



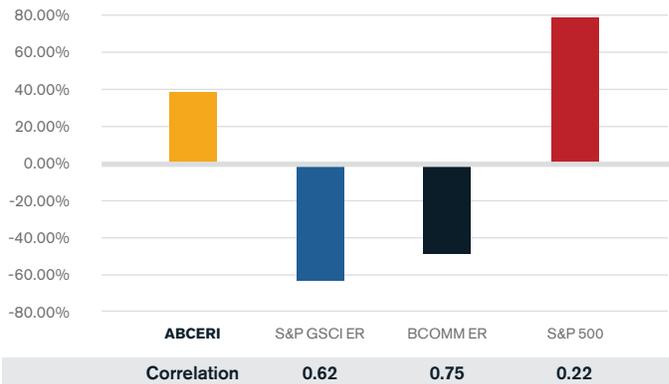
BROAD COMMODITY INDEX

COMMENTARY +
STRATEGY FACTS

SEPTEMBER 2017



CUMULATIVE PERFORMANCE (SINCE JANUARY 2007*)



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

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SUMMARY

Some commodity benchmarks were stronger for the month, largely on the back of stronger petroleum prices. While both Precious and Base metals corrected along with Soft Commodities, gains in Grains helped support the benchmarks.

The energy tilted GSCI gained 3.24% while the more diverse Bloomberg Commodity Index fell a modest -0.23%. As mentioned last month, we note commodity volatility is picking up and the sector is getting attention on the back of US growth and inflation concerns.

Stock markets rallied in September with the S&P gaining 1.93% while the MSCI World added 2.08% for reference. On the back of the energy strength, the resource tilted Canadian TSX/S&P60 also gained 3.27% strongly to finally tilt positive for the year.

Interest Rate futures and debt sold off throughout September as the US FED laid out plans to start unwinding its decade old stimulus plan and confirmed plans to raise rates before the year end and a likely three times in 2018. The US Dollar gained post the FED meeting.

Auspice Broad Commodity lost 1.82%, underperforming the long commodity indices for the month. See Table 1.

OUTLOOK

While the summer ended illustrating the benefits of the long/flat tactical strategy, September reminded us that sometimes timing just doesn't work out short term. While the ABCERI is lagging in the last year, the performance longer term is where value is gained. On a 3 year basis the ABCERI has limited the downside in a challenging commodities environment while on a 10 year basis this performance significantly outstrips the commodity benchmarks with far less volatility.

See Chart to right: From a quantitative perspective, commodities are near the bottom of the statistical distribution of returns while equities remain near the top. The ratio of commodity to equity is at the bottom of the historical range as illustrated, leading to a long term opportunity given the cycle is typically long.

Chart 1 HISTORICAL GROWTH SINCE 2007

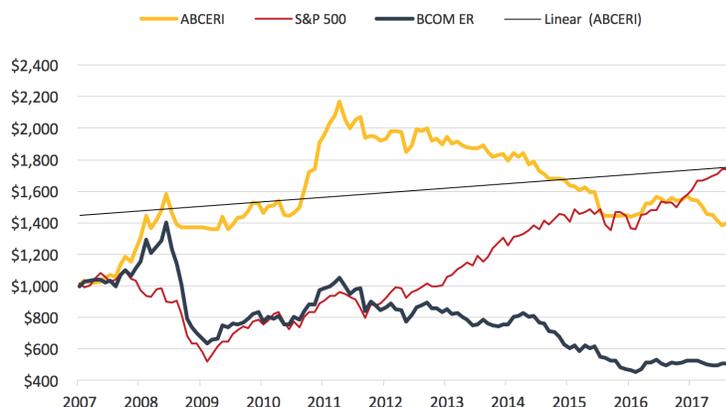
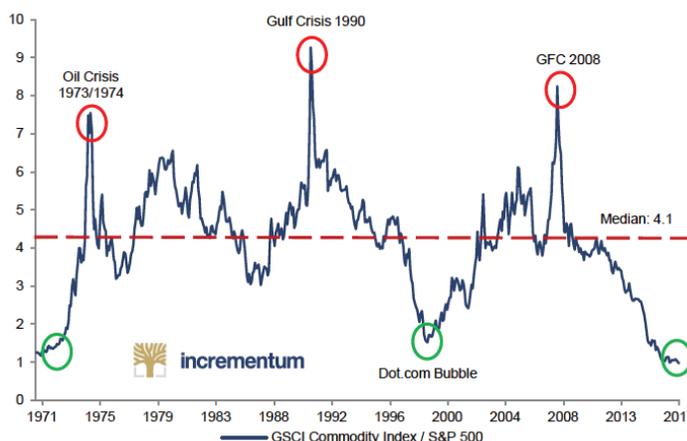


Table 1 ABSOLUTE PERFORMANCE

	ABCERI	S&P GSCI ER	BCOM ER	S&P 500
1 Month	-1.82%	3.24%	-0.23%	1.93%
2017 YTD	-12.31%	-4.37%	-3.49%	12.53%
1 yr (Oct 16)	-11.51%	1.03%	-1.03%	16.19%
3 yr (Oct 14)	-18.06%	-48.48%	-28.84%	27.74%
5 yr (Oct 12)	-31.11%	-54.50%	-43.13%	74.87%
10 yr (Oct 07)	20.97%	-66.58%	-52.62%	65.01%
Annualized (Jan 07)				
Return	3.02%	-8.54%	-6.12%	5.49%
Std Deviation	10.91%	22.84%	17.32%	14.79%
Sharpe Ratio	0.35	-0.25	-0.26	0.48
MAR Ratio	0.08	-0.11	-0.09	0.10
Worst Drawdown	-36.44%	-81.12%	-67.41%	-52.56%

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



Source: Dr. Torsten Dennen, Incrementum AG

ATTRIBUTIONS AND TRADES

There was a single change in the portfolio in September with Heating Oil added right at the start of the month.

The portfolio is now long 4 of 12 commodity components (or 33%) and includes 2 of 3 sectors, Metals and Energies (see Chart 3).

Performance was negative in 2 sub-sectors of the index (see Chart 2) while there is no exposure in the Ag markets.

The top performing component was Heating Oil while the biggest drags were long exposures in Metals.

SECTOR HIGHLIGHTS

ENERGY

The energy sector was generally stronger for the month, yet there was choppy behavior and volatility after the large storms hitting the US gulf states. Gasoline remains strong but entry timing was challenging and sold off post while Heating Oil moved higher offsetting the loss. Crude Oil was much stronger while Natural Gas softened while the strategy is without exposures at this time.

METALS

After gains over the last couple months, Metals led portfolio losses as both Base and Precious Metals corrected. The strategy remains long Copper and Gold while without exposure in Silver.

AGRICULTURE

While Grains found a bottom and strengthened led by Wheat and Soybeans, Corn remained muted and we are on the sidelines within the sub-sector. In Softs, both Cotton and Sugar were sharply lower and benefitted from the lack of exposure.

Chart 2 INDEX RETURN ATTRIBUTION

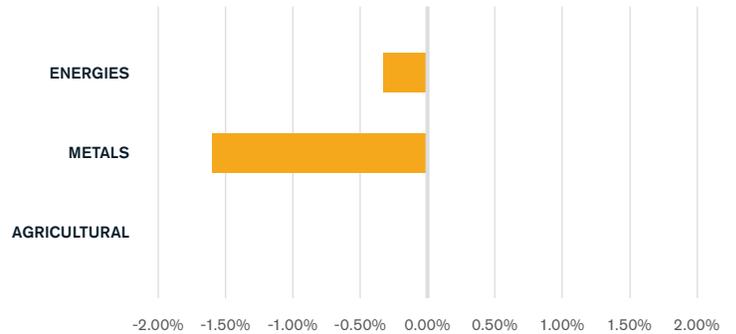
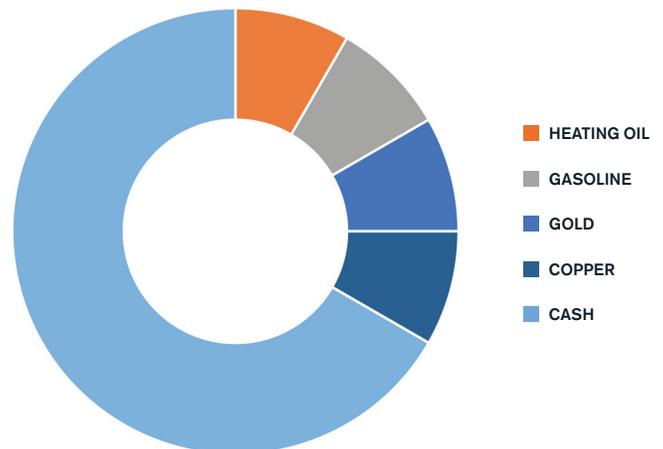


Chart 3 COMPONENT EXPOSURE: LONG / CASH



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.

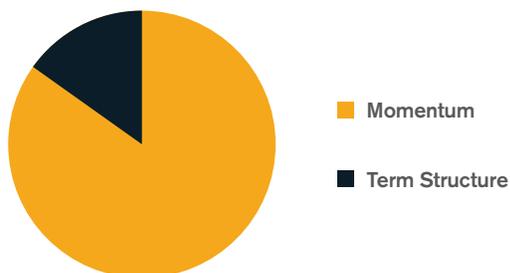
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

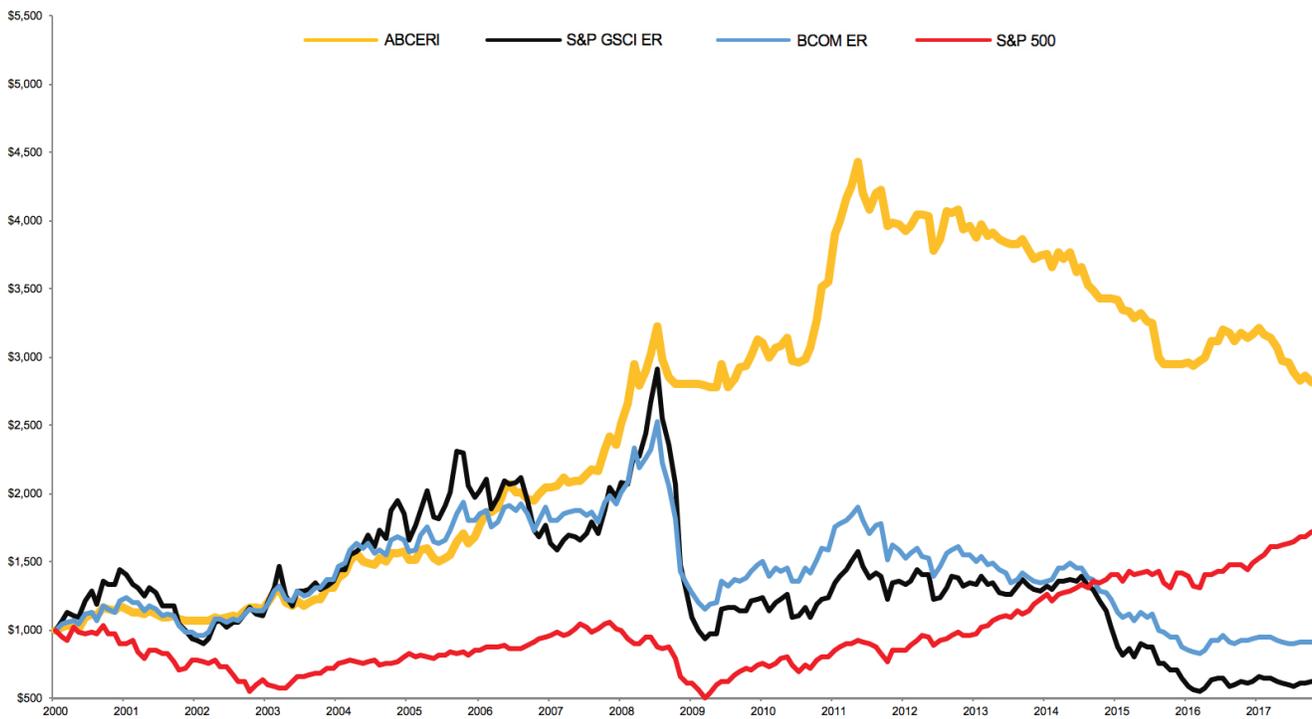
OTHER DETAILS

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

▶ 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%				-12.31%
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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