



# DIVERSIFIED TRUST

COMMENTARY +  
FUND PROFILE

NOVEMBER 2024

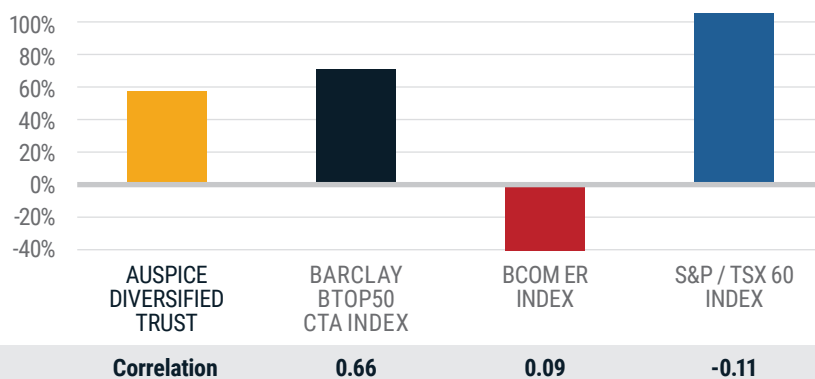
All performance data, portfolio information  
and pricing contained herein is as of  
November 30th, 2024.

**AUSPICE** Capital Advisors

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



## CUMULATIVE PERFORMANCE (SINCE JANUARY 1<sup>ST</sup> 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.

Auspice Diversified Trust ("ADT") added 0.8% per Table 1 as some of the more esoteric, less headline markets provided opportunities. These are markets typically not in most investor portfolios including Coffee, Cocoa, Orange Juice and Cheese. The sector benchmarks, SG CTA index and BTOP50 were also both up approximately, 1.5 and 2.2% respectively for the month. While slightly lagging in 2024, we attribute this to the heavier commodity exposure vis-à-vis financial markets and the obvious equity outperformance as illustrated in Chart 1. The result remains in-line with the benchmark BTOP 50 (CTA index) while outperforming historically at key times of Equity and Commodity correction.

Post US election results, North American markets rallied sharply. The S&P500 and Nasdaq added 5.7% and 6.2% respectively while the Canadian TSX60 kept up adding 6.5%. The global benchmark MSCI ACWI again reflected weakness in Asia and Europe, up 3.7%, as the Hang Seng was down 4.4% and the DJ Euro Stoxx 50 lost 0.5%.

Commodities were neutral overall with the year's strong performing precious Metals correcting. The long-only commodity benchmarks were near unchanged with the more diverse Bloomberg Commodity Index (BCOM ER) up 5bps while the energy tilted Goldman Sachs Commodity Index (GSCI ER) lost 0.3%. This brings benchmark results to -0.5% and 0.9% for the year per Table 1.

After questioning if the US Fed would join Canada and cut another 50 bps in November, by less, or if at all, the cut was underwhelming at 25bps. However, it all started to make sense with the year-over-year CPI release failing to continue its softening, gaining from 2.4% to 2.6% (for the October reading see Chart 2). The bond market continues to steepen and illustrate a concern that inflation is not going away.

The benchmark US 10-year Note moved slightly lower from 4.3% to 4.2% despite the Fed cut. The US Dollar Index continued to rally, adding 1.9% vis-à-vis global currencies with currencies falling including both the Canadian Dollar and Mexican Peso both off approximately 0.8%, being pressured by US tariff threats, a weaker Canadian economy and aggressive rate cuts.<sup>1</sup>

## OUTLOOK

In a non-partisan comment the US election was definitive. Donald Trump won both the Electoral College and the popular vote along with all seven so-called "battleground" states. The equity markets took this as a positive while headline commodities (Oil, Gold) were lower – why? A common narrative we are observing is that the Trump "drill, baby drill" policies will be bearish for energy markets, while bullish for gold in the face of political uncertainty. Moreover, the tough tariff talk will be bearish for commodities in particular for industrial metals like Copper.<sup>2</sup> Indeed, this has been the recent trend.

Yet given this is an Outlook, and always should be taken with a grain of salt, we offer a different view. We believe that it is quite possible that the trends that support that narrative (equities up, energy and industrial metals down with Gold one of few commodities rallying) may come to an inflection point.

Markets hate unknowns, especially those as big as the US election.

(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	0.80%	2.22%	0.05%	6.47%
2024 YTD	-4.53%	3.34%	-0.51%	21.66%
1 yr (Dec 23)	-5.00%	2.37%	-3.60%	26.17%
3 yr (Dec 21)	-0.84%	17.52%	2.45%	23.24%
5 yr (Dec 19)	31.58%	34.08%	27.27%	51.06%
10 yr (Dec 14)	12.30%	30.00%	-13.11%	78.29%
15 yr (Dec 09)	18.28%	41.85%	-28.10%	126.20%
Ann. Return (Jan 07)	2.60% <sup>1</sup> / 3.62% <sup>2</sup>	2.98%	-2.91%	4.15%
Std Deviation	11.36%	7.04%	16.20%	13.37%
Sharpe Ratio	0.30	0.45	-0.09	0.39
Sortino Ratio	0.53	-0.73	-0.12	0.56
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

## OUTLOOK (CONTINUED)

Now that the result is in, we believe trends will resume and emerge. Common thought, and indeed given the recency bias we are all susceptible to, is that we continue down the same path. Maybe this is already priced in. While inflation has softened, commodities have paused and corrected, and equities have rallied over the last 2 years. If we look longer term, this may be a typical correction (1-3 years) of a longer-term bullish cycle (10-12 years). The truths are the following:

- Long term inflation (CPI) averages 3% over last 100 years and 4% since 1970.
- Since, 1970, commodity benchmarks have performed similarly to equities yet importantly at different times (lost decade for equities from 2000-2010 while commodities performed while lost decade for commodities from 2010-2020 while equities performed).
- Commodities remain the most diverse asset class (cotton not like crude not like canola).
- Capex peaked in commodities in 2012/2013 and has not recovered.
- Central banks do not control “cost-push” inflation with rate cuts, we see wage and commodity pressure continuing, a lever they do not have with rate movement.
- The commodity to equity ratio remains near the lowest level in history as we saw in the early 1970s and in the “Dot-com” tech bubble.
- Per the graphic [here](#), we see more commodity cycle drivers than ever in history.

As religious trend followers, we divorce our trading (investing) decisions from popular (or even our own) opinion. And while we remain positioned with the current trends (short or sidelines in energy and industrial metals, long gold and silver), we reserve the right to pivot quickly. And we will with forthcoming opportunities.

## ATTRIBUTIONS AND TRADES

Per Chart 3, gains were made in most sub sectors covered led by Soft Commodities and Equities with complementary gains from Grains, Meats, and Currencies. Reversals in Metals provided most of the negative attribution while a reversal in Rates exposure also was a detraction.

### BY SECTOR

**Energies:** Petroleum energies were weaker while Natural Gas rallied where we added a long exposure.

**Metals:** Metals had the largest negative attribution led by Gold and Silver and exposure was reduced. We exited various long side exposures including Palladium, Tin and Zinc, and added short exposures in Lead and Nickel. Copper pulled back another and 5.6% provided an offset.

**Grains:** Small sector gain as shorts were led by weakness in Wheat.

**Softs:** Positive result largely on the back of a strong rally in Coffee. This was complimented by Cocoa, Cheese, and Orange Juice.

**Equities:** Strongest portfolio sector with largest gains coming from MSCI Singapore and complimented by the Canadian S&P/TSX60 and the S&P500.

**Rates:** Sector was pivoted to short futures (long rates) and slightly negative result.

**Currencies:** Despite a number of changes, the sector made gains led by the Euro falling 2.9%. We shifted to long the US Dollar Index and short across various currencies including British Pound, Swiss Franc and the New Zealand Dollar.

### RETURN DRIVERS:

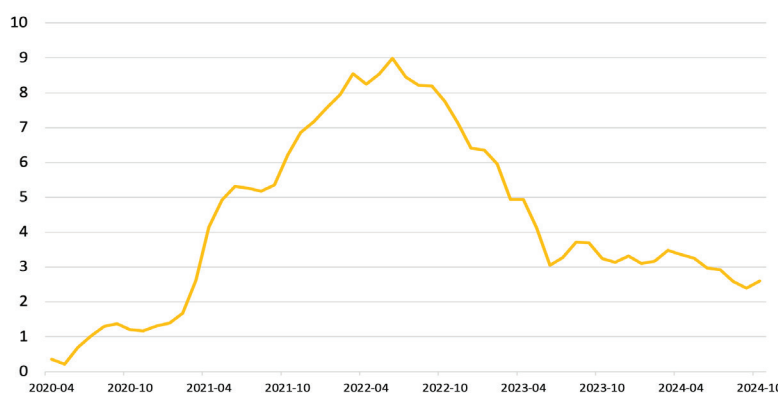
Results were positive from trend-following strategies while the non-correlated short-term (non-trend) strategies provided a small benefit. We continue to earn on significant cash positions. See Chart 4.

TABLE 2 AUSPICE DIVERSIFIED TRUST PERFORMANCE

Auspice Diversified Trust	Annualized Return				NAVPU
Series	1yr	3yr	5yr	10yr	CAD \$
Series X	-5.00%	-0.28%	5.64%	1.35%	13.3280
Series A	-5.97%	-1.53%	4.92%	0.52%	10.5157
Series F	-4.99%	-0.58%	5.14%	1.07%	11.3727
Series I	-3.97%	1.39%	8.03%	3.07%	15.8055

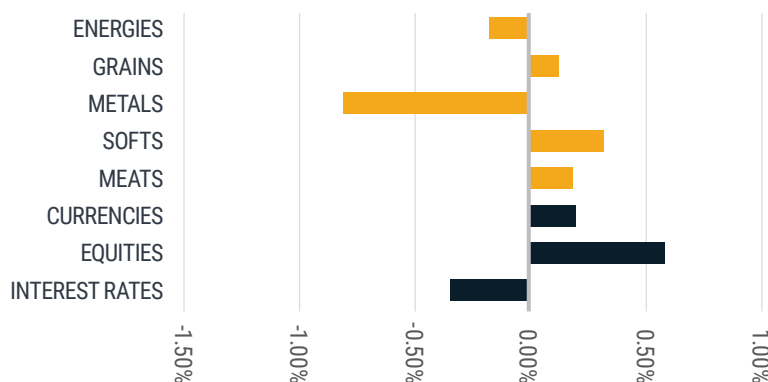
Source: Bloomberg and Auspice Investment Operations. Past performance is not indicative of future results. The returns for Auspice Diversified Trust (“ADT”) are net of fees. Inception dates: Series X, July 1st, 2014; Series A, October 1st, 2009; Series F, October 1st, 2009; Series I, January 1st, 2013.

CHART 2 CONSUMER PRICE INDEX (CPI) YOY% CHANGE



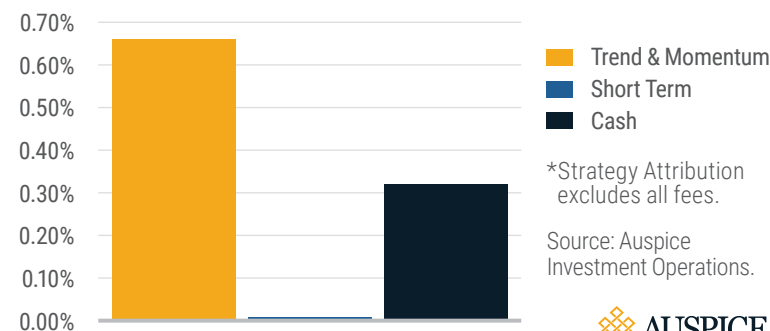
Source: Bloomberg and Auspice Investment Operations. See definitions at end for more.

CHART 3 SECTOR PROFIT/LOSS AND MONTHLY ATTRIBUTION



Source: Auspice Investment Operations.

CHART 4 STRATEGY (RETURN DRIVER) ATTRIBUTION



## POSITION HIGHLIGHTS

### GAINS

- Long Coffee led the Metals sector and portfolio gains, up 30%.
- Long Live Cattle.
- Long Cocoa, up 31%.

### LOSSES

- Metals corrected led by recent performers, Gold and Silver.
- Interest rates softened slightly despite recent trend higher.
- Sugar fell 7.3% against existing exposures.

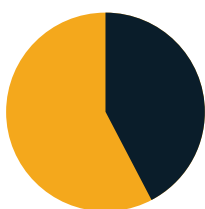
## EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure decreased to 58:42 from 71:29 slightly below the long-term average per Chart 5. The overall portfolio risk as measured by the Margin to Equity ratio, remains near the low end at 6.1%, below the historical average level of 6.6% (see Chart 7 next page).

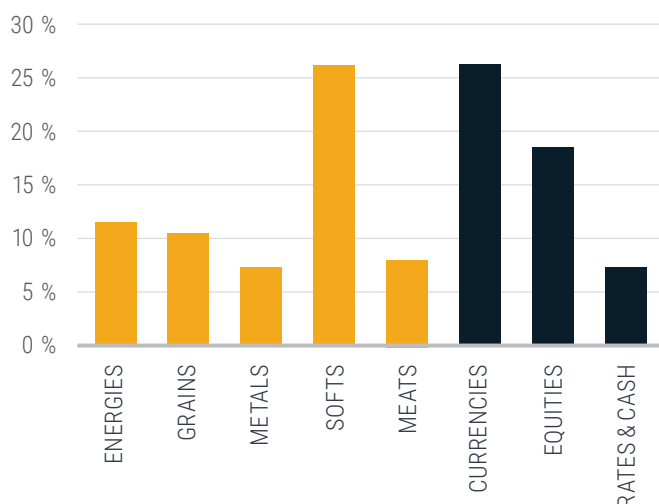
In Commodities, risk was decreased in Metals and Grains. Financial exposure was increased universally, led by Currencies. See Chart 6.

**CHART 5** COMMODITIES VS. FINANCIAL EXPOSURE

Total Financials  
 Total Commodities  
 Source: Auspice Investment Operations.



**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.

## CURRENT RISK BY SECTOR

Largest Holdings	Aggregate Position	% of Risk
<b>ENERGIES</b>		<b>11.4%</b>
Natural Gas	Short	2.7%
UK NatGas	Long	1.9%
Heating Oil	Short	1.9%
<b>GRAINS</b>		<b>10.3%</b>
Kansas Wheat	Short	2.7%
Soybean Meal	Short	2.2%
Soybeans	Short	1.7%
<b>METALS</b>		<b>7.3%</b>
Gold	Long	2.0%
Silver	Long	1.9%
Copper	Short	1.8%
<b>SOFTS</b>		<b>21.0%</b>
Coffee	Long	7.8%
Cotton	Short	4.4%
Orange Juice	Long	2.1%
<b>MEATS</b>		<b>7.8%</b>
Live Cattle	Long	4.0%
Lean Hogs	Long	3.8%
<b>CURRENCIES</b>		<b>21.2%</b>
Canadian Dollar	Short	4.1%
Euro	Short	3.6%
Swiss Franc	Short	3.4%
<b>EQUITIES</b>		<b>13.8%</b>
eMini NASDAQ 100 (USA)	Long	4.2%
eMini S&P 500 (USA)	Long	3.7%
MSCI Singapore Index	Long	2.7%
<b>RATES &amp; CASH</b>		<b>7.3%</b>
Treasury Notes/10 yr (USA)	Short	2.2%
30 Year Bond	Long	2.1%
Long Gilt (UK)	Long	1.6%

Source: Auspice Investment Operations.

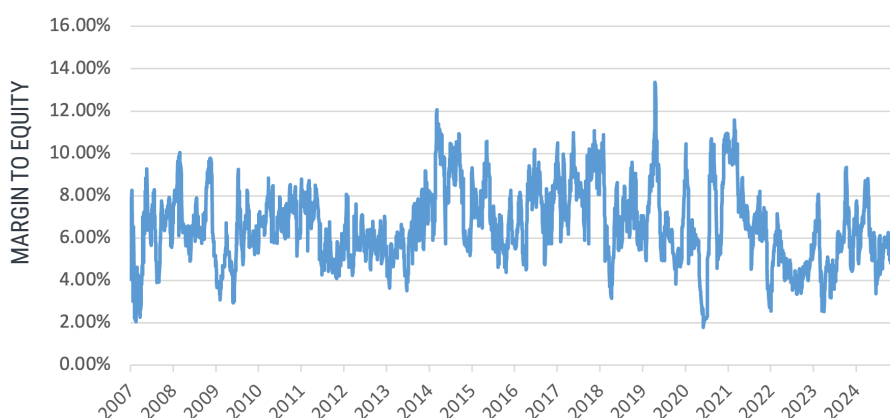
## INVESTMENT OBJECTIVE

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	2.60% <sup>1</sup> / 3.62% <sup>2</sup>	Avg Monthly Gain	2.85%
Annualized Std Dev	11.36%	Avg Monthly Loss	-2.07%
Largest Drawdown	-26.04%	Daily Std Dev	0.68%
Sharpe Ratio <sup>3</sup>	0.30	Daily VAR (sim w/99% conf)	-0.82%
MAR Index <sup>4</sup>	0.10	Round Turns per \$million	800
Sortino	0.53	Margin to Equity ratio	6.6
Upside/Downside Deviation	0.14 / 0.05	Average Hold Period (Days)	70
Correlation to MSCI ACWI	-0.16	% Profitable	39%
Correlation to TSX60	-0.11	\$Win / \$Loss	1.41
Correlation to BCOM ER	0.09	Skew	0.98

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	\$877M

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%	-2.64%	-0.97%	-1.78%	0.85%	-3.00%	0.80%		-4.53%
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.

## IMPORTANT DISCLAIMERS AND NOTES

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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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