

**Astor Investment Management LLC**

Form ADV Part 2A

Investment Adviser Brochure

July 28, 2014

This brochure provides information about the qualification and business practices of Astor Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at 800.899.8230 or by email at [info@astorim.com](mailto:info@astorim.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), or by any state securities authority.

Additional information about us is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2: Summary of Material Changes

Since the last filing of our Brochure on February 4, 2014, Astor Investment Management LLC has made the following material changes: (1) Astor signed a new Investment Advisory Agreement for the Astor portfolio management team to continue advising the Astor Mutual Funds and (2) an affiliated firm, Lakewood Investment Management LLC, filed a prospectus to manage the Astor Macro Alternative Fund.

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#### **Item 4: Advisory Business**

##### **Firm Description**

Astor Investment Management LLC (“Astor,” the “Firm,” “we” or “us”) specializes in offering separately managed programs primarily using exchange-traded funds (“ETFs”) and mutual funds. Astor’s programs are primarily distributed to investors through third party brokerage firms and financial advisors. The Firm was formally organized in 2013 in connection with a corporate restructuring of a predecessor firm, but our portfolio managers have been managing the strategies described in this brochure since 2000. Astor also serves as investment adviser to the Astor Funds, which are registered open-end investment companies.

As of June 30, 2014, Astor managed approximately \$513.52 million in client assets. All assets managed by Astor are managed on a discretionary basis.

##### **Principal Owners**

Our principal owner is Lakewood Investment Management LLC and Robert Stein is the sole beneficial owner of that entity.

##### **Types of Advisory Services**

Astor provides proprietary separately-managed account programs for clients. While our programs are primarily distributed to investors through third party brokerage firms and financial advisors, we may also have some direct client relationships.

Our proprietary macroeconomic model serves as the principal basis for investment decisions. This model analyzes economic data such as GDP, inflation, unemployment, money flows and overall market conditions to determine the current phase of the business cycle (expansion, peak, contraction or trough). Once the phase of the business cycle is identified, the portfolio management team rebalances the investment portfolios based on the current phase of the business cycle. Typically, Astor only rebalances when the economic cycle changes.

Astor primarily uses ETFs in its investment portfolios, although it retains the ability to use other investment vehicles such as indexed mutual funds. ETFs and mutual funds are professionally managed collective investment products that pool money from many investors and invest in stocks, bonds, short-term money market instruments, derivatives and commodities or any combination thereof in accordance with the funds’ objectives. ETFs may include investment companies structured as grantor trusts or interests in limited partnerships, some of which may invest in commodities and currencies directly or through the use of derivative products. Our investment strategies are further described below in Item 8.

## Participation in Wrap Fee Programs

Astor serves as an investment manager for wrap fee programs. Such arrangements are sponsored by broker-dealers or investment advisers who are not affiliated with Astor. When the program sponsor is a broker-dealer, the sponsor may also execute a client's portfolio transactions without an additional commission charge and provide custodial services for the client's assets. In these programs, the client typically pays a single fee, called a "wrap fee," to the program sponsor that covers transaction fees, custodial services and Astor's advisory services. Nevertheless, as described further under Items 5 and 12, we may execute transactions through brokers other than your sponsor, and when we do, you may incur the transaction cost in addition to your wrap fee. Astor receives a portion of the wrap fee for its advisory services provided to wrap fee program clients, as described further below under Item 5.

In a wrap fee program, the sponsor is responsible for providing you with continuous advice regarding your investment portfolios based on your individual needs. You should consult with your financial professional and carefully review this brochure before selecting Astor. Astor is available to consult with you and your financial professional; however, this does not occur frequently.

Astor also manages client accounts which are not structured as wrap fee accounts. These clients pay transaction costs on each trade executed in the account, as discussed in Item 5. Astor does not manage wrap accounts differently than non-wrap accounts.

Refer to Item 5 for additional information on how Astor is compensated for its services.

## Tailored Relationships

### Wrap Fee Program Clients and Referred Clients

For accounts managed under referral arrangements or wrap fee programs, the referring adviser or solicitor, program sponsor or primary investment adviser is solely responsible for the determination of client suitability for the selected separately managed account program and is responsible for reviewing the client objectives and communicating to Astor any change in account objectives or policies.

Astor solely relies on information about the prospective client provided by the program sponsor. This information may come from, among other things, a personal interview of the client, a written questionnaire completed by the client that provides certain financial and other relevant data including the client's investment objectives, risk tolerances and investment restrictions, if any. Once the account has been established, Astor may communicate with the client, as specified in the master agreement or sub-advisory agreement with the program sponsor. However, the program sponsor or primary adviser is solely responsible for communicating with you.

### Direct Clients

For a direct client, Astor collects information regarding client account objectives and risk tolerance at the outset of the client relationship. Such information is collected in the Investment Management Agreement with the client and through any other oral and/or written instructions the client may provide. Astor is responsible for ensuring that the goals and objectives of the separately managed account program selected by the client are suitable given the established client guidelines and information. Clients are responsible for communicating any significant changes in financial circumstances, investment objectives, and/or risk tolerance promptly to Astor. Formal reviews of client account objectives and client guidelines will be undertaken at least annually by Astor to confirm that the continued appropriateness of the program selection and that any and all client guidelines and restrictions are being fulfilled.

### Restrictions on Investing

You may request reasonable restrictions on the management of your account, including restrictions that prevent Astor from investing in certain securities or types of securities. However, Astor reserves the right to discontinue providing investment advisory services to your account if Astor's portfolio managers reasonably believe that the restrictions imposed upon the account prevent the Firm from effectively managing your account. You should be aware that any restrictions you place on the account may affect your account's performance which may, over time, result in underperformance relative to Astor's model portfolio and to other Astor client accounts.

## Item 5: Fees and Compensation

*Wrap Fee Program Clients.* In a wrap fee program, you will pay the program sponsor an annual wrap fee that generally ranges between 1.00% and 3.00% of assets in your account. This total fee generally covers the fees due to the program sponsor for its advisory services, transactional fees for trades executed through the sponsor, fees for custodial and reporting services and fees to investment advisers selected by the sponsor or client. The program sponsor, and not Astor, determines the exact amount of the wrap fee. The sponsor pays Astor a portion of the program fee which generally ranges between 0.40% and 0.75% of the assets that Astor manages under the program. Astor's fee will vary depending on the size of the program, the services performed by the program sponsor, the referring financial intermediary under the program, and the Astor program that you select. You should consult the program sponsor's brochure for additional information on the fees associated with the program.

*Referred Clients.* For accounts that are referred to Astor under a solicitor agreement between Astor and a referring financial advisor or a broker-dealer firm, the management fee charged to the client will generally range between 0.50% and 2.00% annually. However, the precise fee in that range will be determined by the referring financial advisor or broker-dealer firm, not by Astor. Moreover, this fee generally will not cover transactional fees for trades or expenses for custodial and reporting services – such fees must be covered by you.

*Direct Clients.* Generally, Astor charges its direct clients an annual management fee of between 0.50% and 2.00% of the assets managed, as determined by agreement of the client and Astor. Your precise fee is specified in your agreement with us. This fee generally will not cover transactional fees for trades or expenses for custodial and reporting services – those costs must be covered by you.

*Provision of Model Portfolio.* We also receive a fee from firms to which we provide our model portfolio. That fee is specified in the applicable agreement with such firms.

*Negotiable Fees.* Astor's fees are negotiable. Some clients pay more or less than others depending on certain factors, such as the type and size of the account, among others.

### Fee Billing

The specific manner in which fees are calculated and charged by Astor is established in the client's written investment agreement with Astor or in a written agreement between Astor and the program sponsor. Generally, Astor calculates and charges its management fee at the end of each month based on the current market value of the account less the current market value of any short positions and the liabilities and expenses incurred in connection with any margin transactions. Astor assesses its fees based on market prices for securities provided by either the account custodian or a pricing download from an independent pricing service.

In certain limited cases, wrap fee program clients may pay the wrap fee (which includes Astor's fee) in advance and/or quarterly, depending on the billing procedures of the program sponsor. You should review program sponsor's wrap fee program brochure for detailed information on the manner in which fees are calculated and paid as well as the way in which a client is credited a refund when an account is terminated.

In addition to the asset-based fee, Astor charges your account an annual account administration fee of \$100. In certain limited cases, Astor may elect to waive the account administration fee.

Astor's investment advisory agreement may generally be terminated at the written request of the client, the program sponsor or Astor. In the event of termination, Astor will pro-rate the advisory fee based on the portion of the month in which the client agreement is in effect.

### Direct Debit of Fees

Clients generally authorize Astor to directly debit fees from their account. However, if you and we agree, clients may use an alternative billing arrangement, such as being invoiced and making payment via check. Wrap fee program clients should also refer to the wrap fee program brochure for additional information about what types of alternative billing arrangements are available for your program.

### Other Fees

In wrap fee account programs, Astor does not negotiate brokerage commissions for trades executed through the program sponsor. As noted above, the wrap fee that you pay to the sponsor will typically cover the costs of trades

executed by the sponsor in your account. Astor's direct and referred clients will incur brokerage and other transaction costs in addition to our advisory fee.

In some circumstances, Astor may direct transactions to broker-dealers that are not program sponsors in order to meet its best execution obligations. For these transactions, Astor negotiates an embedded commission, also known as a mark-up or mark-down, with the broker-dealer executing the transaction. The mark-up or mark-down that you pay to the executing broker-dealer will be in addition to the portion of the wrap fee which covers transactions executed by the program sponsor. Refer to Item 12 for more information on Astor's selection and review of broker-dealers.

Astor manages client accounts using primarily ETFs and indexed mutual funds. Both ETFs and mutual funds have operating expenses and management fees. As a shareholder of the ETF or mutual fund, you bear these expenses which are reflected in the net asset value of the fund. These expenses are separate from and in addition to the investment advisory fee that Astor charges your account. You should consult the fund's prospectus for a complete description of all fees and expenses. You can invest directly in ETFs and indexed mutual funds without the services of Astor. In that case, you would not receive Astor's asset allocation and portfolio rebalancing services. To fully understand the total costs you will incur, you should review the fees charged by ETFs, mutual funds, our firm and others.

When appropriate, Astor may use its discretionary authority to invest client account assets in any of Astor Active Income ETF Fund, Astor Long/Short ETF Fund and Astor S.T.A.R. ETF Fund (collectively, the "Astor Funds"), each a series of Northern Lights Fund Trust, an open-end investment company registered under the Investment Company Act of 1940, as amended. While the strategies employed by the Astor Funds generally mirror Astor's separate account strategies, this may create a conflict of interest because (a) Astor would collect its advisory fee which is assessed on the market value of the account and (b) Astor would collect the management fee that it receives from the Astor Funds, providing an indirect benefit to Astor's personnel advising the Astor Funds. In order to mitigate this potential conflict, Astor waives its investment advisory fee on the portion of the client account invested in the Astor Funds.

#### **Item 6: Performance-Based Fees**

We do not charge performance-based fees for client accounts. Performance-based fees are fees that are based on a share of the capital gains or capital appreciation in the client account. Our fees are calculated as described in Item 5.

#### **Item 7: Types of Clients**

Astor provides investment advice to individuals, investment companies, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities as well as other investment advisors and broker-dealers that sponsor managed account programs. In general, we require a minimum of \$100,000 in investable liquid assets to open and maintain an advisory account. At our discretion, we may waive the account minimum. Astor does not generally require a minimum for additional investment.

An investment with Astor is generally a component in a client's overall portfolio strategy. You should consult with your financial advisors regarding the suitability of investing with Astor for your investment objectives and risk tolerance.

#### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

##### **Methods of Analysis**

Astor uses several different methods of analysis and sources of information when formulating its investment strategies. We source information from financial periodicals, research materials prepared by others, as well as our proprietary economic model. This economic model analyzes data provided by federal agencies that relate to the U.S. economy such as national output and employment. Astor's model utilizes these data points, in conjunction with overall market conditions, to determine the current phase of the business cycle (expansion, peak, contraction or trough). The phase of the business cycle informs the asset allocation and sector weightings for Astor's investment

models. For investments in fixed income or similar securities, Astor will also use an analysis of interest rates, Federal Reserve interest rate policy, and yield curves.

Our judgment about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect, and there is no guarantee that the securities we select will perform as anticipated. The value of an individual security can be more volatile than the market as a whole, or our approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the price and intrinsic value converge. As a result, there is a risk of loss of the assets we manage that is out of our control. We seek to reduce your risk through diversification. Although we will do our best in managing your assets, we cannot guarantee any level of performance or that you will not experience a loss in your assets.

As discussed above, in performing our analysis, we may use commercially available information and other research developed by third-party providers. Our methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

Astor's investment strategies are designed to invest based on our portfolio managers' determination of the current direction of the economy through our analysis as described above. Therefore, as described above, there is a risk that our analysis of the data is incorrect. Additionally, while our strategies operate under the assumption of a correlation between market performance and the direction of the economic trend, there is a risk that the performance between the markets and economy diverge and our models do not accurately gauge the market trend.

Under certain market conditions, some of Astor's strategies are designed to invest a significant portion of the portfolio's assets in funds designed to track the inverse performance of a broad equity index. Investing in such funds means that your investment will decrease when the market goes up. Furthermore, there is a risk that over a longer period of time the investment in such funds inverse performance will deviate from the benchmark's performance over the same time period, due to the effect of daily compounding. Other Astor programs will not invest in inverse funds and will generally hold a specific minimum percentage of the portfolio's assets in equity index funds. Therefore, such programs are more subject to market risk and will generally underperform the programs with inverse market exposure during negative market periods.

There are additional risks that affect investments in fixed income securities. While all of Astor's investment strategies will invest in fixed income to some degree, this risk will be greater for Astor's fixed income oriented program. Specifically, there is a risk that an increase or decrease in interest rates may cause the value of securities held in the portfolio to decline. Furthermore, since Astor may use a separate analysis of additional factors for investment in fixed income securities, such analysis is generally subject to the risk that the indicators used may not accurately predict the direction of interest rates. Fixed income securities are also subject to the risk that issuers and counterparties will not make interest and/or principal payments when due, as well as the risk that falling interest rates will cause an issuer of fixed income securities to redeem its high-yielding fixed income securities before they are due.

In addition to investments in equity or equity-related securities and fixed income securities, Astor's programs may invest in other asset classes, including commodities, currencies, and alternative strategies. Such investments are subject to different risks than investments in equities or fixed income. Furthermore, such asset classes are generally not highly correlated to the movements of the equity markets or may be inversely correlated. Generally, investments in commodities may be more volatile than investments in other types of securities. Astor programs may also invest in international equity and fixed income securities. Foreign securities face risks due to political, social and economic developments abroad, as well as due to differences between U.S. and foreign currency and regulatory practices. These risks are greater in emerging markets.

### **Risk of Loss**

Although Astor makes every effort to preserve capital and achieve real growth, you should be aware that investing in financial instruments involves the risk of loss. As a client, you should be prepared to bear losses. We do not represent or guarantee that our services or methods of analysis can or will predict future results or insulate clients from losses due to market corrections or declines. You should be aware that past performance is in no way an indication of future performance.

## **Recommendation of Particular Types of Securities**

As disclosed in Item 4, client accounts are normally invested in ETFs and indexed mutual funds. While ETFs and mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market or type of security, if it primarily invests in small cap or speculative companies, or uses leverage (i.e. borrows money) to a significant degree. Similarly, ETFs or mutual funds which invest in foreign stock markets can present additional risk due to political, economic and currency risks as well as differences in accounting methods and standards. While ETFs or indexed mutual funds are designed to track the performance of a specific index, there is a risk that the ETF or mutual fund will fail to perfectly correlate with the index it is meant to track. Because the management company of the ETF or mutual fund will typically use a strategy to replicate the performance of the index, the strategy used may not track the index perfectly. Additionally, the performance of the ETF or mutual fund will also deviate from the underlying index due to underlying fees and expenses.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Astor or the integrity of Astor's management. Astor does not have any legal or disciplinary items to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **Affiliated Registered Investment Adviser, Commodity Pool Operator and Commodity Trading Advisor**

Robert Stein serves as Managing Partner and is the sole owner of Lakewood Investment Management LLC ("Lakewood"). Lakewood has registered as a registered investment adviser (RIA), commodity pool operator (CPO) and a commodity trading advisor (CTA). The portfolio managers of Astor also serve as portfolio managers for Lakewood. Lakewood has filed a prospectus to manage the Astor Macro Alternative Fund, an open-end investment company.

### **Affiliated Investment Companies**

Astor also serves as the investment adviser to the Astor Funds. When appropriate, Astor may use its discretionary authority to invest client account assets in any of the Astor Funds. While the strategies employed by the Astor Funds generally mirror Astor's separate account strategies, this may create a conflict of interest because (a) Astor would collect its advisory fee which is assessed on the market value of the account and (b) Astor would collect the management fee that it receives from the Astor Funds, providing an indirect benefit to Astor's personnel advising the Astor Funds. In order to mitigate this potential conflict, Astor waives its investment advisory fee on the portion of the client account invested in the Astor Funds.

Lakewood, an affiliated firm of Astor, has filed a prospectus to serve as investment adviser to the Astor Macro Alternative Fund. The portfolio managers of Astor also serve as portfolio managers for Lakewood.

### **License Agreement With First Trust Portfolios L.P.**

Astor has entered into a License Agreement ("Agreement") with First Trust Portfolios L.P. ("First Trust"). Astor and First Trust are not affiliated. First Trust is a broker-dealer registered with the SEC and is the distributor for AlphaDEX® ETFs. First Trust owns the trade name and trademark rights, title and interest in and to the AlphaDEX® mark. An affiliate of First Trust Portfolios L.P., First Trust Advisors L.P., manages the AlphaDEX® ETFs.

The Agreement provides a license for Astor to use the term AlphaDEX® for purposes of marketing Astor's Sector Tactical Asset Rotation Program ("S.T.A.R. Program") should Astor use AlphaDEX® ETFs for a significant portion of the investment allocation. Additionally, First Trust may use the Astor S.T.A.R. Program and its performance record to market AlphaDEX® ETFs. Neither Astor nor First Trust receives any direct compensation from each other as a result of this marketing arrangement.

Astor and First Trust may materially benefit from this arrangement. Through efforts by both parties to promote investment in the S.T.A.R. Program, Astor and First Trust seek to increase their number of accounts and assets under management. You should be aware that this marketing arrangement creates an incentive for Astor to select AlphaDEX® ETFs when other ETFs may also be considered suitable for investment purposes within the S.T.A.R.



program. AlphaDEX® ETFs carry management expenses which may be higher than alternative ETFs that portfolio managers may have selected.

Astor always seeks to put the interests of its clients first. The Astor S.T.A.R. Program may present a conflict of interest through its investment selections, but Astor believes the program can provide value to a client with appropriate investment objectives and risk tolerance. The Astor Investment Committee is responsible for evaluating and monitoring its selection of investments to minimize conflicts.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

We have adopted a Code of Ethics (the “Code”) that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of loyalty, fairness and good faith. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material non-public information about you or your account holdings by persons associated with our firm. You may contact us at the number on the cover of this brochure to request a copy of the Code.

### **Participation or Interest in Client Transactions**

Our Firm, our employees, and other related persons may buy or sell for their own accounts the same securities that may be recommended to advisory clients. These personal securities transactions may raise potential conflicts of interest between Astor and its clients. For example, a conflict may exist when we have the ability to trade ahead of you and potentially receive more favorable prices than you do. Astor’s Code is designed to prevent such conflicts of interest and prevent violations of Astor’s fiduciary duties to its clients. The Code includes procedures to ensure that its policy regarding front-running, insider trading, and other conflicts is being observed by Astor’s employees and related persons. For example, all proprietary and personal securities transactions in securities held (or scheduled to be held) by an Astor client must be preapproved, and we and our employees may not include personal trades in block trades with clients.

In addition, the Code imposes certain other pre-clearance and reporting requirements on Astor employees. The Code also requires that all personal securities transactions be conducted in a manner that avoids any actual or potential conflict of interest, and requires that the identity of clients, their security holdings and financial circumstances be kept confidential.

### **Principal Transactions**

Astor generally does not engage, directly or through an affiliate, in principal transactions with separately managed account clients. Astor has adopted policies and procedures to ensure that, to the extent it engages in any principal transactions, such transactions comply with Section 206(3) of the Advisers Act, which requires prior notice of and consent to a principal transaction, on a transaction-by-transaction basis. Under no circumstances does Astor, directly or through an affiliate, direct principal transactions with ERISA or government plan clients.

### **Affiliated Investment Companies**

When appropriate, Astor may use its discretionary authority to invest client account assets in any of the Astor Funds. While the strategies employed by the Astor Funds generally mirror Astor’s separate account strategies, this may create a conflict of interest because (a) Astor would collect its advisory fee which is assessed on the market value of the account and (b) Astor would collect the management fee that it receives from the Astor Funds, providing an indirect benefit to Astor’s personnel advising the Astor Funds. In order to mitigate this potential conflict, Astor waives its investment advisory fee on the portion of the client account invested in the Astor Funds.

Lakewood, an affiliated firm of Astor, has filed a prospectus to serve as investment adviser to the Astor Macro Alternative Fund. The portfolio managers of Astor also serve as portfolio managers for Lakewood.

## **Item 12: Brokerage Practices**

### **Selecting Brokerage Firms**

Unless you or your program sponsor request specific restrictions, Astor has complete discretion to direct trades for your account to any broker-dealer for execution in accordance with its fiduciary duty to seek best execution. In fulfilling this duty, Astor seeks to comply with all applicable rules and regulations. You should know that Astor may, in accordance with its duty to seek best execution, direct trades away from the custodial firm. Normally, most of the trades in your account will be directed away from your custodian firm, unless contractual or operational requirements at your account custodian require that trades be placed with the custodian, as discussed further below.

### **Best Execution**

Astor generally selects broker-dealers for client accounts. When so doing, Astor has a fiduciary duty to seek best execution for client transactions. The Firm maintains written policies and procedures to evaluate the execution performance of broker-dealers. These policies are modeled after the guidelines articulated by the SEC. Specifically, we believe that best execution is largely a qualitative concept.

Astor may recommend or choose broker/dealers based on a variety of factors which may include:

- (i) the broker-dealer's capital depth and market access;
- (ii) Astor's knowledge of negotiated commission rates and spreads currently made available;
- (iii) the nature and character of the markets for the security to be purchased or sold,
- (iv) the desired timing of the transaction;
- (v) the execution, clearance and settlement capabilities of the broker/dealer selected; and
- (vi) the reasonableness of the commission or its equivalent (such as a mark-up or mark-down) for the specific transaction.

Astor may not necessarily select the broker-dealer with the lowest commission or commission equivalent (such as a mark-up or mark-down) for a specific transaction, but instead may select a broker-dealer that provides specialized services that justify the payment of higher commissions (or their equivalent) than those customarily paid for transactions requiring routine services.

### **Effect of Directed Brokerage on Best Execution**

You may direct Astor to utilize a specific broker-dealer for execution. You should be aware that Astor's ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution may not be as favorable under directed brokerage arrangements.

### **Use of Account Custodian and Effect on Best Execution**

Astor executes trades for accounts held at certain custodial firms with the custodian under certain circumstances ("Listed Custodians"). For example, Astor's contract with a particular Listed Custodian may require that all trades be executed at the custodian, or operational limitations may require that Astor execute trades at the Listed Custodian. Obligations to use a particular Listed Custodian because of contracts or operational limitations may constrain Astor in its efforts to obtain best execution. You may obtain a current list of custodians that require trades to be executed at the custodian by contacting Astor at the phone number of the cover page of this brochure.

### **Order Aggregation**

Astor may aggregate client orders at the custodial level or across multiple custodial firms in cases where two (2) or more client accounts are transacting in the same security. Astor may at its sole discretion opt to do step-out trades, through which trades are made away from the custodial firm to ensure that all clients of Astor receive aggregate pricing. Under this procedure, transactions will be averaged as to price and will be allocated among Astor's clients in proportion to the purchase and sale orders placed for each client account on any given day. Aggregated trades generally are executed on a "net basis," meaning that such trades are executed by broker-dealers as principal and therefore commissions are not charged with respect to such trades. However, the price at which such trades are executed may reflect a mark-up or mark-down.

Astor has adopted trade aggregation policies and procedures to ensure that all accounts are treated fairly when orders are aggregated for execution. Astor ensures that all clients participate in the aggregate trade on no less advantageous terms than all other clients such that each client receives the same execution prices and shares the

transaction costs *pro rata*. Trades, where necessary, are allocated to advisory clients in a manner that fulfills Astor's fiduciary obligations to each client and otherwise allocates securities on a good faith basis that is objective, fair, equitable, consistently applied, and does not unfairly discriminate against any advisory client based upon account performance or other factors. Such an allocation may be necessary in the case where a block trade is only partially executed. When allocation is necessary, for example, with model rebalancing and/or portfolio changes, securities are apportioned among all accounts participating in an investment, with each account being allocated a *pro rata* share of the entire order.

To ensure that each trade is made fairly and equitably and that no particular account or group of accounts is favored based on account performance or other factors, Astor has adopted a trade policy of attempting to simultaneously route orders. To the extent possible, Astor will block orders together and route trades electronically through its Order Management System. Due to operational constraints at certain custodians, Astor may not be able to include accounts held at those custodians in block orders. As soon as practicable, Astor will route trades to such custodians via their respective transmittal instructions (e.g. telephone, email, facsimile, or electronic). For a list of custodians with operational restraints, please contact Astor at the phone number on the cover page of this brochure. Due to operational constraints at certain custodians, clients may experience differences in timing and pricing of trade execution. Astor may manage assets of its parent company or other affiliated entities. The trading for such accounts where these accounts are buying or selling the same security as other Astor client accounts is to place these trades after placing trades for all other client accounts.

### **Item 13: Review of Accounts**

#### **Review**

Astor's Operations & Trading staff regularly reviews client accounts to ensure that client portfolios are within a defined acceptable tolerance band to the program model allocations. In addition to these reviews, the CCO or designee will conduct limited sample testing of client accounts on a quarterly basis to ensure that client accounts are being invested according to the documented client objectives.

#### **Reporting**

Custodians typically provide clients with monthly or quarterly reports containing schedules of investments and information regarding transactions during the month or quarter. The frequency of such reports is dependent upon the custodian's policies and procedures. Astor does not send investment reports to clients.

### **Item 14: Client Referrals and Other Compensation**

We may directly compensate various third parties for client referrals including:

- (i) third-party broker-dealers and investment advisory firms and their representatives;
- (ii) certain employees and independent contractors of Astor; and
- (iii) certain other unregulated entities.

Pursuant to these arrangements, we may pay a referral fee to a solicitor which is based upon a percentage of Astor's advisory fee. We may also pay periodic "bonuses" to certain solicitors that refer a target amount of assets to Astor.

Solicitation fees (both referral fees and bonus payments) are paid pursuant to a written agreement that is retained by Astor. Whenever, we pay a fee to a solicitor, we require that the solicitor provide you with a copy of our Brochure as well as a separate Solicitor's Disclosure Document which sets forth:

- (i) the solicitor's name and relationship to firm;
- (ii) the fact that the solicitor is being paid a referral fee;
- (iii) the amount of the fee; and
- (iv) whether the fee paid by the client is higher as a result of the solicitation arrangement.

Referral fees paid to a solicitor are contingent upon you engaging Astor to provide investment management services. Therefore, a solicitor has a financial incentive to recommend our firm to you. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

### **Item 15: Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for payment of our advisory fees. This ability to deduct our advisory fees from your accounts results in our firm exercising limited custody over your funds or securities. We do not, however, maintain physical custody of any of your funds or securities. Your funds and securities are held with a broker-dealer or other qualified custodian. You should receive monthly or quarterly account statements from your custodian or program sponsor. You should carefully review these statements upon receipt.

### **Item 16: Investment Discretion**

Astor provides you with discretionary asset management services. Accordingly, Astor places trades in your account without contacting you prior to each trade to obtain your consent. Our discretionary authority includes the ability to:

- (i) determine the security to buy or sell;
- (ii) determine the amount of the security to buy or sell; and
- (iii) determine the broker-dealer utilized to execute the transaction.

You grant Astor discretionary authority when you sign our investment management agreement or through a limited power of attorney or trading authorization provided by your program sponsor.

Clients may request limitations on such authority and Astor may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed on the account must be presented to Astor in writing. Astor's clients do not normally impose any limitations on Astor's investment discretion but some of Astor's clients have imposed limitations that prevent Astor from investing in specific securities or types of securities.

### **Item 17: Voting Client Securities**

We vote proxies for client account securities consistent with the best interests of our clients. Astor's Proxy Voting Policy establishes the practices by which Astor fulfills its responsibility to monitor corporate actions, receive and vote client proxies, disclose any related potential conflicts of interest, make information available to clients about the voting of proxies for their portfolio securities, and maintain relevant and required records.

Pursuant to its Proxy Voting Policy, we will generally vote in accordance with management's recommendations unless we determine that voting in such a manner is in conflict with the best interests of our clients. In these cases, we will evaluate and vote the proxies on a case-by-case basis. In general, clients cannot request that Astor vote in a particular way on any specific proposal.

In the case of any conflict of interest that is raised by Astor's voting discretion, Astor will do one of the following, as determined by the specific situation:

- (i) disclose the conflict to you and obtain your consent before voting; or
- (ii) suggest that you engage another party to determine how to vote; or
- (iii) vote the proxy according to the recommendation of an independent third party, such as a proxy consultant.

You may obtain a copy of Astor's Proxy Voting Policy and may obtain a record of the Firm's proxy voting record for your account, both free of charge, by calling the phone number on the cover page of this brochure.

### **Item 18: Financial Information**

We must disclose any financial condition that could impair our ability to meet our contractual obligations to you. We must also disclose if we have been the subject of any bankruptcy proceeding within the last 10 years.

We have no such financial condition to disclose to you, and we have never been the subject of any bankruptcy proceeding.