



BROAD COMMODITY INDEX

COMMENTARY
+ PROFILE

DECEMBER 2023

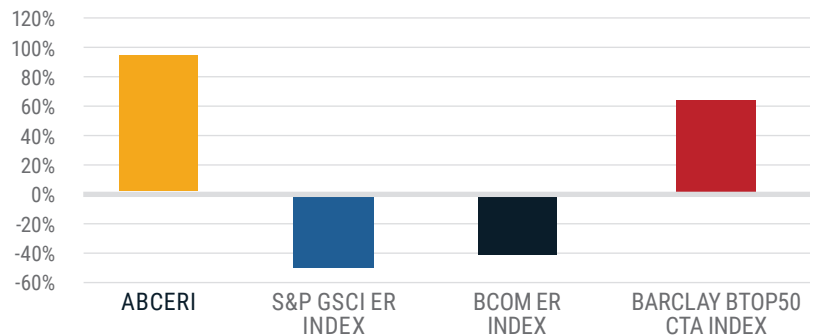
All performance data, portfolio information and pricing contained herein is as of December 31st, 2023.

AUSPICE Capital Advisors

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CUMULATIVE PERFORMANCE (SINCE JANUARY 2007)



Correlation	0.64	0.75	0.36
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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 10/31/2023†

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SUMMARY

Source of data is Bloomberg unless otherwise indicated.

The commodity markets are the most diverse asset class and ended the year in classic fashion with both sub-sectors and their components volatile in different directions. Generally, Energies were weak while Metals were stronger ignoring a weak Silver market. Grains were lower while Wheat bucked the trend and rallied. Soft Commodities ended the year softer than it had performed throughout much of the year.

The long-only commodity benchmarks were down in the final month of the year with the Bloomberg Commodity Index (BCOM ER) correcting 3.1% while the Goldman Sachs Commodity Index (GSCI ER) pulled back 3.7% for -12.6% and -9.1% year-to date respectively. Despite this correction after ending last year the strongest asset class of 2022¹ and with typical volatility in the sector, the results are positive the last 3 years per Table 1. As clearly illustrated in Chart 1, adding a layer of tactical trend-following and risk management has produced a strong result since the onset of COVID in 2020 looking at the Auspice Broad Commodity Index.

The year ended with various groups including Goldman Sachs highlighting commodities as the anticipated best-performing asset class for 2024². The Auspice Blog and Outlook highlights our view.

Some global equity markets continued to rally pressing or making all time highs. The tech heavy Nasdaq added 5.5% for 43.4% in 2023 while the S&P500 and Canadian TSX60 gained 4.4% and 3.7% for 24.2% and 8.2% respectively. However, the Asian markets remain weaker: the Hang Seng was flat and China's FTSE A50 was off 2.2% to be down 13.8% and 11.5% year-to-date respectively.

Year-over-year inflation (US CPI) softened slightly but remains elevated at 3.1% per Chart 2. For a third time in a row, the US Federal Reserve held rates steady on December 13th. While the stock and bond market rallied on this as the media implied there will likely be numerous cuts to rates in 2024, we come back to recent statements where central bankers stated "in aggregate, we are still not seeing the full effects of policy..." and "I think we're going to still have bumps along the way"³. This aligns with shelter costs indicating a rise of 6.5% in the last year⁴.

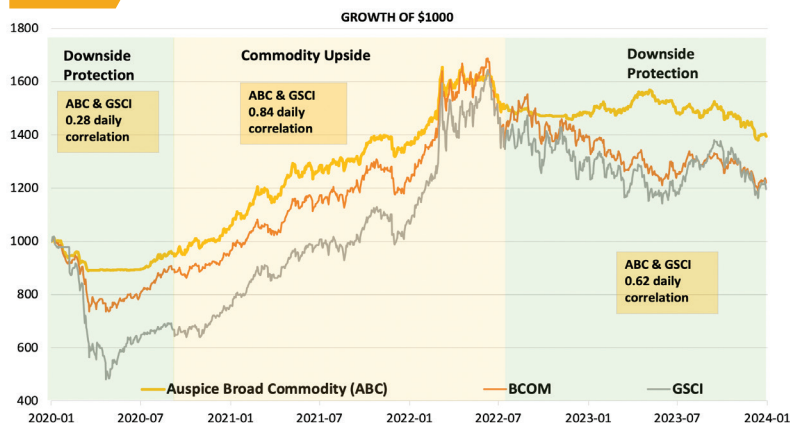
The US dollar corrected another 2% alongside further volatility vis-à-vis global currencies. Commodity driven currencies, Canadian and Aussie dollars gained 2.4% and 3.0% while the Japanese Yen gained 4.5%.

RESULTS

Per Table 1, Auspice Broad Commodity lost 2.89%, yet outperforming both the BCOM and GSCI benchmark indices for the month and year. On a rolling 1-year basis the strategy has controlled the downside volatility better, a 3 to 6% 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.

(CONTINUED NEXT PAGE)

CHART 1 COMMODITY & CRISIS ALPHA



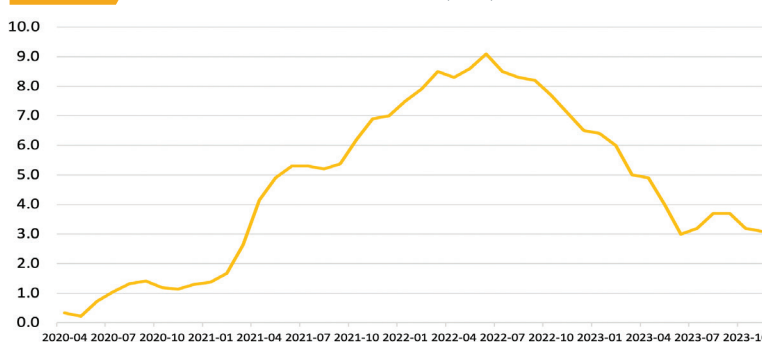
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. You cannot invest directly in an index.

TABLE 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER INDEX	S&P GSCI ER INDEX	MSCI ACWI INDEX
1 Month	-2.89%	-3.10%	-3.72%	4.80%
2023 YTD	-6.00%	-12.55%	-9.09%	22.20%
1 yr (Jan 23)	-6.00%	-12.55%	-9.09%	22.20%
3 yr (Jan 21)	31.62%	26.38%	57.44%	18.25%
5 yr (Jan 19)	35.16%	28.59%	37.76%	74.04%
10 yr (Jan 14)	5.38%	-21.55%	-39.22%	114.40%
15 yr (Jan 09)	40.84%	-15.86%	-26.89%	329.71%
Ann. Return (Jan 07)	3.96%	-3.03%	-4.13%	6.19%
Std Deviation	10.41%	16.51%	23.29%	16.62%
Sharpe Ratio	0.45	-0.10	-0.05	0.49
MAR Ratio	0.09	-0.04	-0.05	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.indexologyblog.com/2023/01/03/commodities-outperform-for-the-second-year-in-a-row/>

² <https://www.goldmansachs.com/intelligence/pages/gs-research/global-markets-outlook-2024-towards-a-better-balance/report.pdf>

³ <https://www.bnnbloomberg.ca/fed-s-bostic-says-policy-is-likely-sufficiently-restrictive-1.1996361>

⁴ <https://finance.yahoo.com/news/more-signs-slowing-inflation-may-232727896.html>

RESULTS (CONTINUED)

Chart 1 provides a clear visual of the ABCERI index strategy results through both periods of commodity weakness and strength. In addition to participating in the commodity rally sooner through downside protection (Q1 2020), it has 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") benefit by earning a cash return on over 90% of the ETF AUM and adding over 3.0% of additional gains over the underlying ABCERI index (which does not include collateral cash return).

OUTLOOK

It has now been 18 months since the June 2022 highs in the Goldman Sachs ("GSCI TR") commodity benchmark. Previous periods of commodity supply shortages and strong price appreciation have had similar consolidations within longer term cycles. The 1970s commodity bull market (+587% total return) experienced a 3-year correction, the 1980s commodity bull market (+383% total return) experienced a 2-year correction, and the early 2000s commodity bull market (+461% total return) experienced two 12+ month corrections. See this month's Auspice Blog for more.

Alongside tight commodity supply, the "3 Ds" – decarbonization, deglobalization, and demographics – on top of a new global consumption leader in India, are leading to what we believe is a structural shift in inflation.

Risks in commodities, inflation, and volatility remain predominantly to the upside in our opinion. See the Auspice featured Dec 31st, 2023, Special to the Financial Post for more.

ATTRIBUTIONS AND TRADES

The Auspice Broad Commodity Index portfolio cut three exposures in December and added one. The portfolio continues to hold exposures across all the diverse sub-sectors of Energies, Ags (including both Grains and Soft Commodities) and Metals. Per Chart 4, the attribution was negative across sub-sectors.

The strategy is now holding 4 of the 12 components or 33% of available components (see Chart 5) and remains able to add commodity markets broadly as individual market merit develops.

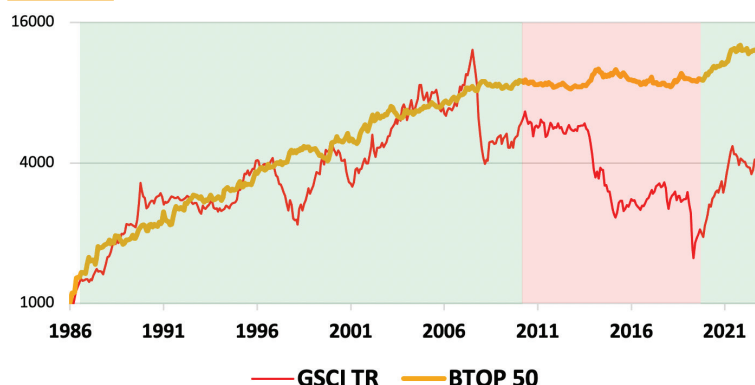
SECTOR HIGHLIGHTS

ENERGY Petroleum energy markets continued to correct, and we exited both WTI Crude Oil and Gasoline, which were down 6% and 3.7%. Natural Gas, which was exited last month, led the sell-off, down over 8%. The strategy remains long Heating Oil.

METALS Metals were volatile with Silver leading an early rally and was added to the portfolio. Both precious metals sold-off mid-month before mounting a recovery with Gold ending up 0.7% for the month. Copper also added 1% but we remain without a weighting at this time.

AGRICULTURE The diverse Ags sector was volatile with strong moves in both directions. In Grains, Soybeans fell over 4% where we hold an exposure while we remain on the sidelines in both Corn and Wheat. Corn sold off 2.4% while Wheat showed strength gaining 5%. In Softs, Cotton rallied where we are on the sidelines, while Sugar corrected sharply, dropping over 20% by month-end. We exited Sugar early in the month limiting the downside exposure significantly.

CHART 3 GSCI COMMODITY & BTOP 50 CTA INDEXES



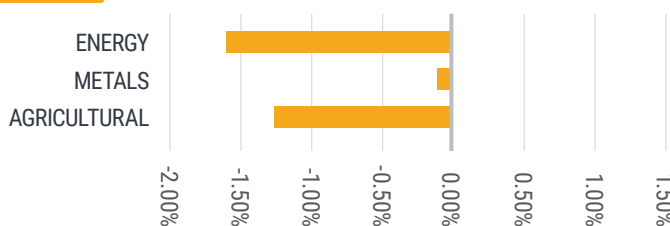
Source: Bloomberg and Auspice Investment Operations. You cannot invest directly in an index.

TABLE 2 CTA REGIME ANALYSIS

	1987-2010	2011-2019	2020-2023
Average CPI	2.9	1.8	4.5
Average VIX ¹	20.4	16.2	22.8
Ann. CTA Return	9.2%	0.8%	6.8%

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

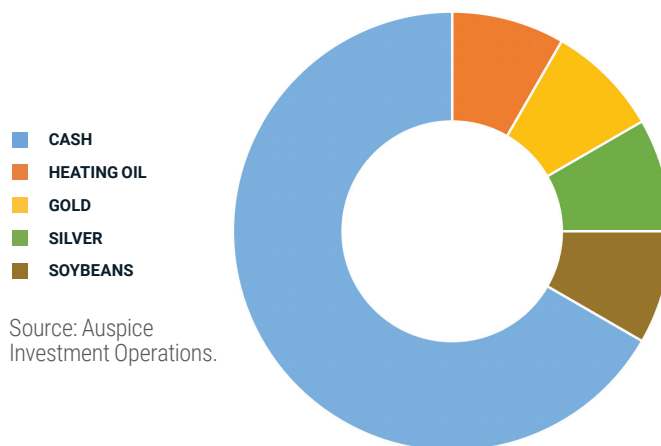
CHART 4 INDEX RETURN ATTRIBUTION



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.

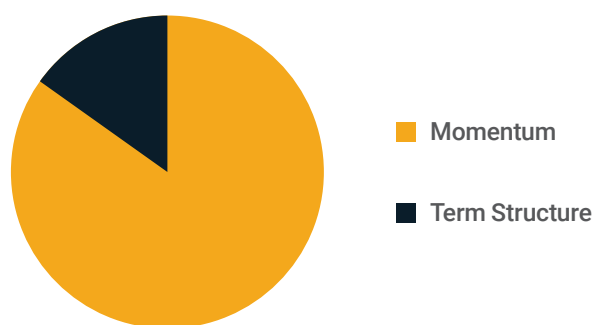
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

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

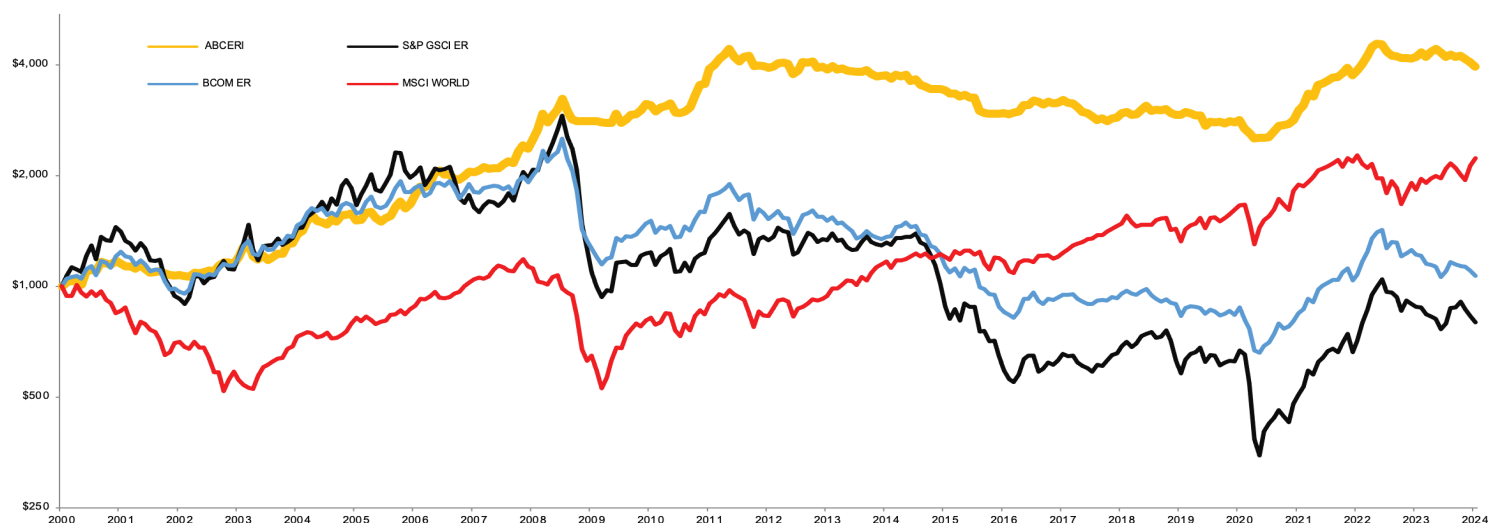
Bespoke product design

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%	-1.85%	-2.89%	-6.00%
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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