



# DIVERSIFIED TRUST

COMMENTARY +  
FUND PROFILE

MAY 2024

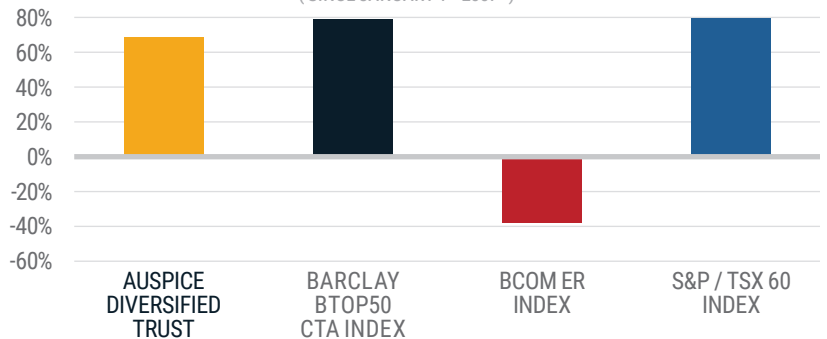
All performance data, portfolio information and pricing contained herein is as of May 31st, 2024.

**AUSPICE** Capital Advisors

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CALGARY, ALBERTA CANADA T2P 5L5



### CUMULATIVE PERFORMANCE (SINCE JANUARY 1<sup>ST</sup> 2007\*)



Correlation	0.66	0.08	-0.12
	Auspice Diversified Trust	Barclay BTop50 CTA Index	BCOM ER Index

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 a strong April result as equities dropped, Auspice Diversified Trust (ADT) corrected 2.1%, in line with CTA peer benchmark BTOP 50, as a number of sectors re-positioned and adjusted risk levels. ADT is up 2.2% year-to-date per Table 1. As illustrated in Chart 1, the result is in-line with the BTOP 50 while outperforming historically at key times of equity and commodity correction compared with the Bloomberg Commodity index (BCOM) and the global equity benchmark, MSCI ACWI.

After a strong correction in April, the global stock rally that started late in 2023 continued. The S&P500 and Nasdaq gained 4.8% and 6.9% respectively while Canada's TSX60 added 2.4%. The global benchmark MSCI ACWI was up 4.1% yet Asian markets were mixed as Japan's Nikkei eked out a 0.2% gain while the China A50 lost 0.5%.

May was a good month for commodities broadly but in typical fashion, it was driven by unique sub-sector performance. Again, the strongest sector was Metals while Energies continued its pull back. The long-only commodity benchmarks moved in opposite directions: the Bloomberg Commodity Index (BCOM ER) was up 1.3% while the energy tilted Goldman Sachs Commodity Index (GSCI ER) lost 2.4%. This has both benchmarks positive for 2024 but further narrows the energy driven outperformance by GSCI.

While US CPI retreated slightly from 3.5% to 3.4% (for the April reading see Chart 2), per the Financial Times "the US Federal Reserve warned it may have to keep rates higher for longer to tame price pressures". As such, the Fed held rates unchanged for 6th time and effectively dashed hopes of central bank cuts in the first half of 2024. We believe the narrative from the US Fed appears to be more accepting of a structural shift in inflation to 3% (plus) as normal and the 2% target as less likely in the near term.

Rates fell slightly after April moved back to near October 2023 highs with the benchmark US 10-year Note moving from 4.7% to 4.5%. The US Dollar Index corrected 1.4% vis-à-vis global currencies with the Aussie Dollar gaining 2.4% alongside the British Pound and Euro adding 1.8% and 1.4% respectively. The Canadian Dollar added 0.9%.

## OUTLOOK

In May JPMorgan CEO Jamie Dimon said he can't see a way ahead for the U.S. economy that doesn't end in stagflation — "extraordinary" government spending has him bracing for high inflation and unemployment<sup>2</sup>.

Indeed, a structural shift upwards in CPI & PCE, both again elevated last month, is occurring alongside increasingly slowing growth and indebtedness. The percentage of people with delinquent credit card debt in the US for example reached the highest levels since 2008<sup>3</sup>.

While many expect interest rates to drop soon, we remind investors that historically four of the last five fed funds peaks have preceded recessions — the last two declines after interest rates pauses (2000 & 2006) led to S&P 500 selloffs of over 35%<sup>4</sup>. In both these instances, trend-following CTAs such as Auspice delivered strong offsetting performance.

(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	-2.12%	-1.96%	1.30%	2.44%
2024 YTD	2.24%	9.34%	4.41%	5.40%
1 yr (Jun 23)	-5.07%	9.21%	-2.53%	4.46%
3 yr (Jun 21)	1.11%	26.42%	10.95%	12.97%
5 yr (Jun 19)	44.32%	47.23%	32.54%	38.60%
10 yr (Jun 14)	47.27%	52.11%	-23.04%	59.35%
15 yr (Jun 09)	28.49%	50.27%	-17.56%	110.78%
Ann. Return (Jan 07)	3.08% <sup>1</sup> / 4.11% <sup>2</sup>	3.41%	-2.72%	3.42%
Std Deviation	11.46%	7.02%	16.35%	13.39%
Sharpe Ratio	0.34	0.52	-0.08	0.34
Sortino Ratio	0.61	0.84	-0.10	0.47
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> Reference Link <sup>2</sup> Reference Link <sup>3</sup> Reference Link <sup>4</sup> Reference Link

**OUTLOOK (CONTINUED)**

Will this scenario occur again? Despite consolidation in commodity markets over the last year, in May, broadly we experienced a significant uptick in volatility and trends and a positive performance year-to-date. We see opportunity emerging in many commodity market trends. However, we caution investors from making concentrated bets as various themes capture headlines. See this month's Auspice Blog for more<sup>5</sup>.

**ATTRIBUTIONS AND TRADES**

The fund struggled given repositioning and trend-reversals that led to risk adjustments in several sectors.

Per Chart 3, the portfolio gains came from two commodity sectors, led by Metals, while all financial sub-sectors corrected led by Currencies.

In Commodities, the correction was led by Energies where we exited or reduced long exposures while we added a long exposure in Grains against the net short positioning.

In Financials, after mostly exiting equities in recent months, we added back exposure as the trends renewed. In Currencies, we significantly reduced short currency exposure vis-a-vis the US dollar which gave back some of the mark-to-market gains.

**BY SECTOR**

**Energies:** Most challenging commodity sector as we exited long exposures in petroleum markets and also reduced short exposure in Natural Gas.

**Equities:** Another trend change as equities renewed their global ascent and we added back exposure.

**Metals:** Strongest sector performance was widespread across base industrial metals and precious markets yet dominated by existing long exposures in Silver. Zinc, Nickel and Copper also added value.

**Rates:** No changes were made as slightly softer rates had the short bond futures exposures provide a small loss.

**Grains:** Small positive attribution. Wheat broke out higher and was added. Shorts in Soybeans detracted while Corn was neutral.

**Currencies:** After recent short gains in global currencies, the sector had a negative attribution as we reduced short exposures significantly led by the Japanese Yen, British Pound and Aussie Dollar alongside a complete exit of the long Chinese Yuan.

**Softs:** Cotton continued to weaken and shorts added last month paid off. We added to shorts in Sugar for a gain while Coffee volatility had us exit to lock in profits only to have it bounce higher by month end.

**RETURN DRIVERS:**

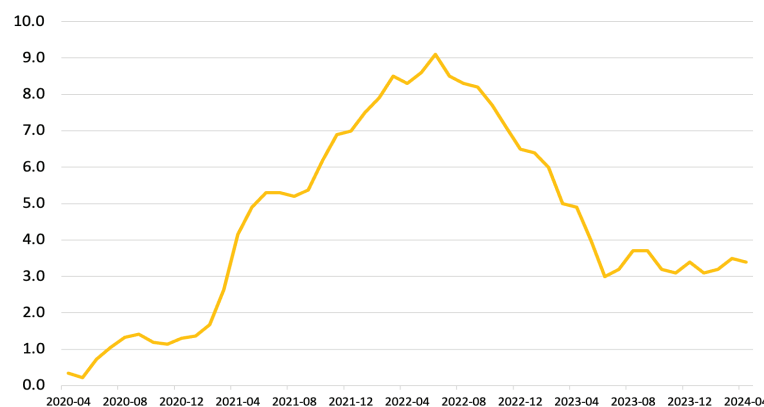
Results were negative from both trend-following strategies and the Auspice non-correlated short-term (non-trend) strategies. We continue to earn on significant cash positions. See Chart 4.

**TABLE 2 AUSPICE DIVERSIFIED TRUST PERFORMANCE**

Auspice Diversified Trust Series	Annualized Return				NAVPU CAD \$
	1yr	3yr	5yr	10yr	
Series X	-5.05%	0.37%	7.62%	n/a	14.2726
Series A	-6.02%	-0.85%	6.88%	3.32%	11.3187
Series F	-5.04%	0.10%	7.11%	3.69%	12.1782
Series I	-4.03%	1.94%	10.05%	5.96%	16.8343

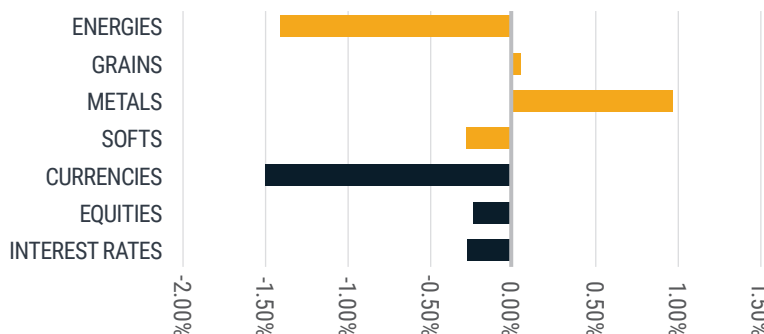
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. The returns for Auspice Diversified Trust ("ADT") are net of fees. Inception dates: Series X, July 1st, 2014; Series A, October 1st, 2009; Series F, October 1st, 2009; Series I, January 1st, 2013.

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



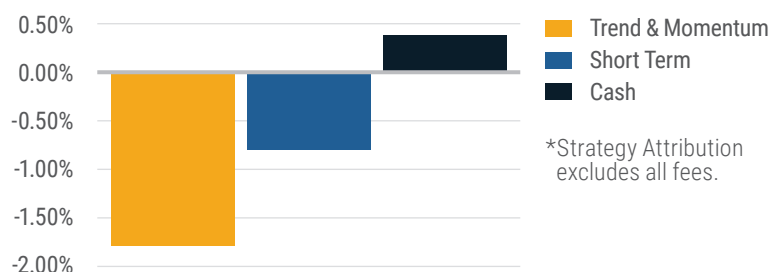
Source: Bloomberg and Auspice Investment Operations. See definitions at end for more.

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



Source: Auspice Investment Operations.

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



\*Strategy Attribution excludes all fees.

<sup>5</sup> Reference Link

## POSITION HIGHLIGHTS

### GAINS

- Silver led Metals sector and overall portfolio performance gaining 14.2%.
- Wheat was added for immediate impact as rallied over 12%.
- Short Cotton added value as fell 5.7% for existing exposures.

### LOSSES

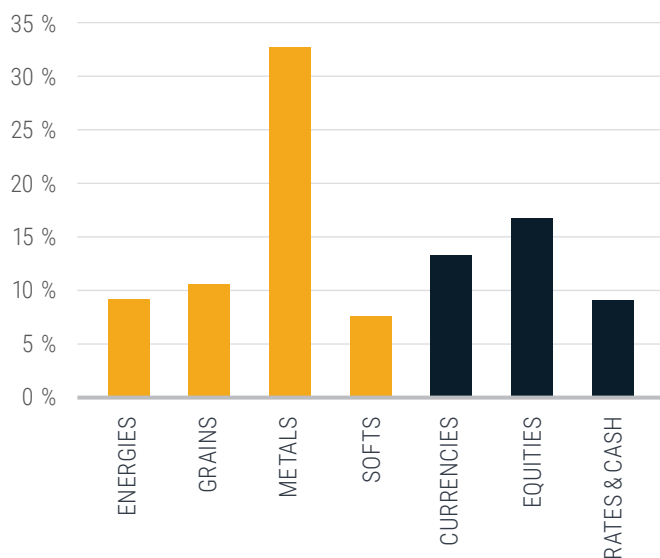
- Rallies against short currency positions, notably Yen, Pound, Aussie Dollar.
- Petroleum energies led by global crude oils and Gasoline.
- Exited long Coffee to lock in profits in a volatile correction.

## EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure decreased slightly to 61:39 from 62:38 and remains below average per Chart 5. This leaves room for additional exposure should the commodity cycle continue to develop. Overall portfolio risk as measured by the Margin to Equity ratio, has again fallen to 6.0% from 6.4% last month and is slightly below the historical average level of 6.6% (see Chart 7 next page).

In Commodities, risk was increased in Metals and Grains while decreased in Energies and Softs. Financial exposure was increased in Equities and decreased in Currencies for a small net financial market increase. See Chart 6.

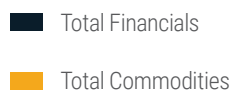
### CHART 6 CURRENT SECTOR RISK



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



Source: Auspice Investment Operations.

## CURRENT RISK BY SECTOR

Largest Holdings	Aggregate Position	% of Risk
<b>ENERGIES</b>		<b>9.4%</b>
Heating Oil	Short	3.6%
Natural Gas (HH)	Short	2.4%
WTI Crude Oil	Long	1.9%
<b>GRAINS</b>		<b>10.6%</b>
Wheat	Long	8.3%
Soybeans	Short	1.5%
Corn	Short	0.8%
<b>METALS</b>		<b>32.9%</b>
Zinc	Long	8.5%
Silver	Long	7.0%
Copper	Long	6.9%
<b>SOFTS</b>		<b>7.7%</b>
Cotton	Short	3.6%
Sugar	Short	3.4%
Rubber	Long	0.7%
<b>CURRENCIES</b>		<b>13.4%</b>
Euro	Short	4.3%
Swiss Franc	Short	3.8%
Canadian Dollar	Short	3.7%
<b>EQUITIES</b>		<b>16.9%</b>
S&P 500	Long	4.3%
Nasdaq	Long	4.2%
Hang Seng (Hong Kong)	Long	4.0%
<b>RATES &amp; CASH</b>		<b>9.2%</b>
Treasury Bond/30 yr (USA)	Short	2.5%
Treasury Notes/10 yr (USA)	Short	2.3%
Long Gilt (UK)	Short	1.8%

Source: Auspice Investment Operations.

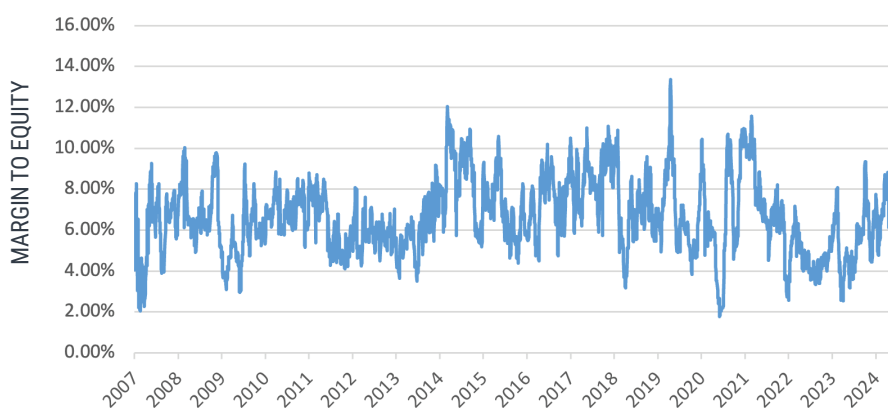
## INVESTMENT OBJECTIVE

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	3.08% <sup>1</sup> / 4.11% <sup>2</sup>	Avg Monthly Gain	2.89%
Annualized Std Dev	11.46%	Avg Monthly Loss	-2.07%
Largest Drawdown	-26.04%	Daily Std Dev	0.69%
Sharpe Ratio <sup>3</sup>	0.34	Daily VAR (sim w/99% conf)	-1.07%
MAR Index <sup>4</sup>	0.12	Round Turns per \$million	800
Sortino	0.61	Margin to Equity ratio	6.6
Upside/Downside Deviation	0.14 / 0.05	Average Hold Period (Days)	71
Correlation to MSCI ACWI	-0.17	% Profitable	39%
Correlation to TSX60	-0.12	\$Win / \$Loss	1.57
Correlation to BCOM ER	0.08	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.

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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	\$929M

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
2024	-1.18%	2.95%	-0.04%	2.71%	-2.12%								2.24%
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. Sortino Ratio measures the risk-adjusted return on a portfolio by comparing the performance relative to the downside deviation.
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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