



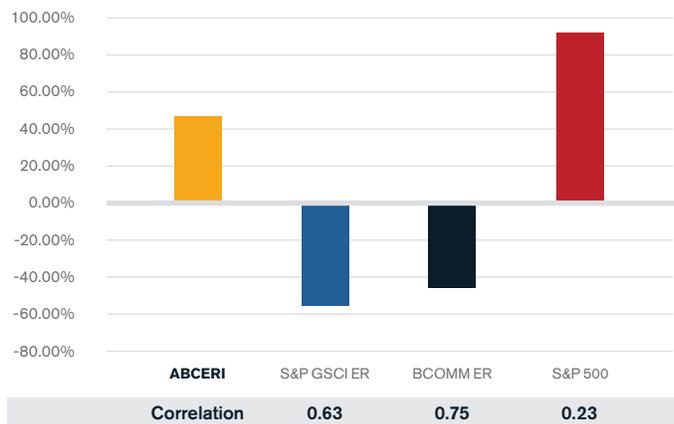
BROAD COMMODITY INDEX

COMMENTARY +
STRATEGY FACTS

JUNE 2018



CUMULATIVE PERFORMANCE
(SINCE JANUARY 2007*)



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which tracks ABCERI

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SUMMARY

Commodity markets went in different directions with benchmarks both up and down for the month. While the energy tilted GSCI gained 1.20% on the back of Crude Oil strength, the more diverse Bloomberg Commodity Index lost 3.64% on the month. Outside of energy, many commodity sub-sectors corrected after benchmarks generally trended higher for the last year.

North American equities were stronger and led global benchmarks to small gains - the S&P and Nasdaq gained 0.48% and 0.92% respectively. Globally, markets were softer with the MSCI World falling 0.17% for reference while the resource tilted Canadian TSX/S&P60 added 1.56% yet lags for the year.

The US Fed got back on the tightening track raising rates in June and signaled further rate increases in 2018 with a bullish assessment for the US economy based on accelerating growth and job creation. Rates were largely unchanged while currencies softened vis-a-vis the US Dollar which continues to rally.

Auspice Broad Commodity lost 3.16%, a slightly muted correction to the BCOM benchmark long commodity index performance for the month. On a longer term basis, the tactical value is illustrated and performance outstrips benchmarks with positive returns along with lower volatility and drawdowns. See Table 1.

OUTLOOK

While falling in June, we look at this as a correction within a longer term trend. In general terms, commodities have been on a positive track since early 2016 which further strength in a number of sub-sectors since June of 2017. Overall, we are pleased with the commodity momentum and volatility which continues to improve.

Despite this, there are challenges as tariff threats and realities have affected Metals and Ag markets. Further, politics and OPEC cartel drama are adding to the volatility in Energies.

As such, the correction experienced in June does not take away from the fact that the overall trend is positive. Importantly, the returns and trends are unique to that of traditional equity and fixed income and thus accretive to a diversified portfolio at a time when commodity versus equity valuation is at a cyclic low (see at right).

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

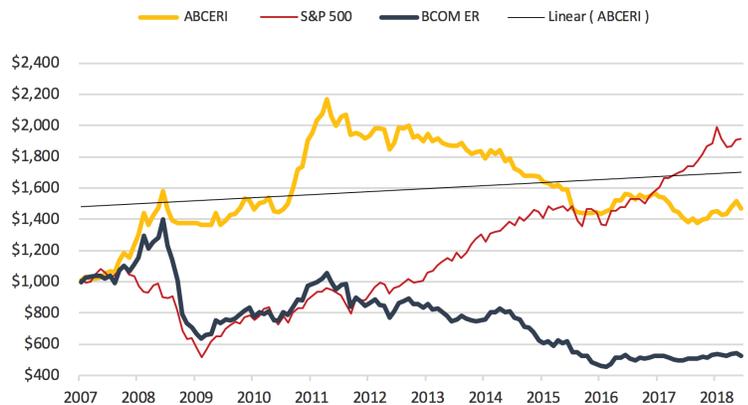


Table 1 ABSOLUTE PERFORMANCE

	ABCERI	S&P GSCI ER	BCOM ER	S&P 500
1 Month	-3.16%	1.20%	-3.64%	0.48%
2018 YTD	1.54%	9.42%	-0.86%	1.67%
1 yr (Jul 17)	3.87%	28.20%	5.82%	12.17%
3 yr (Jul 15)	-7.76%	-14.43%	-14.88%	31.76%
5 yr (Jul 13)	-21.62%	-40.34%	-29.77%	69.23%
10 yr (Jul 08)	-7.09%	-74.13%	-62.49%	112.37%
Annualized (Jan 07)				
Return	3.40%	-6.54%	-5.45%	5.82%
Std Deviation	10.70%	22.28%	16.86%	14.50%
Sharpe Ratio	0.38	-0.16	-0.16	0.51
MAR Ratio	0.09	-0.08	-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 Derrin, Incrementum AG

ATTRIBUTIONS AND TRADES

Weakness in commodities was led by the Grains and the strategy exited two long positions. Both Corn and Soybeans were exited.

The portfolio is now long 5 of 12 commodity components (or 42%) and includes 2 sectors, Energies and Ags (see Chart 3).

Performance was positive in Energy but negative in the Ag sector of the index (see Chart 2) while there remains no current allocation within Metals.

The top performing component was WTI Crude Oil which rallied 11% during the month. The worst performing market was Corn although all exposure in Ags was softer.

SECTOR HIGHLIGHTS

ENERGY

Petroleum markets pushed the Energies higher with Crude oil leading the way. Natural Gas remains without an exposure.

METALS

Both base and precious metals fell. Copper reversed last month's push higher while Gold broke down to new recent lows falling approximately 4%. The portfolio remains without and exposure to Metals at this time.

AGRICULTURE

After Ags led performance the last couple months, sharp corrections were led by the Grains. Exits in Corn and Soybeans were made in favor of a stronger Wheat market. Cotton, which has been on an exceptional run lately corrected yet remains in a strong long term up-trend.

Chart 2 INDEX RETURN ATTRIBUTION

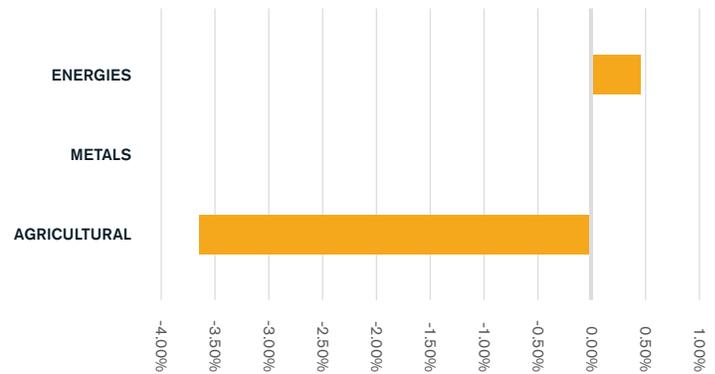
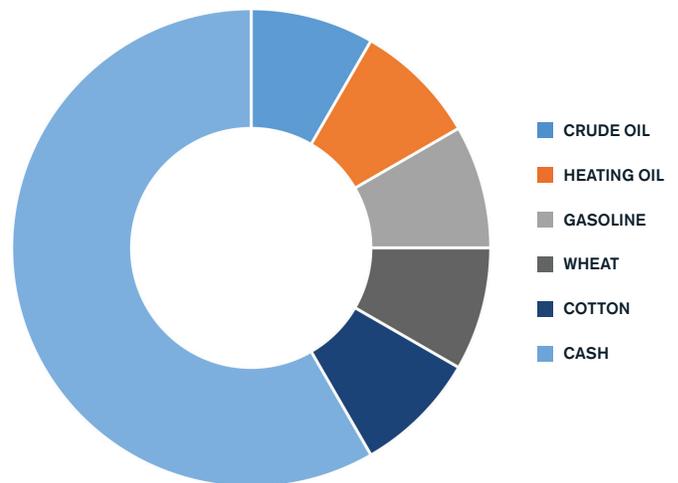


Chart 3 COMPONENT EXPOSURE: LONG / CASH



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.

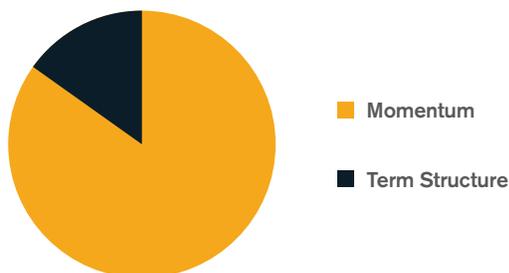
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

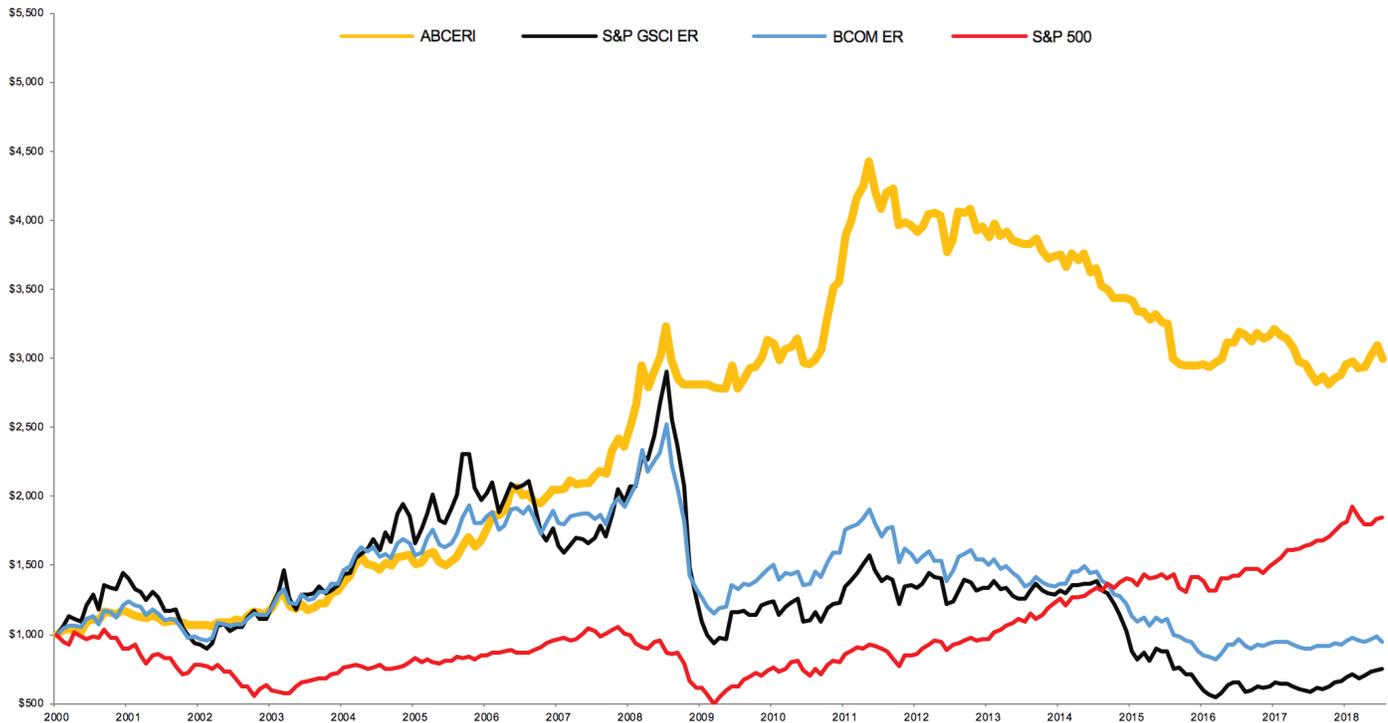
OTHER DETAILS

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
2018	0.58%	-1.63%	0.40%	2.80%	2.68%	-3.16%							1.54%
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.

The CTA indexes do not encompass the whole universe of CTAs. The CTAs that comprise the indices have submitted their information voluntarily and the performance has not been verified by the index publisher.

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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