential for significant loss and may not be suitable for all investors.

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.
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