AUSPICE

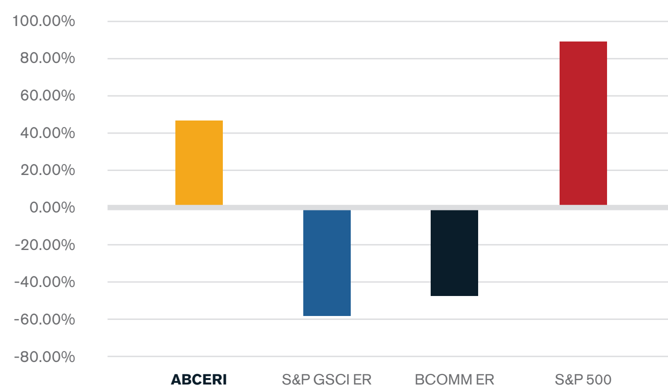
BROAD COMMODITY INDEX

COMMENTARY + STRATEGY FACTS

DECEMBER 2017

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



Correlation	0.63	0.75	0.23

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MORNINGSTAR® ★★★★★

5 Star Morningstar Rating for Direxion Indexed Commodity Strategy Fund, which tracks ABCERI

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SUMMARY

Commodity benchmarks gained in December led by another strong month in the energy complex and WTI oil hitting $60, its highest in 2 years. While Grains remained weak, Metals also finished the year strong led by Copper gaining over 25% in 2017. The energy tilted GSCI gained 4.30% to end the year with a gain while the more diverse Bloomberg Commodity Index added 2.88%.

Global stock markets ended with another gain in December with the S&P and Nasdaq gaining 0.98% and 0.43% respectively. This puts gains at near 20% plus for the year on these benchmarks. Gains on the resource tilted Canadian TSX/S&P60 were more modest at +6.63% for the year.

Interest Rate futures generally weakened as the US Fed added another hike in overnight rates mid-month. The Fed reiterated they anticipate additional increases in 2018 while inflation remains low in the US despite concerns voiced by the Bank of England Governor Mark Carney warning inflation has hit its highest level in 5 years.

The US Dollar continued to weaken in the direction of the long-term trend established throughout 2017 and thus global currencies rebounded. This weakness remains supportive for commodities.

Auspice Broad Commodity gained 2.78% in line with the benchmark long commodity index performance for the month. See Table 1.

OUTLOOK

While inflation and interest rates have been low, we are observing central bankers not only voice concerns, but also take action raising rates multiple times for the first times in 7 years. Historically, if we consider the direction of interest rates and inflation, we can see they are correlated.

Moreover, given the commodity to equity ratio is at its widest in 20 years, the low market volatility has fostered very few concerns and created an artificial comfort. We believe current supply and demand numbers may be favorable for a move higher in commodities along with increased volatility.

We encourage you to download and read our recently published paper - **Commodities: When is the right time? Benefits and Timing the Cycle.** Available in the Resources/Research section of the website.

Chart 1 **HISTORICAL GROWTH SINCE 2007**

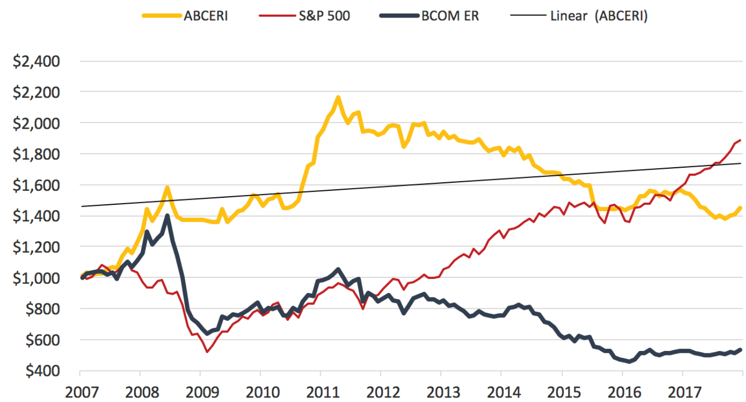
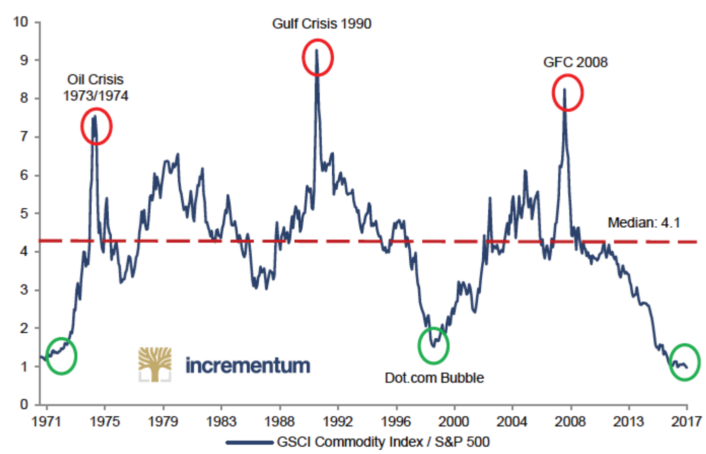


Table 1 **ABSOLUTE PERFORMANCE**

	ABCERI	S&P GSCI ER	BCOM ER	S&P 500
1 Month	**2.78%**	4.30%	2.88%	0.98%
2017 YTD	**-7.92%**	4.77%	0.75%	19.42%
1 yr (Jan 17)	**-7.92%**	4.77%	0.75%	19.42%
3 yr (Jan 15)	**-13.49%**	-21.96%	-15.49%	29.86%
5 yr (Jan 13)	**-23.83%**	-48.44%	-36.60%	87.47%
10 yr (Jan 08)	**17.56%**	-66.89%	-52.33%	82.08%
Annualized (Jan 07)				
Return	**3.41%**	-7.59%	-5.62%	5.93%
Std Deviation	**10.82%**	22.67%	17.17%	14.65%
Sharpe Ratio	**0.38**	-0.21	-0.23	0.52
MAR Ratio	**0.09**	-0.09	-0.08	0.11
Worst Drawdown	**-36.44%**	-81.12%	-67.41%	-52.56%

GSCI/S&P500 RATIO: EQUITIES EXPENSIVE, COMMODITIES CHEAP?



Source: Dr. Torsten Dennin, Incrementum AG

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ATTRIBUTIONS AND TRADES

There were two changes in the commodity portfolio in December. The strategy exited Gold while adding Cotton.

The portfolio remains long 5 of 12 commodity components (or 42%) and now includes all 3 sectors, Metals, Ags and Energies (see Chart 3).

Performance was positive in all sub-sectors of the index (see Chart 2).

The top performing components were petroleum energies (WTI Crude, Heating Oil, Gasoline), Copper and Cotton.

SECTOR HIGHLIGHTS

ENERGY

The energy sector led the portfolio performance on the back of long petroleum exposures led by WTI Crude and Heating Oil. While currently without exposure, keep a close watch on Natural Gas as cold weather had it move higher in the final days of the month.

METALS

Copper led the sector to a gain which was offset by early month weakness in Gold. This led to exiting the exposure while the strategy remains without exposure in Silver.

AGRICULTURE

Cotton continued to move higher and we shifted to long exposure with good timing prior to a strong push up. The portfolio does not hold exposure in Grains or Sugar, which were amongst the weakest commodities in 2017.

Chart 2 INDEX RETURN ATTRIBUTION

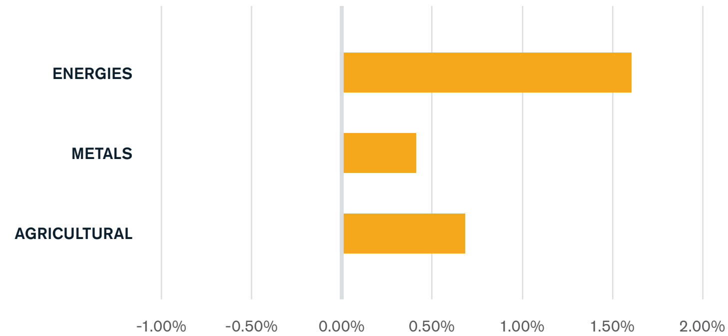
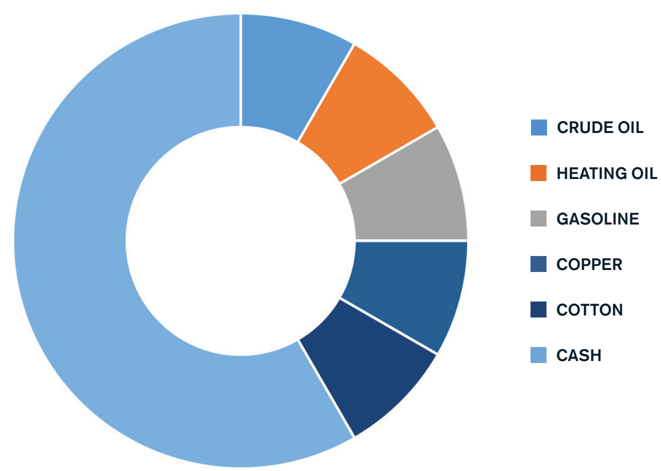


Chart 3 COMPONENT EXPOSURE: LONG / CASH



AUSPICE **BROAD COMMODITY INDEX**

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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.

STRATEGY DESCRIPTION

The Auspice Broad Commodity Index aims to capture upward trends in the commodity markets while minimizing risk during downtrends.

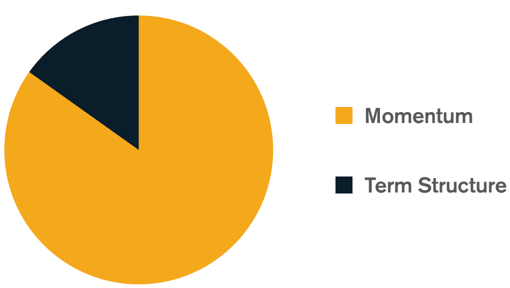
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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



AUSPICE BROAD COMMODITY INDEX
Long / Flat Approach
Positions can be changed on an intra-month bases
Accounts for Short-term Price Trends
Practices a Smart Roll-Yield to minimize impact of contango and backwardation
Broadly diversified (when exposed) and less concentrated in any one commodity sector
Rebalanced monthly based on volatility of each underlying commodity

LONG-ONLY COMMODITY INDICES
Long-Only Approach
Positions are always 100% long
Doesn’t take into account downward price trends
Contracts typically roll into next contract month
Poorly diversified amongst single sectors
Most rebalance annually based on predetermined weightings for commodity sector

OTHER DETAILS

Calculated and published by NYSE since 2010.

Tickers: Bloomberg ABCERI, Reuters ABCERI

PRODUCT AVAILABILITY

Licensing and/or sub-advisory of the strategy

Bespoke product design

ETFs: through partner firms

40 Act Mutual Funds: US investors through partner firms

Separately Managed Accounts

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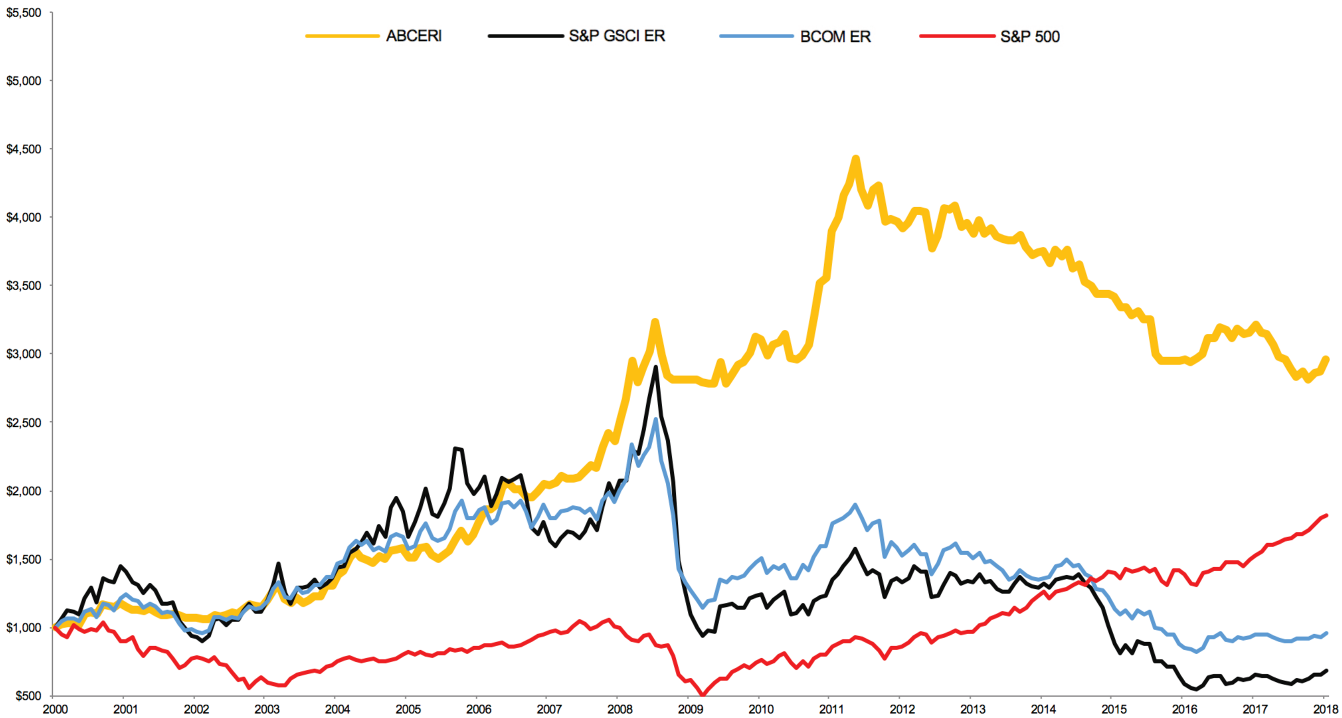
COMPARATIVE BROAD COMMODITY INDEX PERFORMANCE



MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
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

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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 **(BCOM ER)**, 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.

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 **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.

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.

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.

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