



ASTOR
CAPITAL
MANAGEMENT

An Alternative Investment Company

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Astor Capital Management's Monthly Update - June 2010

Written by Astor Capital Management

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Summary of Indices

Index	June 2010	YTD
S&P 500	-5.4%	-7.6%
DJIA	-3.6%	-6.3%
Nasdaq Composite	-6.6%	-7.1%
FTSE 100	-5.2%	-9.2%
GSCI Index	†0.4%	-11.2%
MSCI EAFE	-1.2%	-14.7%
CMT 10 yr US Treasury	†10.3%	†22.9%
BarclayHedge CTA	†0.2%	-1.1%

Past performance is not necessarily indicative of future results. An investment in alternative investments, including Managed Futures or 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 down (net of all fees) for the month. From our view, the market in June was characterized by narrowing trading ranges and a drop in intra-day price volatility. The focus was on USD/EUR currency pair trading during European trading hours. If you would like more details, please contact us.

*= Astor Capital Management is the designer and Advisor of Hudson FX Program. It is traded in conjunction with CIML, the Advisor's appointed Sub-Advisor. See the Disclosure Document for details.

Trading Activity of the *Martello Equity Index Program***

The *Martello Equity Index Program* is now accepting client funds. The NFA reviewed the

Disclosure Document in June and arrangements with clearing brokers have been established. The Program focuses on trading U.S. exchange traded equity index futures contracts. If you would like more details, please contact us.

***= Astor Capital Management is the designer and Advisor of Martello Equity Index Program. See the Disclosure Document for details.*

Astor Capital, through its managed programs, is actively involved in trading exchange traded contracts and 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 requirements or penalties to get your funds.

Market Activity

The month of June marks the half way point through this investing year. U.S. equity markets are down for the year, while a drop in U.S. interest rates has pushed up bond prices and thus returns. Below are some the events that shaped the month.

- Some market related events from the **U.S.** included:
 - The U.S investor is looking at negative returns on equities and effectively no interest income on fixed income securities by midyear. If an investor has only stocks and bonds in the investment portfolio, life is not so good. Time to consider investing in other asset classes. Although past performance is not necessarily indicative of future results;
 - On the first Friday of the month, as it is the traditional release date, employment and Non-farm Payroll for May was released. The unemployment rate fell to 9.7% in May from 9.9% in April. There were 431,000 new jobs added, vs. the estimate of 536,000. The 431,000 total new jobs created was the biggest gain in a decade and was the 5th straight month of positive job growth. Following the announcement, U.S. equities sold off – in fact, each of the major indices were down more than 3% for the day (Dow fell 3.2%, S&P 500 fell 3.4%, Nasdaq fell 3.6% and the Russell 2000 fell 5.0%), and U.S. Treasury prices increased. The U.S. dollar ("USD") weakened only slightly and only for a brief time;
 - The Beige Book, the survey produced by the Federal Reserve Bank which tracks the 12 Fed regions, was released in early June, indicating economic activity was improving across all 12 regions of the nation;
 - The U.S. trade deficit rose to the highest level in 16 months, as exports fell for the second time in three months. The trade deficit widened 0.6% to \$40.3 Billion in April. It has been noted that U.S. sales are threatened by the fact that the Euro ("EUR") has fallen in value against the USD. The USD is near four year highs against the EUR;
 - At month's end, Congress approved the Financial Services Regulatory Overhaul bill. Although the Senate has yet to review and pass the current 2,00 page bill, it is expected to pass in July;
 - CBOE Holdings, North America's last major unlisted financial exchange, priced their shares in their initial public offering ("IPO") at the top of the expected price range. The CBOE (Chicago Board of Options Exchange) provides investors with additional markets in which to invest and hedge;
 - The CME Group announced that it provided investors with \$160 Billion in market liquidity in May for FX. Investors have a liquid market in which to invest or hedge foreign exchange price movement;
 - At month's end, U.S. debt prices increased, causing yields to fall. The yield on the 10 year U.S. Treasury was quoted below 3.00%, while 3 month LIBOR dropped to 0.53%;
 - Ending a 49 year drought, the Stanley Cup hockey trophy returns to Chicago, as the Blackhawks final end the longest active championship drought in the NHL. Cubs fans hope springs eternal;
- Market concerns over **European Union** ("EU") issues continued:
 - An article in the Wall Street Journal suggests that EU banks could write down up to EUR 195 Billion over the next two years;

- The European Central Bank (“ECB”) kept interest rates at the current 1.0% level. At month’s end, the ECB announced it will lend banks a lower than expected EUR 132 Billion. Following the announcement, European equity indices rose slightly while the EUR strengthened against the USD;
- Following the May-end credit downgrade of **Spain**’s sovereign debt by Fitch Rating Agency, the Euro (“EUR”) weakened against the US dollar (“USD”) below 1.22. European equities fell 2% and gold hit intra-day high prices;
- **Greece** continued to make headlines:
 - Moody’s Investor Services downgraded Greek sovereign debt to “junk” (i.e. non-investment grade) status;
 - Greece announced plans to sell stakes in the state owned railway and water companies as a way to reduce its budget deficit;
 - Near the end of the month, Greek Credit Default Swap (“CDS”) spreads rise over 950bp. This increase in CDS spreads indicates a market view that Greek holding debt has become riskier;
- There were growing concerns of **Hungary** facing default issues;
- In a bright note, Industrial Production data in the Eurozone rose for the 11th straight month. Following the announcement, European equities rose;
- Also, **German** factory orders surged 2.8% in April. Many attribute the increase to a weaker EUR allowing Germans to sell products to non-EUR currency holders (e.g. U.S. companies);
- In **Global** news:
 - The World Cup got into full swing. Fans of “futbol” globally tuned in to watch and cheer;
 - The Group of Twenty, or G-20 Finance Ministers and Central Bankers met in Busan, South Korea at the beginning of the month;
 - The International Monetary Foundation (“IMF”) issued a statement saying risks to the global economic outlook have “risen significantly”;
 - The G-20 Summit Meeting in Toronto, Canada at the end of the month resulted in a pledge by G-20 leaders to cut in half their respective deficits by 2013 and to stabilize debt-to-output ratios by 2016. Following the announcement, European equities rose (for the first day in five days);
- Some news items from **China** included:
 - Reuters reported a surge in Chinese May exports of nearly 50% from a year earlier. Following the report, European and US equity prices increased;
 - On Midsummer’s Day, the People’s Bank of China (the Chinese Central Bank) stated it would revalue the yuan. The end of the two year currency peg was announced days before President Hu Jintao was to arrive at the G-20 Summit Meeting. A more freely floating yuan may boost exports from other countries, as their goods become relatively more cost competitive. A stronger yuan could also assist in curbing Chinese domestic inflation, something the Central Bank has been concerned about. Following the announcement, global stock indices rose and the U.S. yield curve steepened;
 - Near month-end, China’s Leading Index was revised showing the smallest gain in five months. Following the announcement, European and U.S. equity indices fell sharply;
- Regarding the **U.K.**:
 - Fitch Rating Service made public its view that Prime Minister David Cameron, in Fitch’s view, needs to do a better job in combating the “formidable” deficit concerns. Following the announcement, the British pound (“GBP”) fell against its major trading partners;
 - British Petroleum (“BP”) continued to make news following its April 20 explosion on its leased Deepwater Horizon rig in the Gulf of Mexico – Fitch Rating Service cut BP’s credit rating six notches to two grades above “junk” status. Later, BP agreed to create a \$20 Billion fund to provide to those affected by the Gulf oil spill;
- A moment of reflection for this month’s passing of several notable people and events. They include:
 - John Wooden, former UCLA basketball coach, who passed away at age 99. Wooden, the only person to be inducted into the Basketball Hall of Fame as both a player and a coach, led the Bruins to 10 NCAA college men’s basketball

championships. Coach Wooden was an icon in many ways and used to offer up sayings to his players. An example of a Wooden saying was, "Learn as if you were to live forever; live as if you were to die tomorrow";

- Comic strip icon, "Little Orphan Annie" is set to disappear from the funny pages. Annie, Daddy Warbucks and beloved pooch Sandy, will leave the comic strip after 86 years, but perhaps will reemerge in some other form. "Leapin' lizards"!
- San Francisco is poised to adopt the nation's first law requiring disclosure of cell phone radiation levels ("SAR", or specific absorption rate). The Board of Supervisors voted 10-1 in favor of the ordinance that the mayor has indicated he will sign. This ordinance may potentially have negative implications for some cell phone manufacturers. In other news, a major U.N. study released last month, found no clear link between cell phones and the risk of developing brain cancer.

Please note: all known news has already been factored in the price of underlying asset price valuations.

World Cup: Countries and Currencies

The World Cup is played once every four years. This year it is being played in South Africa. We cheer all of the teams that made it, as well as those that put in a good effort trying to get there. We thought it would be interesting to take a look at the countries' currencies – the name and the approximate value to the U.S dollar. By the groupings, they include:

Group A		
Team	Currency	Approx Value
Uruguay	Uruguayan Peso (UYU)	\$0.05
Mexico	Mexican Peso (MXN)	\$0.08
South Africa	South African Rand (ZAR)	\$0.13
France	Euro (EUR)	\$1.26
Group B		
Team	Currency	Approx Value
Argentina	Argentine Peso (ARS)	\$0.25
Korea Republic	South Korean Won (KRW)	\$0.001
Greece	Euro (EUR)	\$1.26
Nigeria	Nigerian Naira (NGN)	\$0.01
Group C		
Team	Currency	Approx Value
USA	United States Dollar (USD)	\$1.00
England	British Pound (GBP)	\$1.51
Slovenia	Euro (EUR)	\$1.26
Algeria	Algerian Dinar (DZD)	\$0.01
Group D		
Team	Currency	Approx Value
Germany	Euro (EUR)	\$1.26
Ghana	Ghanaian Cedi (GHS)	\$0.69
Australia	Australian Dollar (AUD)	\$0.88
Serbia	Serbian Dinar (RSD)	\$0.01

Group E		
Team	Currency	Approx Value
Netherlands	Euro (EUR)	\$1.26
Japan	Japanese Yen (JPY)	\$0.01
Denmark	Danish Krone (DKK)	\$0.17
Cameroon	Central African CFA Franc (XAF)	\$0.002
Group F		
Team	Currency	Approx Value
Paraguay	Paraguayan Guaraní (PYG)	\$0.0002
Slovakia	Euro (EUR)	\$1.26
New Zealand	New Zealand Dollar (NZD)	\$0.71
Italy	Euro (EUR)	\$1.26
Group G		
Team	Currency	Approx Value
Brazil	Brazilian Real (BRL)	\$0.57
Portugal	Euro (EUR)	\$1.26
Côte d'Ivoire	West African CFA Franc (XOF)	\$0.002
Korea DPR	North Korean Won (KPW)	\$0.01
Group H		
Team	Currency	Approx Value
Spain	Euro (EUR)	\$1.26
Chile	Chilean Peso (CLP)	\$0.002
Switzerland	Swiss Franc (CHF)	\$0.95
Honduras	Honduran Lempira (HNL)	\$0.05

Medaling - or is it Metaling?

The Gold medal – it's what competitors want. And just plain gold – it's what the commercials would have us believe it's what the investors want. But is that really true?

Gold prices have jumped 15% since February of this year and have nearly doubled since late 2007. Investor concern about the U.S. economy, the European debt crisis and general "flight to safety" beliefs have all been reasons credited to gold's price rise. An investor has several ways to "get long, or short" gold. One method is to own the gold itself – either as gold bars (bullion) or coins. This method is sometimes termed "physical" holding. Another method is for the investor to hold "paper" gold, including stock in gold mining companies, mutual funds and/or ETFs. There are benefits and limitations to both methods. Either way, it is critical that the potential investor conduct the due diligence and carefully research all aspects of the types of investing.

Chuck "Easy" Investing Away?

In a recent Business Week article, Charles Schwab states that the period since early 2008, "is the worst time since I began the company. ... This is the most violent period I've ever seen." This comes from the chairman of a company he founded in 1975. According to Trim Tabs Investment Research, individual investors withdrew a total of \$11.5 Billion from U.S. equity mutual funds and poured \$506 Billion into lower yielding bond funds at the time of the May "flash crash". According to the Federal Reserve, as of May 10 money on the sidelines in bank and money market accounts had reached \$9.36 Trillion, compared with \$7.44 Trillion in May 2007.

Charles Schwab has written four books on investing and continues to preach asset allocation, diversification and investing for the long term. In fact, Schwab stated in the article, "Individual

investors must understand asset allocation". The markets have repeatedly proven Mr. Schwab correct. Stocks and bonds alone may not provide for full asset allocation or diversification. We agree with the seasoned market veteran and go one step further: understanding asset allocation is a must, but acting on that investing principal is the action that actually provides the diversification.

We welcome the opportunity to discuss with you any aspect of what we do. You can contact us by calling **877-ASTOR 10** (877-278-6710) or emailing us at info@astorcm.com. Astor Capital offers investors two managed FX programs and a managed equity index futures program 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.