



# DIVERSIFIED TRUST

COMMENTARY +  
FUND PROFILE

DECEMBER 2023

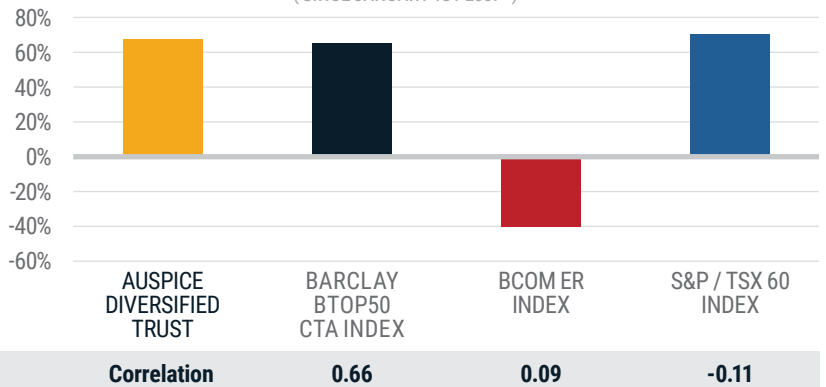
All performance data, portfolio information and pricing contained herein is as of December 31st, 2023.

**AUSPICE** Capital Advisors

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



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



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 portfolios 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.

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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.

After 3 years of a more typical environment and resulting performance (13% annualized) since the early 2020 onset of COVID, 2023 was a year of correction. Despite a challenging year that experienced trend reversals and whipsaw behaviour across commodities, bonds and equities, the Auspice Diversified Trust (ADT) has outperformed including commodity, CTA and global equity benchmarks while only lagging equities in 2023. Chart 1 really tells the story. As depicted, for 2023 the 4.8% correction while stock markets rallied sharply, still has the result ahead of the benchmarks including BTOP 50, Bloomberg Commodity index (BCOM) and the global equity MSCI ACWI – notably with excellent hedging properties of negative correlation and a fraction of the drawdown. The year ended with a December result in line with benchmarks for the month at -0.5% as the BTOP50 index lost 1.0% per Table 1.

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 2022<sup>1</sup> and with typical volatility in the sector, the results are positive the last three years. The year ended with various groups including Goldman Sachs highlighting commodities as the anticipated best-performing asset class for 2024<sup>2</sup>. 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"<sup>3</sup>. This aligns with shelter costs indicating a rise of 6.5% in the last year<sup>4</sup>.

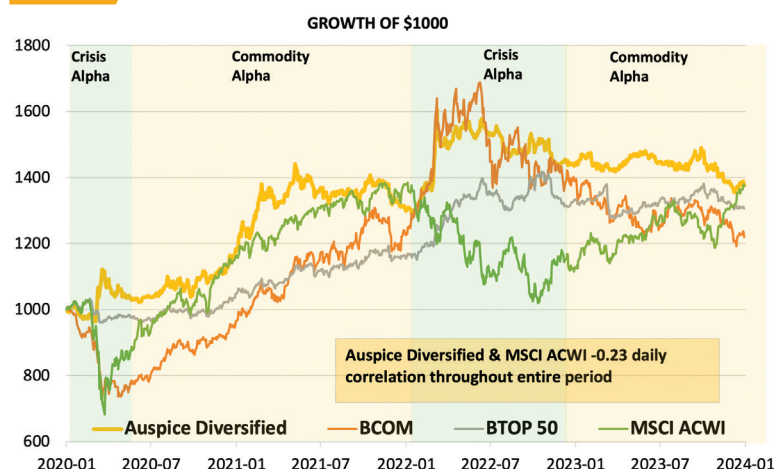
The US dollar corrected another 2% alongside further volatility vis-à-vis global currencies. Commodity driven currencies, Canadian and Aussie dollars gained 2.4% and 3.0% while the Japanese Yen gained 4.5%.

## 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.

(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 AUSPICE DIVERSIFIED TRUST PERFORMANCE

	Auspice Diversified Trust	Barclay BTOP50 CTA Index	BCOM ER INDEX	TSX 60 INDEX
1 Month	-0.49%	-1.02%	-3.10%	3.71%
2023 YTD	-4.78%	-2.00%	-12.55%	8.21%
1 yr (Jan 23)	-4.78%	-2.00%	-12.55%	8.21%
3 yr (Jan 21)	16.04%	23.84%	26.38%	22.23%
5 yr (Jan 19)	28.18%	38.71%	28.59%	47.19%
10 yr (Jan 14)	40.85%	39.58%	-21.55%	61.38%
15 yr (Jan 09)	18.61%	33.90%	-15.86%	133.44%
Ann. Return (Jan 07)	3.02% <sup>1</sup> / 4.07% <sup>2</sup>	2.94%	-3.03%	3.18%
Std Deviation	11.55%	6.95%	16.51%	13.50%
Sharpe Ratio	0.34	0.45	-0.10	0.32
MAR Ratio	0.12	0.18	-0.04	0.07
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 on 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.

<sup>1</sup> <https://www.indexologyblog.com/2023/01/03/commodities-outperform-for-the-second-year-in-a-row/>

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

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

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

## OUTLOOK (CONTINUED)

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

Per Chart 3, most sectors experienced small corrections as positions were changed in both financial and commodity markets. Trend changes occurred in Equities, Currencies and Bonds leading to significant position changing. The portfolio added long exposures across many equity indices while also adding a short in the weaker Asian markets. In currencies, the portfolio was shifted to net short US Dollar and long global currencies while remaining short weaker markets. Lastly, in Rates, we shifted from net short to long positions.

The diverse commodity markets remain volatile and choppy with both strength and weakness across and within sectors. While Energies showed weakness and shorts were added, in Metals momentum was to the upside and positions were added. Grains were mostly weaker while Soft Commodities experienced both up and down trend extensions.

### BY SECTOR

**Energies:** Petroleum energies were weak and the portfolio was shifted back to net short.

**Metals:** Exited most shorts and added long exposures in Silver, Copper and Platinum to be net long across base and precious metals.

**Grains:** Small loss. Sector was generally lower with the exception of Wheat which rallied 5% and its short position was reduced. New short added in Canola.

**Softs:** Bulk of negative attribution from remaining long Sugar exposure which was exited early in the month and shifted to net short. Weakness in Cotton and strength in Rubber helped offset the loss.

**Equities:** Added long exposures in both North American and European markets while also adding a new short in the Hang Seng market.

**Rates:** Sector gain as pivot to long was captured early across US and European markets.

**Currencies:** Negative attribution from losses as we pivoted to short US Dollar and new long exposures in Canadian and Aussie Dollars, Yen, Swiss Franc and British Pound.

### RETURN DRIVERS:

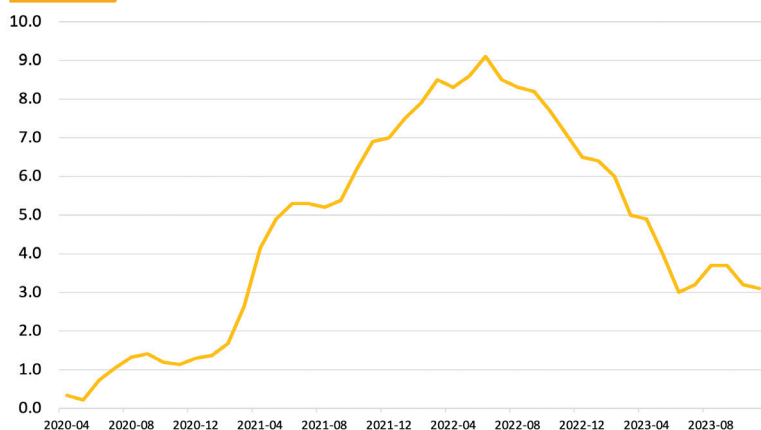
Losses were driven by trend-following strategies while the Auspice non-correlated short-term (non-trend) strategies were also slightly negative. See Chart 4.

TABLE 2 AUSPICE DIVERSIFIED TRUST PERFORMANCE

Auspice Diversified Trust Series	Annualized Return				NAVPU CAD \$
	1yr	3yr	5yr	10yr	
Series X	-4.78%	5.08%	5.14%	n/a	13.9604
Series A	-5.78%	4.08%	4.40%	2.89%	11.1182
Series F	-4.78%	4.49%	4.63%	3.26%	11.9115
Series I	-3.76%	7.78%	7.51%	5.52%	16.3924

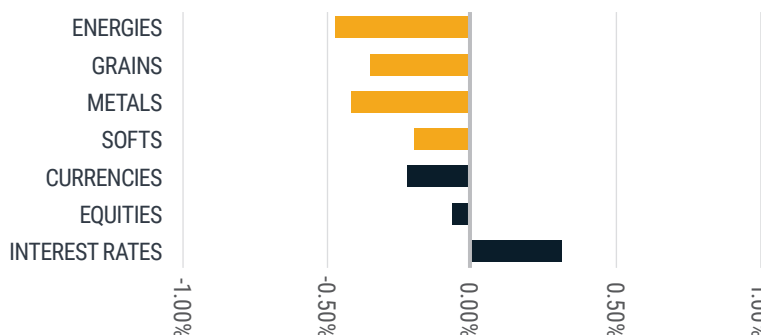
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. The returns for Auspice Diversified Trust ("ADT") are net of fees. Inception dates: Series X, July 1st, 2014; Series A, October 1st, 2009; Series F, October 1st, 2009; Series I, January 1st, 2013.

CHART 2 CONSUMER PRICE INDEX (CPI) YOY% CHANGE



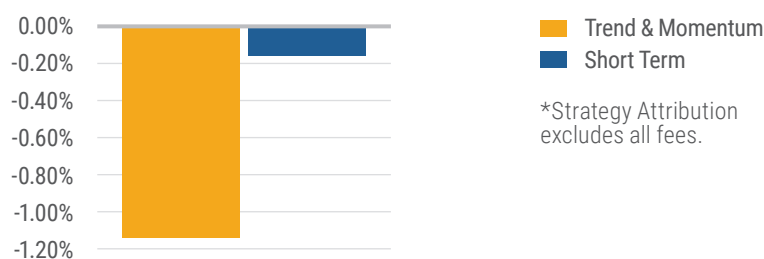
Source: Bloomberg and Auspice Investment Operations. See definitions at end for more.

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.

## POSITION HIGHLIGHTS

### GAINS

- European rates led gains with rallies in UK Long Gilts and German 2 Year Schatz.
- Short Corn as market fell 2.4%.
- Iron Ore rallied 8.2%.

### LOSSES

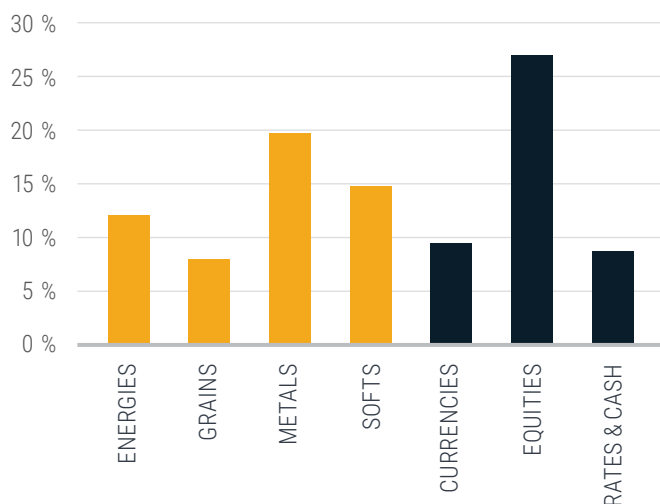
- Soybean Meal sold off over 4% and exited.
- Silver sold off 6% after being added to portfolio.
- Sugar sold off over 20%.

## EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure decreased from above average at 84:16 to end the month below average at 55:45 per Chart 5. Overall portfolio risk is low. Overall portfolio exposure, as measured by the Margin to Equity ratio, has increased to 7.0% from 4.4% last month and is near the historical average level of 6.6% (see Chart 7 next page).

In Commodities, risk was decreased in Grains, Energies and Soft Commodities. Financial exposure was increased across the board led by Equities, then Currencies and Rates. See Chart 6.

### CHART 6 CURRENT SECTOR RISK

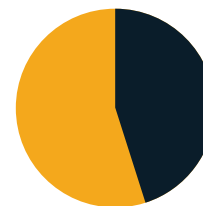


Source: Auspice Investment Operations.

\*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	Aggregate Position	% of Risk
<b>ENERGIES</b>		<b>12.1%</b>
Natural Gas (HH)	Short	4.1%
Gasoline (RBOB)	Short	3.2%
Crude Oil (WTI)	Short	1.7%
<b>GRAINS</b>		<b>8.2%</b>
Corn	Short	4.6%
Wheat	Short	1.7%
Soybean	Long	1.3%
<b>METALS</b>		<b>19.7%</b>
Gold	Long	5.8%
Copper	Long	4.1%
Platinum	Long	3.7%
<b>SOFTS</b>		<b>14.9%</b>
Coffee	Long	5.9%
Cotton	Short	4.7%
Sugar	Short	3.5%
<b>CURRENCIES</b>		<b>9.4%</b>
Aussie Dollar	Long	3.9%
Swiss Franc	Long	3.6%
Canadian Dollar	Long	0.4%
<b>EQUITIES</b>		<b>27.0%</b>
DJ EuroStoxx 50	Long	6.1%
S&P 500	Long	5.5%
Nasdaq 100	Long	5.3%
<b>RATES &amp; CASH</b>		<b>8.6%</b>
Long Gilt (UK)	Long	3.8%
Schatz 2 yr (German)	Long	2.4%
Treasury Notes/5 yr (USA)	Long	0.5%

Source: Auspice Investment Operations.

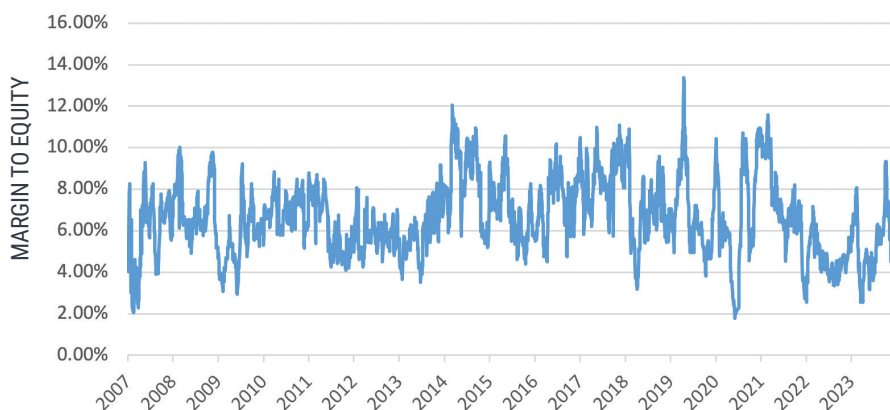
## INVESTMENT OBJECTIVE

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	3.02% <sup>1</sup> / 4.07% <sup>2</sup>	Avg Monthly Gain	2.89%
Annualized Std Dev	11.55%	Avg Monthly Loss	-2.10%
Largest Drawdown	26.04%	Daily Std Dev	0.69%
Sharpe Ratio <sup>3</sup>	0.34	Daily VAR (sim w/99% conf)	-1.26%
MAR Index <sup>4</sup>	0.12	Round Turns per \$million	800
Sortino	0.60	Margin to Equity ratio	6.6
Upside/Downside Deviation	0.14 / 0.05	Average Hold Period (Days)	69
Correlation to MSCI ACWI	-0.17	% Profitable	40%
Correlation to TSX60	-0.11	\$Win / \$Loss	1.58
Correlation to BCOM ER	0.09	Skew	0.95

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.

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."

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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	\$831M

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%	-3.36%	-3.35%	-0.49%	-4.79%
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
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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

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