



BROAD COMMODITY INDEX

COMMENTARY
+ PROFILE

OCTOBER 2023

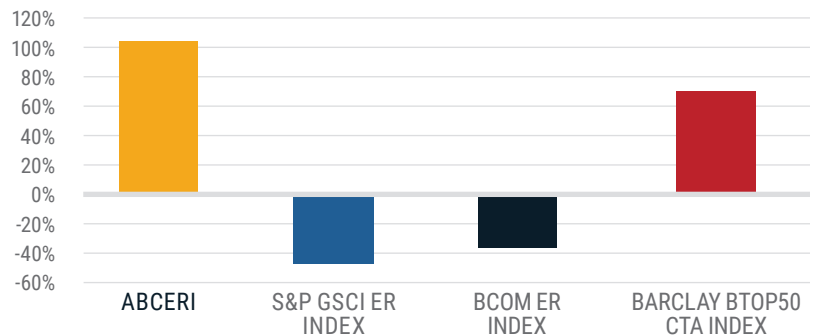
All performance data, portfolio information
October 31st, 2023.

AUSPICE Capital Advisors

SUITE 510 - 1000 7TH AVE SW
CALGARY, ALBERTA CANADA T2P 5L5



CUMULATIVE PERFORMANCE (SINCE JANUARY 2007)



Correlation	0.63	0.75	0.35
	ABCERI	S&P GSCI ER INDEX	BARCLAY BTOP50 CTA INDEX

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.

Markets were volatile and choppy with opposing directions within the diverse commodity sector. The long-only commodity benchmarks were thus again mixed with the Bloomberg Commodity Index (BCOM) correcting only 0.2% while the Goldman Sachs Commodity Index (GSCI) pulled back 4.6%.

Global equity benchmarks weakened for a third month in a row. The tech heavy Nasdaq fell 2.8% while the S&P500 and Canadian TSX60 fell 2.2% and 3.4% respectively. The global benchmark MSCI ACWI was off 3% alongside Asian benchmark Hang Seng dropping 3.9% to be down 13.9% on the year.

Inflation (US CPI) remains elevated and came in at the same level, 3.7% year-over-year as in August, per Chart 2. For a second time in a row the US Federal Reserve held rates steady on November 1st, but again signalled “possibility of additional monetary tightening amid mounting evidence...”. The Bank of Canada again held its policy rate steady at 5.0% alongside the European Central. Bonds continued to fall during the month, raising rates, although the inversion flattened somewhat with long-term rates rising more than short-term.

The US dollar continued to rally gaining 0.6% vis-à-vis global currencies with the commodity driven Canadian and Aussie dollars softening 2.3% and 1.6% alongside the Yen dropping 1.9%.

RESULTS

Per Table 1, Auspice Broad Commodity lost 2%, underperforming the BCOM index while outperforming the GSCI. On a rolling 1 year basis the strategy has a near neutral result which is a 5 to 7% spread to the benchmarks. ABCERI has outperformed on most timeframes 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 ABCERI index has limited the downside weakness (Q1 2020) and even trended higher while commodity benchmarks continued to slide (Q1 2023).

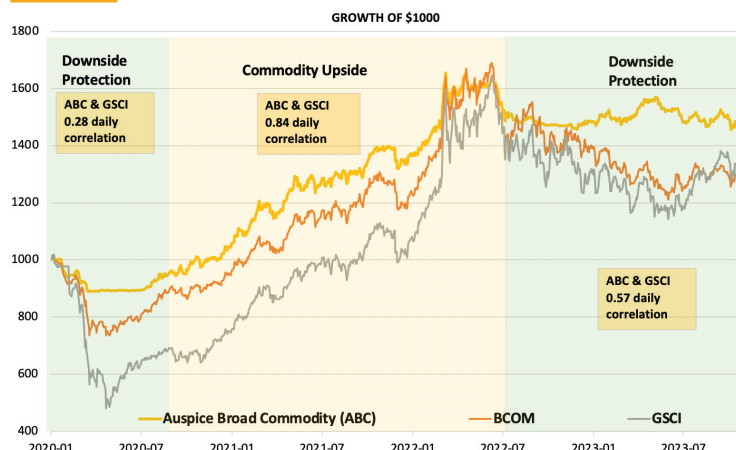
For portfolio managers and asset allocators, the Auspice Broad Commodity strategy not only has provided better absolute and risk-adjusted results but has resulted in a more accretive addition and experience for client portfolios. ETFs that track ABCERI (NYSE “COM” and TSX “CCOM”) are positive on the year, earning a cash return on over 90% of the ETF AUM, and adding over 3.0% of additional gains over the underlying ABCERI index.

OUTLOOK

Canada entered a technical recession in October² with Europe likely to follow as GDP across the 20 countries that use the Euro having dropped 0.1% in Q3³.

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CHART 1 COMMODITY & CRISIS ALPHA



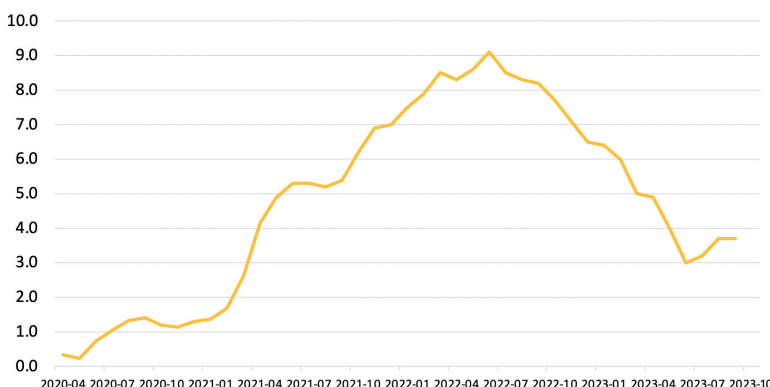
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. You cannot invest directly in an index.

TABLE 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER INDEX	S&P GSCI ER INDEX	MSCI ACWI INDEX
1 Month	-2.04%	-0.21%	-4.64%	-3.01%
2023 YTD	-1.38%	-7.26%	-1.57%	6.75%
1 yr (Nov 22)	-0.48%	-7.71%	-5.25%	10.50%
3 yr (Nov 20)	50.09%	45.62%	102.37%	21.42%
5 yr (Nov 18)	40.40%	25.76%	21.59%	43.39%
10 yr (Nov 13)	11.61%	-16.46%	-33.45%	93.21%
15 yr (Nov 08)	47.76%	-20.73%	-41.59%	263.42%
Ann. Return (Jan 07)	4.30%	-2.72%	-3.71%	5.40%
Std Deviation	10.42%	16.57%	23.37%	16.54%
Sharpe Ratio	0.48	-0.08	-0.03	0.44
MAR Ratio	0.10	-0.04	-0.04	0.10
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/5b01c471-6289-41a0-9044-97b6df48b507>

² <https://www.bloomberg.com/news/articles/2023-10-31/canada-economy-on-track-to-enter-technical-recession>

³ <https://www.cnn.com/2023/10/31/business/europe-economy-q3-gdp-recession-risk/index.html>

OUTLOOK (CONTINUED)

Meanwhile, inflation across North America and Europe remains well above 2% targets despite rising rates. This alongside the breakout of a second global conflict.

While not stagflationary - we believe employment will remain high - the last major period of elevated inflation, declining growth, and war was the 1970s. Commodities, as represented by the GSCI TR, annualized 21.3% over this decade vs 1.6% for the S&P 500.

Deglobalization and protectionism are also creating a structural shift that we believe could further drive commodity demand and wage pressures regardless of more regional recession risks.

While October offered little reprieve for commodity and CTA strategies, we see a potential big runway in 2024 based on: 1) commodity cycle, 2) equity volatility and 3) a structural inflation shift.

See the Auspice October Blog for more.

ATTRIBUTIONS AND TRADES

The Auspice Broad Commodity Index portfolio added a single exposure in October in Natural Gas. The portfolio continues 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 both Energy and Ags pulling back.

The strategy is now holding 7 of the 12 components or 58% of available components (see Chart 5) and remains able to add commodity markets broadly in particular in the Metals sub-sectors as individual market merit develops.

SECTOR HIGHLIGHTS

ENERGY

After leading the petroleum energy markets, Heating Oil corrected almost 9% alongside WTI Crude Oil and Gasoline. Natural Gas bucked the downside trend, rallying 8.4% and we entered the market for a full energy sector exposure long.

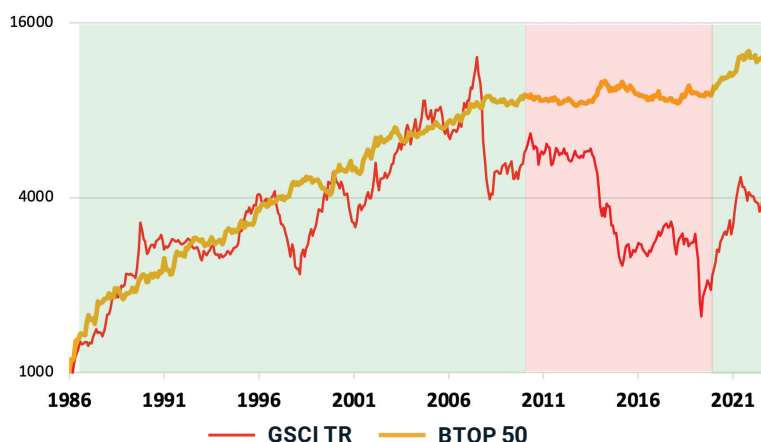
METALS

Metals were volatile as precious and base metals went in different directions led by Gold rallying 6.9% while Copper continues to weaken, down 2.4%. We remain without a weighting sector wide.

AGRICULTURE

Ags were similarly volatile with strong moves in both directions. In Grains, Soybeans rallied 1.2% where we hold an exposure. Corn continues to consolidate, rallying a mere 0.4% but Wheat bounced back 2.7% after recent weakness and we remain on the sidelines in both. In Softs, Cotton corrected 6.8% while Sugar, the top performing component in the portfolio for the year, was up another 2.3%.

CHART 3 GSCI COMMODITY & BTOP 50 CTA INDEXES



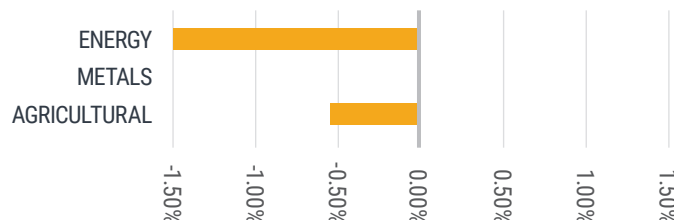
Source: Bloomberg and Auspice Investment Operations. You cannot invest directly in an index.

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	23.3
Ann. CTA Return	9.17%	0.78%	8.76%

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

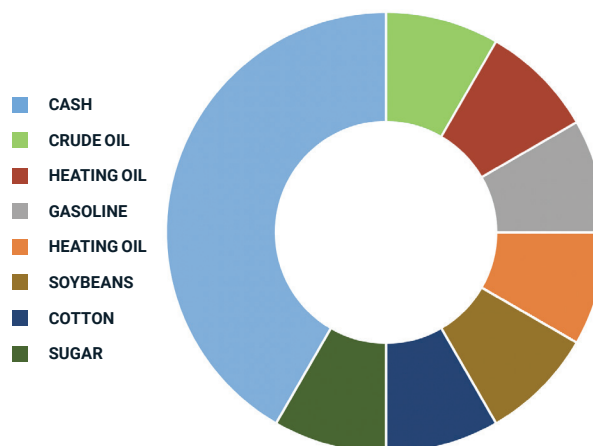
CHART 4 INDEX RETURN ATTRIBUTION



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.

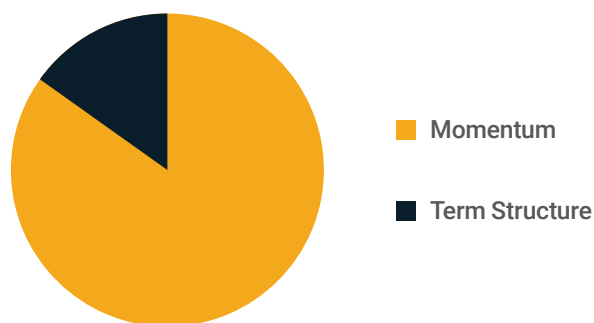
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

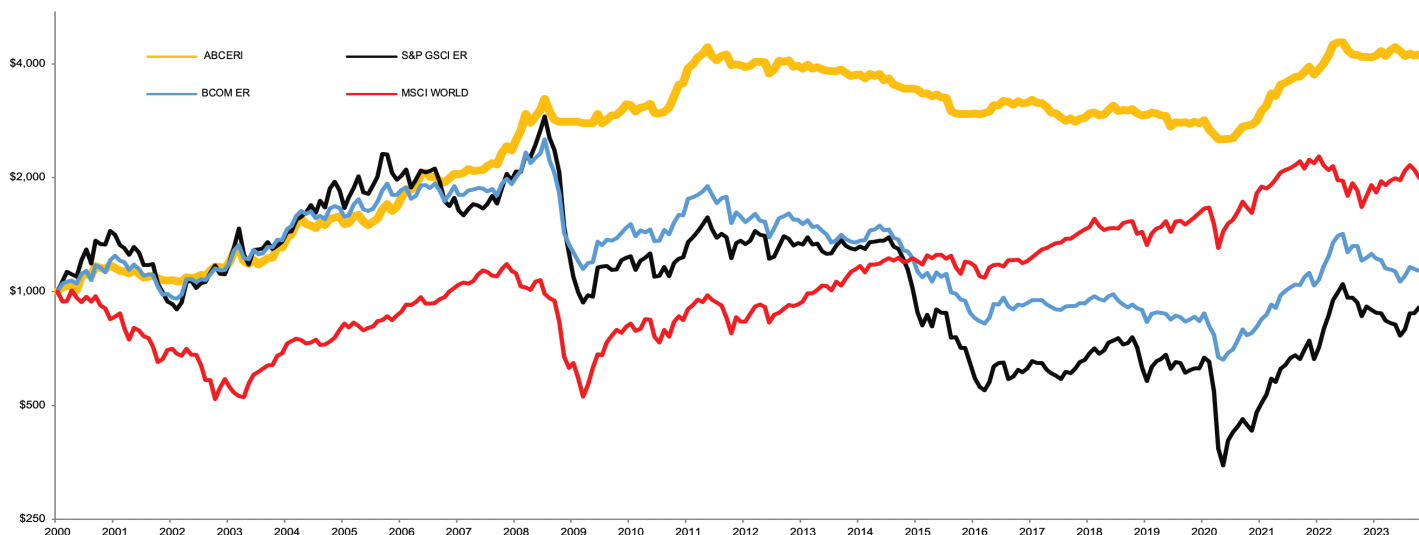
Bespoke product design

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%	0.61%	-2.04%			-1.38%
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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Some of the assumptions and opinions contained herein are the view or opinion of the firm and are based on management's analysis of the portfolio performance.

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.

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 (**BCOMER**), 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 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.

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.

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.

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