



# DIVERSIFIED TRUST

COMMENTARY +  
FUND PROFILE

SEPTEMBER 2023

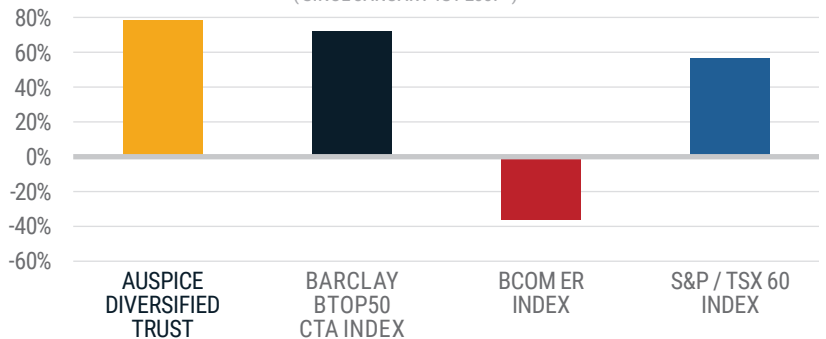
All performance data, portfolio information and pricing contained herein is as of September 30th, 2023.

**AUSPICE** Capital Advisors

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CALGARY, ALBERTA CANADA T2P 5L5



## CUMULATIVE PERFORMANCE (SINCE JANUARY 1ST 2007\*)



| Correlation | 0.66 | 0.08 | -0.11 |
|-------------|------|------|-------|
|             |      |      |       |

Source: Bloomberg and Auspice Investment Operations. \*The returns for Auspice Diversified Trust ("ADT") are net of fees. Returns represent the performance for Auspice Diversified Trust, Series X. Prior to December 2019, the returns were from Auspice Managed Futures LP, Series 1. Past performance is not indicative of future results. You cannot invest directly in an index. \*Correlation is a statistical measure that calculates the degree to which two portfolio or securities move in relation to one and the other, and can range between -1.0 and +1.0. A 0 correlation would indicate 0 similarity, a 1.0 correlation would indicate 100% correlation.

## INVEST WITH AUSPICE

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Prior to February 28, 2023, this Fund was offered via offering memorandum only and this Fund was not a reporting issuer during such prior period. The expenses of the Fund would have been higher during such prior period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. Auspice obtained exemptive relief on behalf of the Fund to permit the disclosure of the prior performance data for the Fund for the time period prior to it becoming a reporting issuer.

## SUMMARY

Source of data is Bloomberg unless otherwise indicated.

Auspice Diversified Trust (ADT) had a strong month rallying 3.4% as stock markets sold off with gains from both long and short positions across commodities, equities, currencies and bonds. The result was consistent with benchmarks for the month and year as the BTOP50 index added 3.2% per Table 1. The long-only commodity benchmark Bloomberg Commodity Index (BCOM) lost 1.1% to remain down 7.1% in 2023 while the trend-following and tactical Auspice Broad Commodity Index added 0.6% and remains positive on the year.

Global equity benchmarks weakened sharply as recessionary narratives and higher interest rates weighed heavy with the tech heavy Nasdaq falling 5.8% and the S&P500 and Canadian TSX60 softening 4.9% and 3.6% respectively. The weakness extended beyond North America, the global benchmark MSCI ACWI was off 4.1% while Asian markets didn't avoid the sell-off. The Hang Seng lost 3.1% to be down 10% on the year alongside the FTSE A50 China market down 1.6% for -4.7% in 2023.

As illustrated in Chart 1, the Auspice Diversified Trust has provided a positive result and negative correlation to equities (MSCI ACWI index) recently and in the "Crisis Alpha" sections. The result has exceeded CTA manager benchmarks as depicted by the BTOP50 and commodity benchmarks per the BCOM and is a valuable return stream and portfolio diversifier long-term.

Year-over-year inflation (US CPI) increased again to 3.7% (from 3.2% in July) per Chart 2. While the US Federal Reserve held rates steady (at a 22 year high) on September 20, it signalled support for further tightening this year<sup>1</sup>. Although the Bank of Canada held its policy rate steady at 5.0% alongside the Bank of England, the European Central Bank continued to raise rates. Bonds continued to fall during the month, raising rates alongside an inverted yield curve environment (higher short-term rates) indicating further concerns.

The US dollar continued to rally gaining 2.5% vis-à-vis global currencies with the Canadian and Aussie dollars softening only 0.3% and 0.7% while the Yen, Pound and Euro dropped 3.1%, 3.6% and 2.6% respectively.

## OUTLOOK

US Treasuries, typically considered "risk-free", are on track for their longest stretch of losses since 1787, potentially registering a 3-year loss, a first in US history<sup>2</sup>. Perhaps it is no longer a surprise that bond rating agency Fitch downgraded the United States long-term rating from AAA to AA+ last month. Alongside this, the benchmark Barclays' Aggregate Bond Index, typically considered "low risk", remains negative since 2020.

In September, equities also came under pressure, another blow to the traditional 60/40 (equity and bond) portfolio, and no longer masking the perceived benefits of this outdated approach. It is more widely being recognized that bonds don't do a great job of hedging equities during inflationary times. Trend-following CTAs, on the other hand, delivered strong performance offsetting negative equity AND bond performance, consistent with historically strong CTA performance during periods of equity market stress. See this month's blog for more.

(CONTINUED NEXT PAGE)

<sup>1</sup> <https://www.ft.com/content/600bcde1-f335-4b37-af93-52fe54bddf4a>

<sup>2</sup> <https://ca.finance.yahoo.com/news/chart-day-us-treasurys-track-235707482.html>

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 AUSPICE DIVERSIFIED TRUST PERFORMANCE

|                      | Auspice Diversified Trust               | Barclay BTOP50 CTA Index | BCOM ER INDEX | TSX 60 INDEX |
|----------------------|---|--------------------------|---------------|--------------|
| 1 Month              | 3.37%                                   | 3.24%                    | -1.12%        | -3.57%       |
| 2023 YTD             | 2.44%                                   | 2.87%                    | -7.06%        | 0.32%        |
| 1 yr (Oct 22)        | -2.46%                                  | -0.75%                   | -5.96%        | 4.97%        |
| 3 yr (Oct 20)        | 38.19%                                  | 38.42%                   | 47.97%        | 21.23%       |
| 5 yr (Oct 18)        | 39.39%                                  | 42.61%                   | 23.05%        | 23.14%       |
| 10 yr (Oct 13)       | 54.10%                                  | 51.09%                   | -17.52%       | 60.00%       |
| 15 yr (Oct 08)       | 53.64%                                  | 53.39%                   | -37.51%       | 65.78%       |
| Ann. Return (Jan 07) | 3.52% <sup>1</sup> / 4.56% <sup>2</sup> | 3.28%                    | -2.72%        | 2.76%        |
| Std Deviation        | 11.57%                                  | 6.96%                    | 16.61%        | 13.43%       |
| Sharpe Ratio         | 0.38                                    | 0.50                     | -0.08         | 0.29         |
| MAR Ratio            | 0.14                                    | 0.20                     | -0.04         | 0.06         |
| Worst Drawdown       | -26.04%                                 | -16.11%                  | -73.87%       | -44.27%      |

Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. You cannot invest directly in an index. 1/3/5/10/15 year is cumulative performance.

1. The returns for Auspice Diversified Trust ("ADT") are net of fees. Returns represent the performance for Auspice Managed Futures LP Series 1 (2% mgmt, 20% performance) including and ending November 2019. From this point, returns represent the performance for Auspice Diversified Trust Series X (1% mgmt, 15% performance) which started in July 1st, 2014.

2. "Auspice Diversified 1 and 15" is provided for indicative purposes to illustrate full cycle net returns with the current lower fee structure (Series X). Auspice Diversified 1 and 15 is based on the realized gross returns of Auspice Managed Futures LP Series 1 (2% mgmt, 20% performance) through November 30th 2019, adjusted with the current lower (1 and 15) fee structure (Series X). December 1st, 2019 forward Auspice Diversified 1 and 15 represents the realized net returns from Auspice Diversified Series X.

**OUTLOOK (CONTINUED)**

If you have not updated your concept of diversification, and more importantly “risk” in the current inflationary environment, we suggest now may be a prudent time to do so. We can help.

**ATTRIBUTIONS AND TRADES**

The diverse ADT portfolio performed very well during the volatile traditional market corrections in September. Gains were made in six of seven sub-sectors. While stable overall, with core positions held leading the gains, as with volatile periods, there was some back-and-forth whipsaw behaviour as we protect capital first and foremost. The long Energy sector accounted for the largest positive attribution per Chart 3, followed by shorts in Metals and complimented by Softs where results occurred both short and long. Within financials, gains from short Currencies and Rates were helped by a small equity gain from short positions.

**BY SECTOR**

**Energies:** Petroleum energies led portfolio gains driven by Crude Oils, Diesel and Heating Oil.

**Metals:** Gains led by shorts in Gold and Silver and complimented by long Zinc. Added long Iron Ore exposure.

**Grains:** Small negative attribution from long Soybeans offsetting short gains overall.

**Softs:** Positive attribution from long Cotton while short Coffee.

**Equities:** Small sector gain from modest short exposures. Added short Euro STOXX 50 index exposure.

**Rates:** Sector gain led by shorts in US 10-year Notes and 30-year Bonds.

**Currencies:** Positive attribution from gains led by shorts in Yen, Euro and Swiss Franc. Short exposures were added to.

**RETURN DRIVERS:**

Gains were drive by trend-following strategies while the Auspice non-correlated short-term (non-trend) strategies corrected. See Chart 4.

**POSITION HIGHLIGHTS**

**GAINS**

- Heating Oil rallied 8.6% leading petroleum gains.
- Short the Japanese Yen, falling over 3%.
- Short Gold, falling over 5%.

**LOSSES**

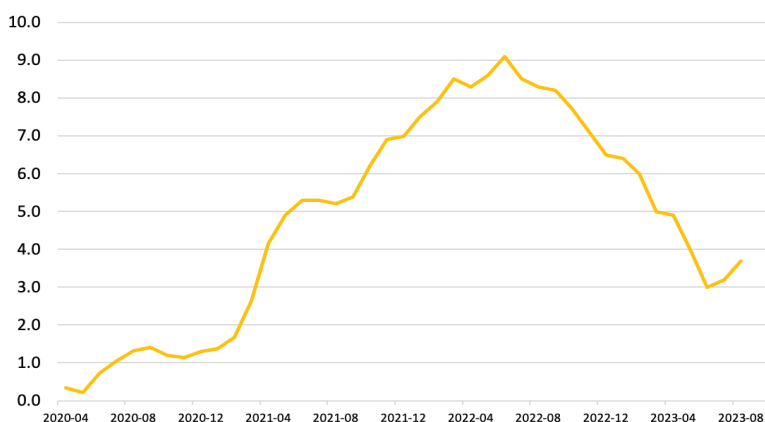
- Reduced exposure in Gasoline which corrected over 4%.
- Remain long Soybeans which fell 6.9%.
- Added to Canadian dollar short and reduced on sharp rally.

**TABLE 2 AUSPICE DIVERSIFIED TRUST PERFORMANCE**

| Auspice Diversified Trust Series | Annualized Return |        |       |       | NAVPU   |
|----------------------------------|-------------------|--------|-------|-------|---------|
|                                  | 1yr               | 3yr    | 5yr   | 10yr  | CAD \$  |
| Series X                         | -2.46%            | 11.39% | 6.74% | n/a   | 15.0202 |
| Series A                         | -3.48%            | 10.88% | 6.01% | 3.84% | 11.9934 |
| Series F                         | -2.46%            | 10.51% | 6.24% | 4.21% | 12.8152 |
| Series I                         | -1.40%            | 14.81% | 9.17% | 6.49% | 17.5891 |

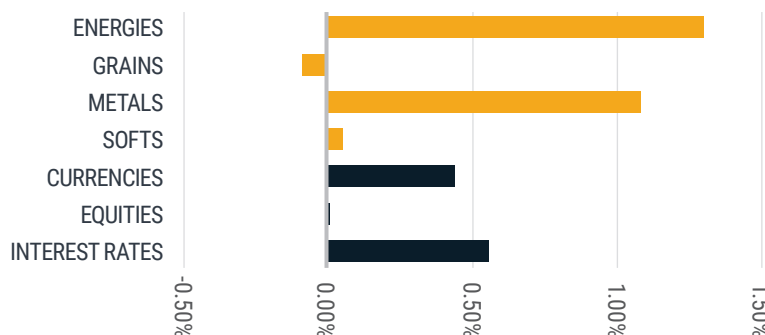
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. The returns for Auspice Diversified Trust (“ADT”) are net of fees. Inception dates: Series X, July 1st, 2014; Series A, October 1st, 2009; Series F, October 1st, 2009; Series I, January 1st, 2013.

**CHART 2 CONSUMER PRICE INDEX (CPI) YOY% CHANGE**



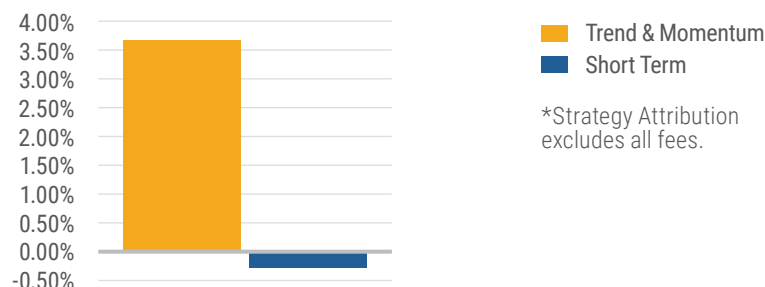
Source: Bloomberg and Auspice Investment Operations. See definitions at end for more.

**CHART 3 SECTOR PROFIT/LOSS AND MONTHLY ATTRIBUTION**



Source: Auspice Investment Operations.

**CHART 4 STRATEGY (RETURN DRIVER) ATTRIBUTION**



\*Strategy Attribution excludes all fees.

Source: Auspice Investment Operations.

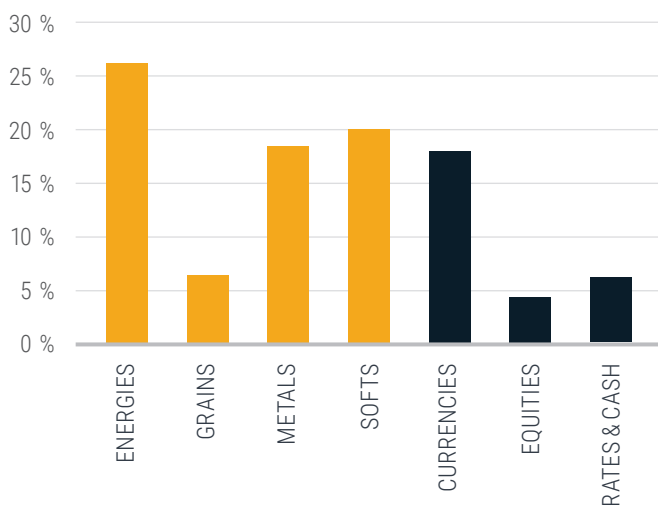
## EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure remains focused commodities across sectors after a brief tilt to financials in June. The month ended with a typical tilt of 71:29 from 79:21 last month per Chart 5.

In Commodities, risk was reduced in Energies and Grains while increased in Metals and Softs. Financial exposure was increased in Equities and Currencies with the largest gain in currencies. See Chart 6.

Overall portfolio exposure, as measured by the Margin to Equity ratio, has increased to 7.7% from 5.9% last month and is just above the historical average level of 6.6% (see Chart 7 next page).

### CHART 6 CURRENT SECTOR RISK



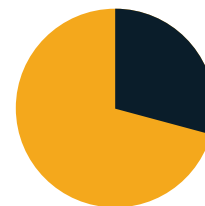
Source: Auspice Investment Operations.

\*Sector and individual market risk is expressed relative to the overall portfolio VAR/risk. Risk based on 1-day VaR.

### CHART 5 COMMODITIES VS. FINANCIAL EXPOSURE

■ Total Financials  
■ Total Commodities

Source: Auspice Investment Operations.



## CURRENT RISK BY SECTOR

| Largest Holdings             | Position | % of Risk |
|------------------------------|----------|-----------|
| <b>ENERGIES 26.0%</b>        |          |           |
| WTI Crude Oil                | Long     | 5.0%      |
| Heating Oil                  | Long     | 5.0%      |
| GasOil (Diesel)              | Long     | 5.0%      |
| <b>GRAINS 6.3%</b>           |          |           |
| Wheat                        | Short    | 3.0%      |
| Corn                         | Short    | 2.2%      |
| Soybeans                     | Long     | 1.1%      |
| <b>METALS 18.7%</b>          |          |           |
| Zinc                         | Long     | 7.8%      |
| Gold                         | Short    | 4.2%      |
| Silver                       | Short    | 3.3%      |
| <b>SOFTS 20.1%</b>           |          |           |
| Cotton                       | Long     | 10.1%     |
| Sugar                        | Long     | 5.4%      |
| Coffee                       | Short    | 2.1%      |
| <b>CURRENCIES 18.4%</b>      |          |           |
| Swiss Franc                  | Short    | 4.0%      |
| British Pound                | Short    | 3.6%      |
| Euro                         | Short    | 3.6%      |
| <b>EQUITIES 4.5%</b>         |          |           |
| Hang Seng (Hong Kong)        | Short    | 1.8%      |
| DJ Euro STOXX 50             | Short    | 1.7%      |
| VIX                          | Short    | 1.0%      |
| <b>RATES &amp; CASH 6.0%</b> |          |           |
| Treasury Notes/10yr (USA)    | Short    | 1.8%      |
| Treasury Bonds/30yr (USA)    | Short    | 1.8%      |
| German Schatz                | Short    | 1.0%      |

Source: Auspice Investment Operations.

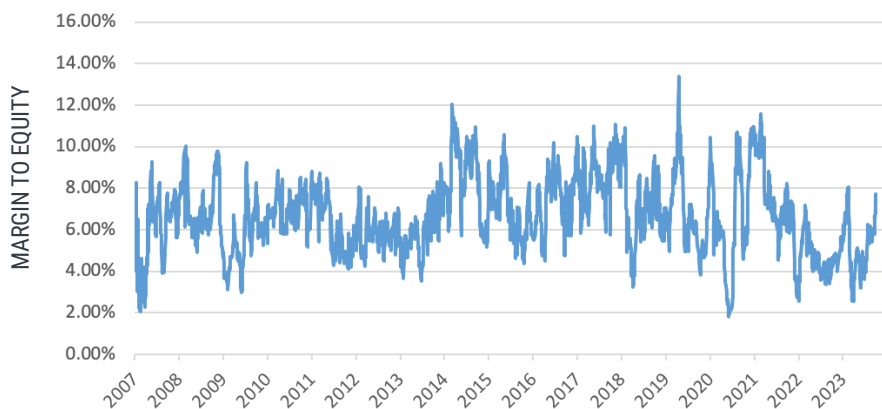
## INVESTMENT OBJECTIVE

The Fund seeks to generate returns on investment in, trading in or exposure to commodity and financial interests. Using a disciplined rules-based investment process, the fund captures dominant trends long and short, agnostic to market direction and popular consensus. Risk management and capital allocation is systematic to preserve capital as the strategy's core objective along with

providing returns that are non-correlated to traditional equity, fixed income and most alternative strategies. A core goal is to provide performance and crisis alpha in times of significant equity correction.

## FUND DETAILS

CHART 7 PORTFOLIO EXPOSURE (MARGIN TO EQUITY)



Source: Auspice Investment Operations.

| Fund Details (Jan 2007)   |   | Trade Statistics           |        |
|---------------------------|---|----------------------------|--------|
| Annualized Return         | 3.52% <sup>1</sup> / 4.56% <sup>2</sup> | Avg Monthly Gain           | 2.89%  |
| Annualized Std Dev        | 11.57%                                  | Avg Monthly Loss           | -2.09% |
| Largest Drawdown          | 26.04%                                  | Daily Std Dev              | 0.69%  |
| Sharpe Ratio <sup>3</sup> | 0.38                                    | Daily VAR (sim w/99% conf) | -0.95% |
| MAR Index <sup>4</sup>    | 0.14                                    | Round Turns per \$million  | 800    |
| Sortino                   | 0.69                                    | Margin to Equity ratio     | 6.6    |
| Upside/Downside Deviation | 0.14 / 0.05                             | Average Hold Period (Days) | 69     |
| Correlation to MSCI ACWI  | -0.16                                   | % Profitable               | 40%    |
| Correlation to TSX60      | -0.11                                   | \$Win / \$Loss             | 1.71   |
| Correlation to BCOM ER    | 0.08                                    | Skew                       | 0.94   |

Source: Auspice Investment Operations.  
Past performance is not indicative of future results.

| Auspice Diversified Trust | Fundserv Code | Management Fee | Performance Fee | Minimum |
|---------------------------|---------------|----------------|-----------------|---------|
| Series X                  | ACA778X       | 1%             | 15%             | \$1mm   |
| Series A                  | ACA718A       | 2%             | 20%             | \$1,000 |
| Series F                  | ACA728F       | 1%             | 20%             | \$1,000 |
| Series I                  | ACA738I       | Negotiated     | Negotiated      | \$25mm  |

Source: Auspice Investment Operations.  
Past performance is not indicative of future results.

## KEY ATTRIBUTES

- Higher allocation to commodities relative to our peers,
- Negative correlation to equity, no correlation to commodity,
- Low margin to equity (average <7.0%) makes it scalable and cash efficient
- Portfolio Management team with experience trading in volatile environments.
- Positive skew: Auspice Diversified Trust has outperformed at critical times of crisis, recovery, and volatility expansion.

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3. Assumes Risk free rate of 0%.

4. MAR is the annualized return divided by the largest drawdown.

| Program Details                     |   |
|-------------------------------------|---|
| Other Structures and Platforms      | Managed Account, US Delaware LLC, Innocap |
| Auspice Diversified Trust Liquidity | Daily                                     |
| Firm Assets                         | \$937M                                    |

Source: Auspice Investment Operations.  
Past performance is not indicative of future results.

MONTHLY PERFORMANCE TABLE\*

| YEAR | JAN    | FEB    | MAR    | APR    | MAY    | JUN    | JUL    | AUG    | SEP    | OCT    | NOV    | DEC    | TOTAL   |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 2023 | 2.15%  | -3.64% | 0.34%  | 2.92%  | 0.87%  | -2.21% | -0.36% | -0.80% | 3.37%  |        |        |        | 2.44%   |
| 2022 | 2.20%  | 4.32%  | 7.95%  | 3.54%  | -1.84% | 0.55%  | -2.90% | -0.17% | 2.43%  | -0.51% | -4.30% | 0.00%  | 11.19%  |
| 2021 | 2.67%  | 9.55%  | -0.89% | 4.61%  | 0.61%  | -1.50% | -1.77% | 0.98%  | 0.49%  | 1.32%  | -4.28% | -1.89% | 9.62%   |
| 2020 | -2.06% | -0.19% | 9.72%  | -3.16% | -0.47% | 0.28%  | 3.36%  | 2.08%  | -2.15% | 0.99%  | 2.69%  | 6.73%  | 18.46%  |
| 2019 | -4.14% | -0.47% | -0.65% | 3.50%  | -7.43% | -0.37% | 0.52%  | 10.60% | -7.59% | -1.33% | 1.42%  | 0.25%  | -6.75%  |
| 2018 | 3.12%  | -5.81% | -2.27% | -0.19% | 1.41%  | -1.48% | 1.89%  | 3.57%  | -0.84% | -4.75% | 3.66%  | 1.64%  | -0.61%  |
| 2017 | -3.66% | -1.89% | -1.35% | -1.39% | -0.53% | -0.51% | -1.61% | 2.76%  | -2.53% | 5.16%  | -0.27% | 0.67%  | -5.31%  |
| 2016 | -0.22% | 3.12%  | -4.93% | 3.59%  | -1.64% | 0.56%  | 2.44%  | -1.55% | -1.06% | -1.34% | 2.68%  | -0.13% | 1.15%   |
| 2015 | 4.66%  | -1.93% | 0.47%  | -0.98% | -2.03% | -1.84% | -4.36% | -2.14% | 0.26%  | -2.74% | 2.56%  | 0.66%  | -7.47%  |
| 2014 | -2.02% | 1.62%  | -1.84% | 3.25%  | -3.11% | 2.65%  | -0.43% | 3.92%  | 8.56%  | -0.78% | 7.05%  | 4.19%  | 24.76%  |
| 2013 | 0.40%  | -2.23% | 0.26%  | 0.99%  | -0.90% | 0.66%  | -1.54% | -1.33% | -4.07% | 2.01%  | 0.04%  | -0.36% | -6.01%  |
| 2012 | 2.41%  | -1.11% | -1.19% | 0.60%  | 1.72%  | -6.29% | 1.17%  | -0.70% | -3.64% | -1.80% | 2.38%  | -0.81% | -10.24% |
| 2011 | 1.39%  | 2.97%  | -1.16% | 4.09%  | -1.31% | -1.62% | 2.16%  | -1.09% | -2.60% | -3.82% | 1.07%  | -3.44% | -3.66%  |
| 2010 | -3.26% | 0.45%  | 0.61%  | 0.95%  | 0.01%  | 0.62%  | -1.02% | 1.07%  | 1.82%  | 6.98%  | -2.51% | 6.68%  | 12.53%  |
| 2009 | -0.61% | 1.08%  | -2.27% | -3.32% | -0.58% | 0.15%  | -3.23% | 0.75%  | 1.44%  | -2.31% | 4.84%  | -3.83% | -7.93%  |
| 2008 | 5.60%  | 14.59% | -1.72% | -1.58% | 0.71%  | 2.86%  | -5.61% | -1.99% | 6.86%  | 10.80% | 5.77%  | 2.73%  | 44.30%  |
| 2007 | -1.43% | -1.76% | -2.42% | -0.79% | 0.71%  | -1.32% | -3.16% | -3.07% | 5.87%  | 4.53%  | -2.13% | 2.29%  | -3.11%  |

Source: Auspice Investment Operations.  
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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share and/or unit value and reinvestment of all dividends and/or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

RISK RATING

Auspice Capital Advisors Ltd. has rated the volatility of this fund as **medium**.

This rating is based on how much the Fund's returns have changed from year to year. It does not tell you how volatile the Fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.

|     |               |               |                |      |
|-----|---------------|---------------|----------------|------|
| LOW | LOW TO MEDIUM | <b>MEDIUM</b> | MEDIUM TO HIGH | HIGH |
|-----|---------------|---------------|----------------|------|

For more information about the risk rating and specific risks that can affect the Fund's returns, refer to the risk section of the Fund's simplified prospectus.

## BENCHMARK DESCRIPTIONS

The BTOP50 seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50. For 2022 there are 20 CTA funds in the Barclay BTOP50 Index. The BTOP 50 is the most comparable index for Auspice Diversified Trust, however there are significant differences, such as the average exposure to commodity futures (versus financial futures), and average trade length. Reference to the BTOP50 benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The SG CTA Index provides the market with a reliable daily performance benchmark of major commodity trading advisors (CTAs). The SG CTA Index calculates the daily rate of return for a pool of CTAs selected from the larger managers that are open to new investment. Second to the BTOP50, the SG CTA is the most comparable index for Auspice Diversified Trust, however there are significant differences, such as the average exposure to commodity futures (versus financial futures), and average trade length. Reference to the SG CTA benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The Bloomberg Commodity Index Excess Return (BCOM ER) Index is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities on the commodity markets. Like Auspice Diversified Trust, the index is designed to minimize concentration in any one sector. No one commodity can compose more than 15% of the BCOM ER index, no one commodity and its derived commodities can compose more than 25% of the index, and no sector can represent more than 33% of the index. There are significant differences however, most importantly, that the BCOM ER index is passive, and 100% commodities, whereas Auspice Diversified Trust is active, and also trades financial futures. Reference to the BCOM ER benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The S&P Goldman Sachs Commodity Excess Return Index ("GSCI"), 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. Like Auspice Diversified, it provides exposure to a number of commodities. There are significant differences however. Importantly, the GSCI index is passive, concentrated in energy, and 100% commodities. Auspice Diversified Trust is active long and short, diversified equally across seven sectors, and also trades financial futures. Reference to the GSCI benchmark does not imply that Auspice Diversified Trust will achieve similar performance.

The S&P/TSX 60 ("TSX 60") Index is a stock market index of 60 large companies listed on the Toronto Stock Exchange. Maintained by the Canadian S&P Index Committee, a unit of Standard & Poor's, it exposes the investor to 60 stocks in nine industry sectors. There is a low degree of similarity between the TSX 60 and Auspice Diversified Trust. As the main benchmark for equity performance in Canada its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from equities, an important consideration for portfolio managers and investors alike.

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). There is a low degree of similarity between the S&P 500 and Auspice Diversified Trust. As the main benchmark for equity performance in the US its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from US equities, an important consideration for portfolio managers and investors alike.

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. There is a low degree of similarity between the MSCI ACWI and Auspice Diversified Trust. As the main benchmark for global equity performance its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from global equities, an important consideration for portfolio managers and investors alike.

The Nasdaq Composite Index is the market capitalization-weighted index of over 3,000 common equities listed on the Nasdaq stock exchange. There is a low degree of similarity between the Nasdaq and Auspice Diversified Trust. As the main benchmark for technology stock performance its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from technology stocks, an important consideration for portfolio managers and investors alike.

The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted equity 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. Price Return data is used (not including dividends), which is not the same basis as the fund's return, which includes distributions. There is a low degree of similarity between the Hang Seng and Auspice Diversified Trust. As the main benchmark for equity performance in Hong Kong its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from equities, an important consideration for portfolio managers and investors alike.

The FTSE China A50 Index is a stock market index by the FTSE Group. The components were chosen from the Shanghai Stock Exchange and Shenzhen Stock Exchange, which issue A-shares. B-shares (shares for foreigners) are not included. Price Return data is used (not including dividends), which is not the same basis as the fund's return, which includes distributions. There is a low degree of similarity between the FTSE China A50 and Auspice Diversified Trust. As the main benchmark for equity performance in China its inclusion is typically used to illustrate how Auspice Diversified Trust is notably different from Chinese equities, an important consideration for portfolio managers and investors alike.

## GLOSSARY

1. Commodity Trading Advisors (CTAs) are professional investment managers, similar to portfolio managers in mutual funds, who seek to profit from movements in the global financial, commodity and currency markets by investing in exchange traded futures, options, and OTC forward contracts.
2. CPI - The Consumer Price Index (CPI) is a measure of the average change overtime in the prices paid by urban consumers for a market basket of consumer goods and services. It is often referenced as a measure of inflation.
3. Value at risk (VaR) is a measure of the risk of loss for investments. It estimates how much a set of investments might lose (with a given probability), given normal market conditions, in a set time period such as a day.
4. The Margin to Equity ratio represents the amount of trading capital that is being held as margin at any particular time. For example, if a CTA fund with \$100 million AUM executes trades requiring \$25 million in margin, the margin-to-equity ratio is 25%.
5. Standard deviation is a measure of how much an investment's returns can vary from its average return. It is a measure of volatility and, in turn, risk.
6. The Sharpe ratio measures the performance of an investment such as a security or portfolio compared to a risk-free asset, after adjusting for its risk. It is defined as the difference between the returns of the investment and the risk-free return, divided by the standard deviation of the investment returns.
7. The MAR Ratio is the annualized return divided by the largest drawdown.
8. Skew is the degree to which returns are asymmetric around the mean. Why does skew matter? If portfolio returns are right, or positively, skewed, it implies numerous small negative returns and a few large positive returns. If portfolio returns are left, or negatively, skewed, it implies numerous small positive returns and few large negative returns.
9. Worst Drawdown measures the maximum fall in the value of the investment, as given by the difference between the value of the lowest trough and that of the highest peak before the trough.
10. Alpha is a measure of the active return on an investment, the performance of that investment compared with a suitable market index. An alpha of 1% means the investment's return on investment over a selected period of time was 1% better than the market during that same period.
11. Crisis alpha means that an investment strategy generates positive return in periods of high financial stress. For example, if a manager is short the market when it crashes, that manager will generate positive returns when other investors lose money.
12. 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.
13. 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.

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## QUALIFIED INVESTORS

Auspice Diversified Trust is available to all Canadian investors. For U.S. investors, the strategy is only available to Qualified Eligible Persons "QEPs" as defined by CFTC Regulation 4.7, in a LLC structure. Email [info@auspicecapital.com](mailto:info@auspicecapital.com) for more.

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