



**ASTOR**  
CAPITAL  
MANAGEMENT

An Alternative Investment Company



Sears Tower, 94th Floor, 233 South Wacker Drive, Chicago, IL 60606 • Toll Free: 877-ASTOR 10 • info@astorcm.com

## Astor Capital Management Update - April 2010

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### Summary

Index	April 2010	YTD
S&P 500	†1.5%	†6.4%
DJIA	†1.4%	†5.6%
NASDAQ	†2.6%	†8.5%
FTSE 100	-2.2%	†2.6%
GSCI Index	†2.8%	†1.9%
MSCI EAFE Index	-2.1%	-1.9%
CMT 10 yr US Treasury	†2.1%	†2.3%
Barclay CTA Index	†0.0%	-0.4%

**Past performance is not necessarily indicative of future results. An investment in alternative investments, including Managed Forex is subject to a substantial risk of loss and may not be suitable for all investors. The material contained herein is for informational purposes only and is not a solicitation for investing. Investors should consult financial advisors before investing.**

### Trading Activity of the *Hudson FX Program*\*

Trading activity on the *Hudson FX Program* was about flat for the month. The focus was on USD/EUR currency pair trading during European trading hours. If you would like more details, please contact us.

\*= Astor Capital is the designer and Advisor of Hudson FX Program. It is traded in conjunction with CIML, the appointed Sub-Advisor. See the Disclosure Document (November 30, 2009) for details.

### Trading Activity of the *Gibraltar FX Program*\*\*

No trading activity on the *Gibraltar FX Program* took place. We are reviewing how the trading models and the backtesting could be improved.

\*\*= FKA Strategy II and Aurora. Astor Capital is the designer and Advisor of Gibraltar FX Program. It is traded in conjunction with Trillian Advisors, LLC, the appointed Sub-Advisor. See the Disclosure Document (October 20, 2009) for details.

Astor Capital, through its managed FX programs, is actively involved in trading off-exchange

spot foreign exchange ('forex') currency pairs as an asset class with the goal of capital appreciation. Astor Capital offers investors professionally managed accounts that offer one day liquidity and redemption. There are no lock-ups, gates or other penalties to get your funds back.

## Market Activity

It's the start of Q2; complete with April Fools' Day pranks, sending in taxes, Easter and Passover observances and corporate quarterly earnings announcements. Thematically, it felt like the month started with an "up" tone.

- The month started "up" with:
  - economic releases that showed China, Japan and the United Kingdom having strong manufacturing data. The uptick in manufacturing data led to an uptick in the market hope and equity valuations globally for an expanding global recovery,
  - Crude Oil prices (as exchange-traded on CME Group's NYMEX – Light Sweet West Texas Intermediate) touched 18 month highs around \$84.70/barrel,
  - Copper prices (exchange-traded on CME Group's COMEX and off-exchange) rose to its highest prices since August 2008. Copper has increased 86% over the past 12 months. An increase in global demand and importantly a decrease in global supply (think Chilean earthquake),
  - Gold prices (exchange-traded on CME Group's COMEX) remained strong, hovering around \$1,130/oz,
  - Australia's central bank, the Reserve Bank of Australia ("RBA") raised its benchmark interest rate to 4.25%. That is the fifth rate increase in the past six meetings. The Australian dollar ("AUD") was little changed following the announcement,
  - U.K. housing prices increased for the 11<sup>th</sup> consecutive month. The Great British pound ("GBP") rallied against its major trading partners on the announcement. In addition to a strong housing number, there has been strong interest in the upcoming May Prime Minister election;
  - U.S. market related events included:
    - Nonfarm Payrolls ("NFP") for March grew by 162,000 (vs. the market expectation of rising by 184,000) jobs – the largest monthly increase in the last three years. The Unemployment Rate for March remained at 9.7%. The market focused on the swing in private payrolls to 123,000 newly created jobs (vs. February, originally down 18,000, but revised to up 8,000). The U.S. dollar ("USD") strengthened slightly following the announcement,
    - U.S. Treasury yields on the 10 year and 30 year have gone up and are close to key break points (4.00% on the UST 10 year and 4.90% on the UST 30 year),
    - Around mid-month, the Dow Jones Industrial Average ("DJIA") closed above 11,000 for the first time in a year and a half. The DJIA posted six straight weekly advances,
    - Durable Goods orders (ex-transportation) for March were up 2.8%, the sharpest increase since December 2007,
    - General Motors announced business was looking up and that it would repay \$8.1 Billion in U.S. and Canadian government loans 5 years ahead of schedule. GM had made about \$2.4 Billion in loan payments in December and March. GM had received \$52 Billion from the U.S. government and \$9.5 Billion from the Canadian and Ontario governments starting in 2008,
    - U.S. financial services providers announced better than expected earnings, some included:
      - Goldman Sachs - Q1 earnings of \$3.3 Billion, a yr-on-yr increase of 91%,
      - Morgan Stanley –Q1 earnings of \$1.4 Billion, vs. a loss of \$580 Million a yr ago,
      - JPMorgan Chase – Q1 earnings of \$3.3 Billion, vs. \$2.1 Billion a

- year ago,
    - Bank of America – Q1 earnings of 4.2 Billion, its first profit in three quarters,
    - Citigroup – Q1 earnings of \$4.4 Billion,
  - At month-end, Q1 Gross Domestic Product (“GDP”) was announced as up 3.2% (vs. market expectation of 3.3%) and Personal Consumption of up 3.6% (vs. a market expectation of 3.3%). The USD strengthened on the net “up” economic news,
- Concerns over the economic situation in Greece increased:
  - The interest rates and corresponding credit default swap (“CDS”) valuations on Greek government debt increased as investors demanded additional “risk premium” for the obligations. In fact, the spread differential on interest rates between Greek and German government debt obligations widened out to the levels at the inception of the Euro (“EUR”) in 2000. At mid month, spreads between Greek and German government debt in the 10 year sector traded at a record 487 basis points – stated differently, Greek debt interest rates are roughly twice that of German debt. By month-end, 2 year Greek government debt was yielding approximately 18%. This situation has had a negative effect on the EUR, weakening it against its major trading partners,
  - Investors PIMCO and Blackrock separately announced that it’s too early to buy Greek debt,
  - Moody’s Investor Services, a credit rating agency, downgraded its rating on Greece’s debt by one notch to A3 from A2, and warned that further downgrades were a distinct possibility,
  - Standard & Poor’s (“S&P”), a credit rating agency, downgraded its rating on Greece’s debt to Junk (i.e. non-investment grade) status,
  - Goldman Sachs, an investment bank, downgraded its rating on Greece’s debt,
  - Greece has EUR 8 Billion of government debt maturing on May 19 its needs to reissue/rollover, in what appears to be a difficult capital markets environment,
  - Greek stock and bond prices fell as talks on the country’s debt crisis involving the European Central Bank (“ECB”) and the International Monetary Fund (“IMF”) were delayed and Greek civil servant once again strike,
  - Near month-end, Greece formally requested access to EU/IMF bailout funds overnight after borrowing costs rose to what Prime Minister Papandreou termed “unsustainable levels”. Currently, the austerity measures call for Greece to cut EUR 24 Billion in order to receive EUR 120 Billion in bailout funds from the EU/IMF – an early May vote is to be taken,
  - With investors questioning the proposed bailout and Greece’s ability to curb its budget shortfalls, concerns of a broader nature are taking hold – expressed by some as broader “contagion problems” in the EU,
  - Concerns pan-EU are up, as contagion fears continue. Examples include:
    - A technical fail in the 30 year German Bund auction and in the 5 year Polish Note auction;
    - Spanish Jobless rate is now over 20%, which marks the first time since 1997. According to the National Statistics Institute, there are 4.6 million out of work,
    - S&P downgraded Spanish debt from AA+ to AA,
    - S&P downgraded Portuguese debt two notches,
    - Goldman Sachs downgraded Portuguese debt,
- China made news for the “up” theme:
  - An uptick in market speculation of an increase in interest rates in China occurred following China’s central bank announcing its plans to sell tree-year bill for the first time since June 2008,
  - China announced its GDP accelerated to 11.90%. This is the fastest pace in almost three years and may well increase the prospects of



- Poland, Belgium, Sweden, Austria, Greece and Denmark
- Other groupings include:
  - The G8: USA, France, Germany, Japan, UK, Canada, Italy and Russia
  - The O5, or Outreach Five, or Plus 5: Brazil, China, India, Mexico and South Africa

## G is for Green

An addition to the 40<sup>th</sup> anniversary of Earth Day, April saw the unveiling of the new \$100 Bill. The reason for the high tech makeover is part of an effort to stay ahead of counterfeiters. The bill, the U.S.'s highest denomination in general circulation, will continue to have Benjamin Franklin on the front and will now also feature a disappearing Liberty Bell in an inkwell and a bright blue security ribbon composed of thousands of tiny lenses that magnify objects in mysterious ways (*according to the press release*). Fed Chair Ben Bernanke estimates that as many as two-thirds of all \$100 bills circulate outside the U.S. The \$100 bill is the most frequent target of counterfeits operating outside of the U.S., while the \$20 bill is the favorite target of counterfeits inside the U.S. The new \$100 bill is scheduled to be released on February 10, 2011.

## Reader Survey

Earlier in the month, we asked our readers to complete a short survey on factors of investing. We thank those who took the 5 minutes to complete the survey and to those that added comments. We are in the process of collecting and reviewing the information now and plan to share the results in next month's Monthly Update. As you may have noticed, feedback from the survey had us alter the Monthly Update format slightly. Being alerted that some readers are unable to "right click" to get the headers to appear, we are working to resolve that issue. It has to do with the type of browser the reader uses.

We welcome the opportunity to discuss with you any aspect of what we do. You can contact us by calling **877-ASTOR 10**, or emailing us at [info@astorcm.com](mailto:info@astorcm.com). We offer two different managed FX programs for investors interested in diversifying their investment portfolio.

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### Index Definitions

**S&P 500 Index** - A stock market index containing the stocks of 500 Large-Cap corporations, most of which are American U.S. domiciled. The Index is owned and maintained by Standard & Poor's, a division of McGraw-Hill.

**DJIA Index** - The Dow Jones Industrial Average is a stock market index, to gauge the performance of the industrial sector of the U.S. stock market. The average consists of 30 of the largest and most widely held public companies in the U.S. The average is price-weighted, which gives higher priced stocks more influence over the value of the index.

**Nasdaq Composite Index** - A stock market index of all of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market, meaning that it has over 3,000 components. It is highly followed in the U.S. as an

indicator of the performance of stocks of technology companies and growth companies. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not an exclusively U.S. index. It is a broad based index which is calculated under a market capitalization weighted methodology.

**FTSE 100 Index** - The Financial Times Stock Exchange Index is a share index of the 100 most highly capitalized companies listed on the London Stock Exchange. FTSE 100 companies represent about 80% of the market capitalization of the whole London Stock Exchange. Even though the FTSE All-Share Index is more comprehensive, the FTSE 100 is the most widely used UK stock market indicator.

**Goldman Sachs Commodity Index** - The GSCI is a world-production weighted index composed of 24 commodity futures contracts. The index is a composite index of commodity sector returns and represents an unleveraged investment through broadly diversified long positions in commodity futures. The GSCI primarily serves as a benchmark for investment in the commodity markets and as a measure of commodity performance over time.

**MSCI EAFE Index** - A stock market index of foreign stocks, from the perspective of a North American investor. The index is market capitalization weighted (meaning that the weight of securities is determined based on their respective market capitalizations.) It first ranks each stock in the investable universe from largest to smallest by market capitalization. It is maintained by Morgan Stanley Capital International; the EAFE acronym stands for "Europe, Australasia, and Far East ". The index includes a selection of stocks from 21 developed markets, but excludes those from the U.S. and Canada.

**The 10 year US Treasury Constant Maturity Treasury Index ("CMT")** - An index published by the Federal Reserve Board based on the average yield of a range of US Treasury securities, all adjusted to the equivalent of a 10-year maturity. Yields on US Treasury securities at constant maturity are determined by the US Treasury from the daily yield curve. That is based on the closing market-bid yields on actively traded US Treasury securities in the over-the-counter market. This figure is used as a reference point to establish the price of other securities such as corporate bonds. US Treasury securities are considered risk-free since they are backed by the US government. This figure, and an added margin based upon the risk involved, is used in pricing various debt securities.

**BarclayHedge CTA Index** - A measure of the average return of CTA's providing BarclayHedge with their unaudited returns. There are currently over 400 CTA's reporting. It is unweighted and rebalanced at the end of the year.

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**Astor Capital Management, LLC**  
Sears Tower  
233 S. Wacker Drive, Suite 9450  
Chicago IL 60606  
U.S.A.

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