



BROAD COMMODITY INDEX

COMMENTARY
+ PROFILE

AUGUST 2023

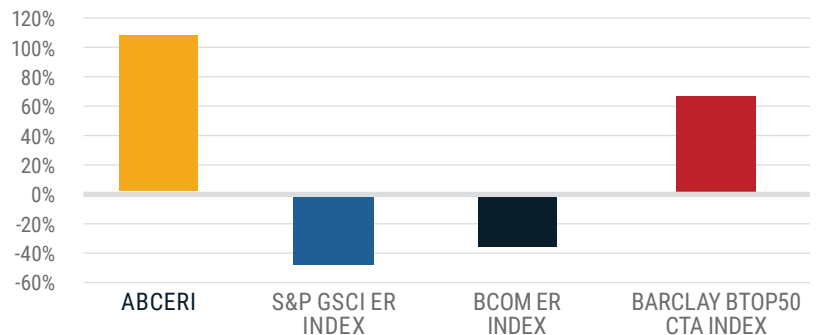
All performance data, portfolio information
August 31st, 2023.

AUSPICE Capital Advisors

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CUMULATIVE PERFORMANCE (SINCE JANUARY 2007)



Correlation	0.63	0.75	0.35

Source: Bloomberg and Auspice Investment Operations. The performance of Auspice Broad Commodity Index prior to 9/30/2010 is simulated and hypothetical as published by the NYSE. See Important Disclaimers and Notes on last page. You cannot invest directly in an index. Past performance is not indicative of future results.

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3 Year Morningstar Rating™ for Direxion Auspice Broad Commodity Strategy Fund ETF (COM), which tracks ABCERI. Overall Morningstar Rating™ out of 100 US Fund Commodities Broad Basket funds based on risk adjusted returns as of 04/30/2023¹

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SUMMARY

Source of data is Bloomberg unless otherwise indicated.

While on the surface, August felt like a “risk-off” sentiment dominating all asset performance with equities and bonds weakening simultaneously and no protection from gold, as we dig deeper, there is a more complex reality. Gains in Energies and Ag markets, important inflationary gauges, tell a different story.

The long-only commodity benchmarks were mixed with the energy heavy GSCI outperforming for a small gain of 0.1% while the more diverse Bloomberg Commodity Index (BCOM) corrected 1.2%.

Most global equity benchmarks weakened with the tech heavy Nasdaq falling 2.2% and the S&P500 and Canadian TSX60 softening 1.8% and 1.7% respectively. The weakness was more pervasive beyond North America, the global benchmark MSCI ACWI was off 2.8% while Asian markets experienced the most downside as the Hang Seng lost 8.5% to be negative on the year alongside the FTSE A50 China market down 5.3%.

Year-over-year US CPI inflation increased to 3.2% (from 3.0% in June) per Chart 2. While seldom mentioning the risk of “cost-push” inflation and the gains in energies and ag markets, central banks like the US Fed Chair Jay Powell have warned inflation remains too high.¹

In August the Bank of England followed late July increases in rates by Canada, US, and the European Central Bank. Bonds continued to fall during the month, raising rates alongside an inverted yield curve environment (higher short-term rates) indicating further concerns. On top of these concerns, bond rating agency Fitch downgraded the United States long-term rating from AAA to AA+.

The US dollar gained 1.9% vis-à-vis global currencies with the Canadian and Aussie dollars falling 2.6% and 3.7% alongside the Yen and Pound dropping 2.7% and 1.4% respectively.

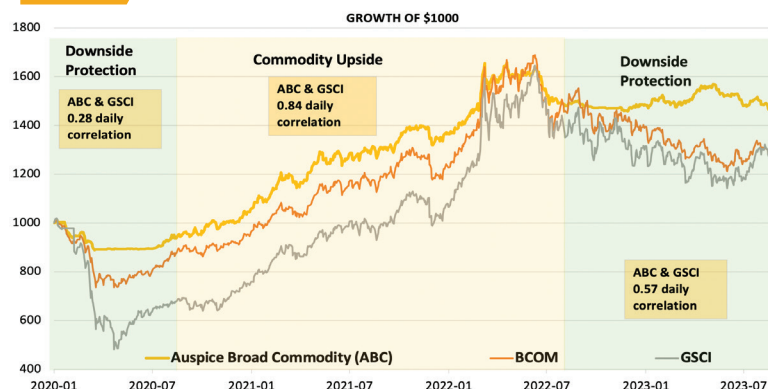
RESULTS

Per Table 1, Auspice Broad Commodity softened 1.1%, a similar result to the Bloomberg Commodity (BCOM) index. While the result pulls the ABCERI back to a small gain on the year, this remains a 6% spread to BCOM. Per Table 1, ABCERI has outperformed on most timeframes, beyond the recent couple months, on absolute and risk-adjusted terms even though the strategy operates at a fraction of the risk in terms of volatility and drawdown. Long-term, on a 10- and 15-year basis representing a full cycle exposure, Auspice Broad Commodity is positive to the negative benchmark results.

Chart 1 provides a clear visual of the strategy results through both periods of commodity weakness and strength. The Auspice index has limited the downside weakness (Q1 2020) and even trended higher while benchmarks continued to slide (Q1 2023).

For portfolio managers and asset allocators, the Auspice strategy not only has provided better absolute and risk-adjusted results but has resulted in a more accretive addition and experience for client portfolios. ETFs that track ABCERI (NYSE “COM” and TSX “CCOM”) are positive on the year, earning a cash return on over 90% of the ETF AUM, and adding over 2.5% of additional gains over the underlying ABCERI index.

CHART 1 COMMODITY & CRISIS ALPHA



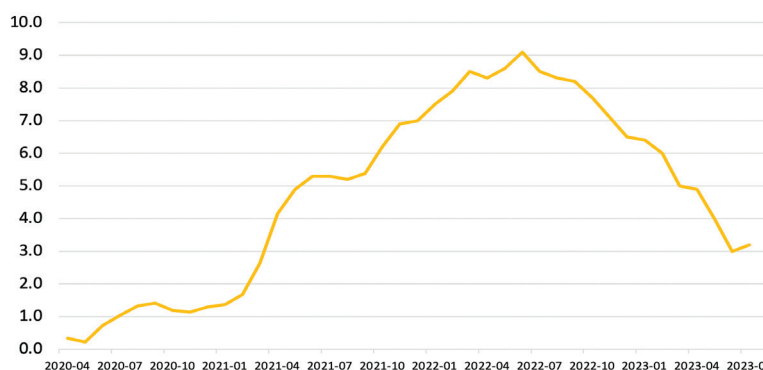
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. You cannot invest directly in an index.

TABLE 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER INDEX	S&P GSCI ER INDEX	MSCI ACWI INDEX
1 Month	-1.09%	-1.22%	0.14%	-2.79%
2023 YTD	0.06%	-6.01%	-0.43%	14.80%
1 yr (Sep 22)	-0.36%	-12.83%	-6.25%	13.95%
3 yr (Sep 20)	54.29%	44.62%	90.17%	23.30%
5 yr (Sep 18)	39.75%	26.62%	19.91%	43.27%
10 yr (Sep 13)	8.96%	-18.72%	-35.90%	127.32%
15 yr (Sep 08)	47.97%	-44.16%	-62.93%	174.23%
Ann. Return (Jan 07)	4.43%	-2.67%	-3.68%	5.92%
Std Deviation	10.46%	16.65%	23.44%	16.56%
Sharpe Ratio	0.49	-0.07	-0.03	0.47
MAR Ratio	0.10	-0.04	-0.04	0.11
Worst Drawdown	-42.90%	-73.87%	-88.06%	-54.92%

Source: Bloomberg and Auspice Investment Operations. The performance of Auspice Broad Commodity Index prior to 9/30/2010 is simulated and hypothetical as published by the NYSE. See Important Disclaimers and Notes on last page. You cannot invest directly in an index. Past performance is not indicative of future results.

CHART 2 CONSUMER PRICE INDEX (CPI) YOY% CHANGE



Source: Bloomberg and Auspice Investment Operations.

¹ <https://www.ft.com/content/96d41c79-aef1-489b-af80-a96dcb90ee37>

OUTLOOK

WTI Crude Oil had a strong month breaking to new highs not seen since 2022, gaining over 3%. Even in the early hours of September, Crude rallied another 2% to levels not experienced since November 2022 when inflation (US CPI) was at 7.1%

The >20% price appreciation in WTI Oil since June was consistent with increases in other energy markets such as Gasoline and Heating Oil and is not yet captured in lagging measures of inflation. This is a potential concern going forward given year-over-year inflation measures in the US and other European countries such as Germany already were rising last month.

While the Nasdaq and “magnificent seven” continued to advance, despite increasing inflation pressures and rising rates, this isn’t the case broadly within North American stocks or globally. As evidenced by the trend-following flagship Auspice Diversified, many equity markets have begun to correct. Auspice Diversified exited long equity positions and even added select short equity exposure in August. Notably it entered September at a higher than average 79% commodity risk exposure.

What will fall bring? How should you position your portfolio given continued rate hikes alongside recent increases in energy and inflation? See this month’s Auspice Blog for perspective on how some leading pensions and endowments are positioning their portfolios in 2023.

ATTRIBUTIONS AND TRADES

After doubling its market exposure last month, the Auspice Broad Commodity Index continued to increase exposure early in August, adding WTI Crude Oil. However, markets that have been held since 2022, Gold and Silver, reversed and trends shifted. By month end, Wheat was exited as well. The portfolio continued to hold exposures across the diverse sub-sectors of Energies and Ags (including both Grains and Soft Commodities) while on the sidelines in Metals. Per Chart 4, the attribution was negative, with the reversal in Metals pulling down small gains in Energy and Metals.

The strategy is now holding 6 of the 12 components or 50% of available components (see Chart 5) and remains able to add commodity markets broadly in all sub-sectors as individual market merit develops.

SECTOR HIGHLIGHTS

ENERGY

Heating Oil led the petroleum energy markets gaining almost 5% and followed by WTI Crude Oil which added 3%. The breakout in WTI was to highs not seen since late 2022. Natural Gas showed a more modest upside and the strategy remains without exposure. Heating Oil was the top performing component in the energy sector.

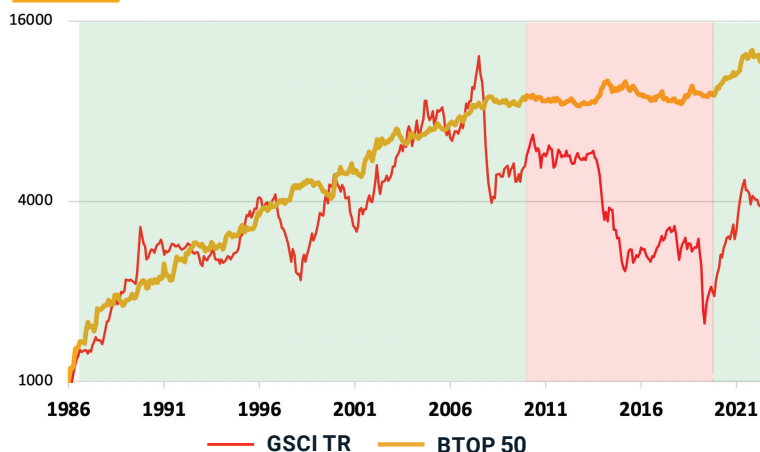
METALS

Both precious and base metals were weak with Copper falling over 5% alongside Gold and Silver softening 2%. We exited both remaining markets to be without a weighting sector wide.

AGRICULTURE

While most Ags rallied, they remained volatile with strong moves in both directions. In Grains, while Soybeans rallied 2.8%, Corn and Wheat dropped sharply, 7.3% and 13% respectively, and Wheat was exited. Soft commodities were strong led by Cotton up 3.7% and the top performing component in the portfolio for the month. Sugar, the strongest market of 2023 for the strategy, was up 4%.

CHART 3 GSCI COMMODITY & BTOP 50 CTA INDEXES



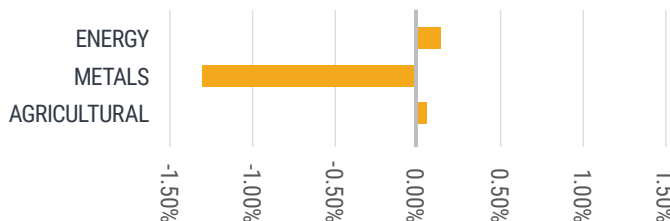
Source: Bloomberg and Auspice Investment Operations. You cannot invest directly in an index.

TABLE 2 CTA REGIME ANALYSIS

	1987-2010	2011-2019	2020-2023
Average CPI	2.9	1.8	4.6
Average VIX ¹	20.4	16.2	23.5
Ann. CTA Return	9.17%	0.78%	7.71%

1 - VIX Data commences in 1990. Source: Bloomberg and Auspice Investment Operations. You cannot invest directly in an index.

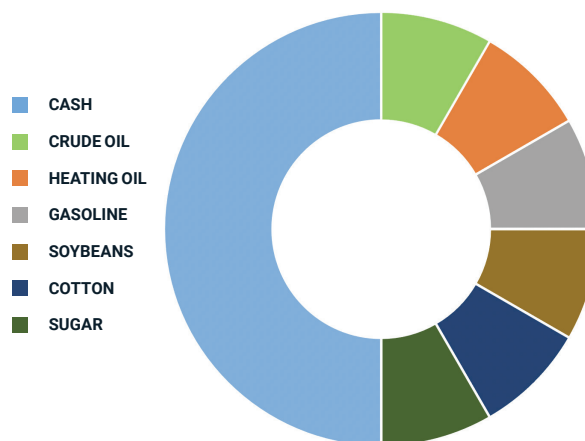
CHART 4 INDEX RETURN ATTRIBUTION



Source: Bloomberg and Auspice Investment Operations.

CHART 5 COMPONENT EXPOSURE: LONG / FLAT

ETFs that track ABCERI historically >90% invested in cash and earn a cash return, regardless of the number of active (long) positions.



Source: Auspice Investment Operations.

WHY AUSPICE INDICES

The Auspice Indices are designed to meet the needs of investors that are looking to participate in liquid alternatives through a disciplined approach without sacrificing performance, diversification, and transparency. We believe Auspice Indices encompass everything from alpha to beta, across a return continuum. The indices blend elements of active management and indexing into a transparent, published, single strategy rules-based approach.

WHY AUSPICE INDICES

The Auspice Broad Commodity Index aims to capture upward trends in the commodity markets while minimizing risk during downtrends.

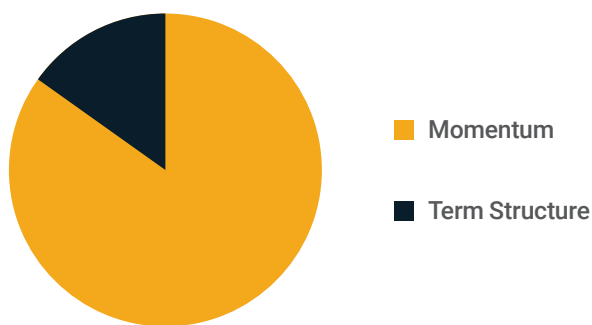
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods. The index is available in total return (collateralized) and excess return (non-collateralized) versions.

THE MAIN POINTS OF DIFFERENTIATION INCLUDE:

Auspice Broad Commodity combines tactical commodity exposure with capital preservation. We believe that traditional passive long-only commodity indices do not provide investors with an optimal long term investment solution.

- Seeks to capture upward trends in the commodity markets while minimizing risk during downtrends
- Tactical exposure to a diversified basket of commodities that can individually position long or flat (no position)
- Rules-based quantitative methodology combined with dynamic risk management and contract roll optimization to deliver superior returns

RETURN DRIVERS



Source: Auspice Investment Operations.

AUSPICE BROAD COMMODITY INDEX

Long / Flat Approach

Positions can be changed on an intra-month bases

Accounts for Short-term Price Trends

Practices a Smart Roll-Yield to minimize impact of contango and backwardation

Broadly diversified (when exposed) and less concentrated in any one commodity sector

Rebalanced monthly based on volatility of each underlying commodity

LONG-ONLY COMMODITY INDICES

Long-Only Approach

Positions are always 100% long

Doesn't take into account downward price trends

Contracts typically roll into next contract month

Poorly diversified amongst single sectors

Most rebalance annually based on predetermined weightings for commodity sector

OTHER DETAILS

Calculated and published by NYSE since 2010.

Tickers: Bloomberg ABCERI, Reuters ABCERI

PRODUCT AVAILABILITY

Licensing and/or sub-advisory of the strategy

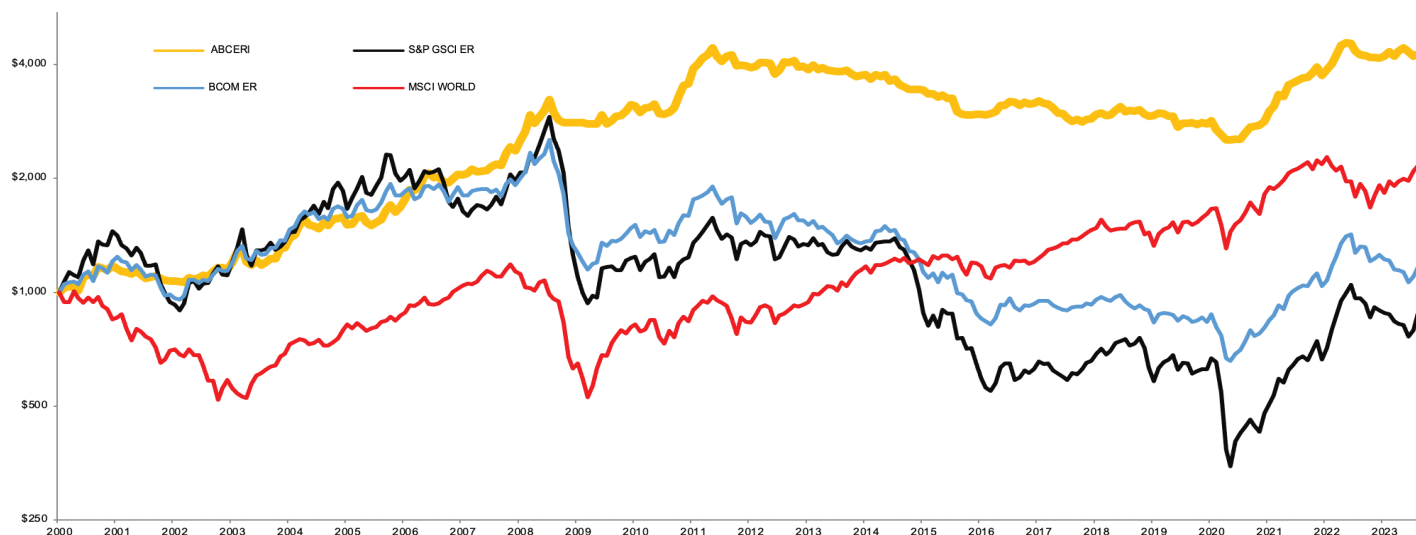
Bespoke product design

ETFs: through partner firms

40 Act Mutual Funds: US investors through partner firms

Separately Managed Accounts

COMPARATIVE BROAD COMMODITY INDEX PERFORMANCE



Source: Bloomberg and Auspice Investment Operations. The performance of Auspice Broad Commodity Index prior to 9/30/2010 is simulated and hypothetical as published by the NYSE. See Important Disclaimers and Notes on last page. You cannot invest directly in an index. Past performance is not indicative of future results.

MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2023	2.78%	-2.85%	3.23%	2.07%	-2.31%	-2.87%	1.34%	-1.09%					0.06%
2022	3.57%	5.21%	6.42%	1.60%	-0.19%	-4.61%	-2.46%	-0.26%	-1.18%	-0.14%	-0.25%	1.16%	8.68%
2021	3.09%	7.65%	-1.44%	7.25%	1.13%	1.90%	1.55%	0.38%	2.64%	3.41%	-4.62%	3.28%	28.83%
2020	-5.36%	-3.02%	-2.89%	0.07%	0.20%	0.19%	3.67%	3.62%	0.65%	0.67%	2.41%	6.13%	5.93%
2019	1.74%	-0.55%	-1.44%	-0.18%	-6.28%	2.52%	-0.27%	0.51%	-1.08%	1.17%	-0.71%	1.75%	-3.06%
2018	0.58%	-1.63%	0.40%	2.80%	2.68%	-3.16%	0.60%	-0.20%	0.72%	-2.60%	-1.09%	0.10%	-0.98%
2017	-1.59%	-0.44%	-2.38%	-3.08%	-0.56%	-2.35%	-2.06%	1.31%	-1.82%	1.74%	0.43%	2.78%	-7.92%
2016	-0.69%	1.01%	0.92%	4.00%	0.00%	2.64%	-0.61%	-1.75%	1.94%	-1.15%	0.49%	1.59%	8.55%
2015	-2.13%	-0.18%	-1.64%	0.99%	-1.78%	-0.08%	-7.77%	-1.59%	-0.27%	-0.01%	0.13%	0.29%	-13.45%
2014	-2.41%	2.68%	-1.23%	1.27%	-3.79%	1.03%	-3.57%	-0.96%	-1.64%	0.00%	0.00%	-0.54%	-8.97%
2013	2.45%	-2.32%	0.87%	-1.42%	-0.55%	-0.27%	-0.11%	1.03%	-2.26%	-1.57%	0.55%	0.39%	-3.27%
2012	0.90%	2.28%	0.09%	-0.38%	-6.43%	2.24%	5.41%	-0.37%	0.82%	-3.79%	0.64%	-1.92%	-1.02%
2011	2.44%	4.23%	-1.96%	4.32%	-5.11%	-2.84%	2.88%	0.73%	-6.28%	0.59%	-0.46%	-1.25%	0.54%
2010	-3.81%	2.61%	0.53%	1.87%	-5.57%	-0.40%	1.03%	2.64%	6.99%	7.35%	1.02%	9.66%	25.43%
2009	0.00%	-0.66%	-0.24%	0.01%	5.78%	-5.49%	2.20%	2.80%	0.39%	2.52%	4.00%	-0.66%	10.69%
2008	5.89%	10.60%	-5.20%	3.98%	4.05%	6.96%	-7.48%	-4.78%	-1.31%	0.00%	0.00%	0.00%	11.71%
2007	0.90%	2.39%	-1.25%	0.33%	0.13%	2.44%	1.74%	-0.83%	7.48%	4.05%	-2.42%	6.42%	23.04%
2006	5.59%	-0.45%	2.39%	6.87%	1.40%	-2.41%	0.07%	-2.92%	-0.44%	2.39%	2.74%	-0.23%	15.54%
2005	0.40%	4.37%	0.75%	-3.87%	-2.18%	2.07%	1.75%	5.95%	3.24%	-4.19%	2.93%	5.32%	17.16%
2004	2.18%	6.32%	3.54%	-3.42%	-0.70%	-1.49%	3.30%	-1.53%	3.98%	0.57%	0.77%	-4.43%	8.87%
2003	6.32%	2.27%	-7.68%	-1.86%	2.82%	-2.92%	1.80%	2.04%	0.32%	6.34%	0.16%	5.95%	15.63%
2002	-0.62%	-0.17%	2.53%	-0.50%	0.61%	1.42%	-0.78%	3.42%	2.43%	-0.20%	-1.02%	4.31%	11.85%
2001	-1.78%	-0.07%	-1.33%	2.07%	-2.34%	2.22%	0.48%	0.77%	-1.53%	-1.11%	-0.33%	0.21%	-7.04%
2000	2.41%	1.08%	-0.62%	-1.93%	8.62%	1.29%	-0.71%	5.78%	-0.97%	-0.86%	2.49%	-1.77%	15.24%

* Represents index data simulated prior to third party publishing as calculated by the NYSE.

Source: Bloomberg and Auspice Investment Operations. The performance of Auspice Broad Commodity Index prior to 9/30/2010 is simulated and hypothetical as published by the NYSE. See Important Disclaimers and Notes on last page. You cannot invest directly in an index. Past performance is not indicative of future results.

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COMPARABLE INDICES

*Returns for **Auspice Broad Commodity Excess Return Index (ABCERI)** represent returns calculated and published by the NYSE. The index does not have commissions, management/incentive fees, or operating expenses.

The **Bloomberg Commodity (Excess Return) Index (BCOM ER)**, is a broadly diversified index that allows investors to track 19 commodity futures through a single, simple measure.

The **S&P/TSX 60 Index** is designed to represent leading companies in leading industries. Its 60 stocks make it ideal for coverage of companies with large market capitalizations and a cost-efficient way to achieve Canadian equity exposure. Price Return data is used (not including dividends).

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Price Return data is used (not including dividends).

The **(MSCI) World Index**, Morgan Stanley Capital International, is designed to measure equity market performance large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each. This index offers a broad global equity benchmark, without emerging markets exposure.

The **MSCI ACWI (Net) Index**, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

Excess Return (ER) Indexes do not include collateral return. The S&P Goldman Sachs Commodity Excess Return Index (S&P GSCI ER), is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

The **Barclay BTOP50 CTA Index** seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The BTOP50 employs a top-down approach in selecting its constituents. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50.

The CTA indexes do not encompass the whole universe of CTAs. The CTAs that comprise the indices have submitted their information voluntarily and the performance has not been verified by the index publisher.

The **EURO STOXX 50** is a stock index of Eurozone stocks designed by STOXX, an index provider owned by Deutsche Börse Group. As of April 2021, the index is dominated by France and Germany.

The **Hang Seng Index** is a freefloat-adjusted market-capitalization-weighted stock-market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong.

The **China FTSE A50 Index** is a stock market index by FTSE Group, the components were chosen from Shanghai Stock Exchange and Shenzhen Stock Exchange, which issue A-share; B-share were not included.

The **DBIQ Diversified Agriculture Index Excess Return** is a rules-based index composed of futures contracts on some of the most liquid and widely traded agricultural commodities.

The **UN Food and Agriculture World Food Price Index (FAO Food Price Index)** is a food price index by the Food and Agriculture Organization (FAO) of the United Nations. It records the development of world market prices of 55 agricultural commodities and foodstuffs.

PERFORMANCE NOTES

The Equity benchmarks used in this material are intended to reflect the general equity market performance. They are shown to illustrate the non-correlated attributes versus other assets. Adding non-correlated assets within a portfolio has the potential to reduce portfolio volatility and drawdowns.

The performance of Auspice Broad Commodity Index prior to 9/30/2010 is simulated and hypothetical as published by the NYSE. All performance data for all indices assumes the reinvestment of all distributions. To the extent information for the index for the period prior to its initial calculation date is made available, any such information will be simulated (i.e., calculations of how the index might have performed during that time period if the index had existed). Any comparisons, assertions and conclusions regarding the performance of the index during the time period prior to the initial calculation date will be based on back-testing.

These results are based on simulated or hypothetical performance results that have certain inherent limitations. Unlike the results shown in an actual performance record, these results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to these being shown. The index does not have commissions, management/incentive fees, or operating expenses.

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