



BROAD COMMODITY INDEX

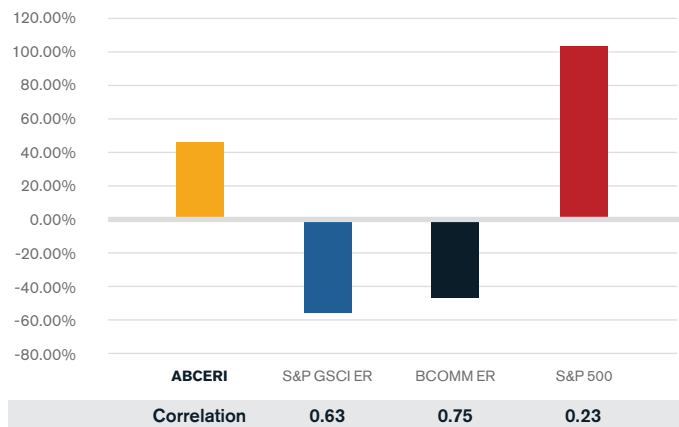
COMMENTARY +
STRATEGY FACTS

SEPTEMBER 2018



CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



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which tracks ABCERI

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SUMMARY

For the first time in years, commodities outperformed equities in September. The energy sector led the gains as indicated by the GSCI outperforming the Bloomberg Commodity index, 3.76% versus 1.75% respectively to remain positive for the year while the more diverse benchmark remains negative.

Global equities were mixed with the tech focused Nasdaq down 0.78% and the S&P gaining 0.43% while the MSCI World added 0.39% for reference. The resource tilted Canadian TSX/S&P60 fell 1.39% despite the energy strength leading most commodity benchmarks higher.

While inflation remains a concern, rising steadily all year, central bankers are not yet sounding alarms but they continue to raise rates with the US Fed tightening to end the month. As rates continue to rise most currencies rallied as the US Dollar strength paused but we also observe the long-term historical level of the greenback is low further accommodating commodity gains.

Auspice Broad Commodity gained 0.72% adding to the gain for the year and ending a positive quarter outperforming the benchmarks. This highlights the tactical benefits in contrast to the long-only BCOM benchmark (Table 1). On a longer term basis, the value is illustrated and performance outstrips benchmarks with positive returns along with lower volatility and drawdowns. See Chart 1.

OUTLOOK

The graph at right says a lot. It illustrates the ratio of the GSCI commodity benchmark to the equity market (S&P500) is very low. From this, we can observe that the cycles of value are typically long- often 7 to 10 years. But it is more complicated than simply saying the ratio is stretched and it will revert immediately. The equity market has remained strong and similarly commodities have remained cheap for longer than expected.

Commodities typically start to pick up late in an equity market cycle, near the end of a bull run as the economy is strong. One can argue this is a possibly the current situation.

While we do not know when equities will correct, what we can observe is that commodities are beginning to rise and inflation is a real threat - just consider your everyday costs. We also know demand is strong globally as the developing world keeps growing.

(CONTINUED NEXT PAGE)

Chart 1 HISTORICAL GROWTH SINCE 2007

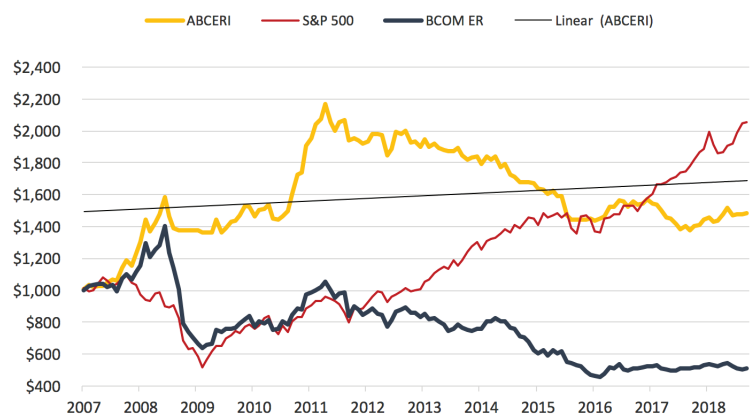
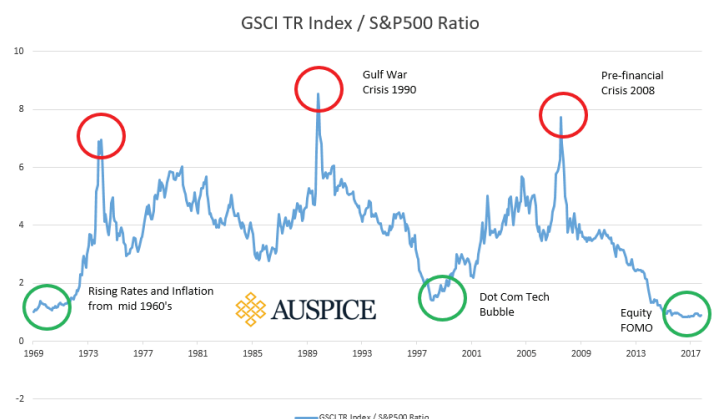


Table 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER	S&P GSCI ER	S&P 500
1 Month	0.72%	1.75%	3.76%	0.43%
2018 YTD	2.68%	-3.36%	10.31%	8.99%
1 yr (Oct 17)	7.82%	0.88%	20.86%	15.66%
3 yr (Oct 15)	3.04%	-2.98%	6.92%	51.77%
5 yr (Oct 13)	-19.66%	-32.97%	-42.59%	73.29%
10 yr (Oct 08)	8.06%	-49.22%	-63.32%	149.84%
Annualized (Jan 07)				
Return	3.42%	-5.54%	-6.34%	6.32%
Std Deviation	10.58%	16.71%	22.10%	14.39%
Sharpe Ratio	0.39	-0.24	-0.16	0.55
MAR Ratio	0.09	-0.08	-0.08	0.12
Worst Drawdown	-36.44%	-67.41%	-81.12%	-52.56%

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



Source: Dr. Torsten Derrin, Incrementum AG

OUTLOOK (CONTINUED)

Given commodities remain one of best ways to hedge inflation and we are in a historical low price, high demand time, we believe the outlook for commodities has only been this strong a few times in history.

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.

ATTRIBUTIONS AND TRADES

There were two changes to the long exposures in the portfolio in September as Natural Gas was added and Cotton was exited. The portfolio remains long 5 of 12 commodity components (or 42%) and includes 2 sectors, Energies and Ags (see Chart 3).

Performance was led by a strong Energy sector while negative in the Ags sector of the index (see Chart 2). There remains no current allocation within Metals.

Again, the top performing components were long exposures in petroleum energies led by Heating Oil and WTI Crude Oil. The worst performing markets were long Wheat and Cotton.

The tactical long approach has worked well in commodities given the obvious diversity of the sector. Importantly, it has limited the downside experienced by the more diverse commodity benchmarks such as BCOM.

SECTOR HIGHLIGHTS

ENERGY

Petroleum energies were strong, pressing the year's all time highs. Natural Gas was also strong getting back to prices not seen since January during last winter. Sector is now long all components.

METALS

While precious metals continue to struggle to find positive momentum, base metals have found a recent floor and rallied. Copper reversed recent weakness and gained over 5%. While the portfolio remains without exposure to the sector at this time, it will be one to watch carefully.

AGRICULTURE

Ags struggled for a second month, again in the components that have been stronger in 2018. Within Grains, the stronger Wheat market continued to fall and Cotton fell another 7% during the month erasing much of its gains for the year.

Chart 2 INDEX RETURN ATTRIBUTION

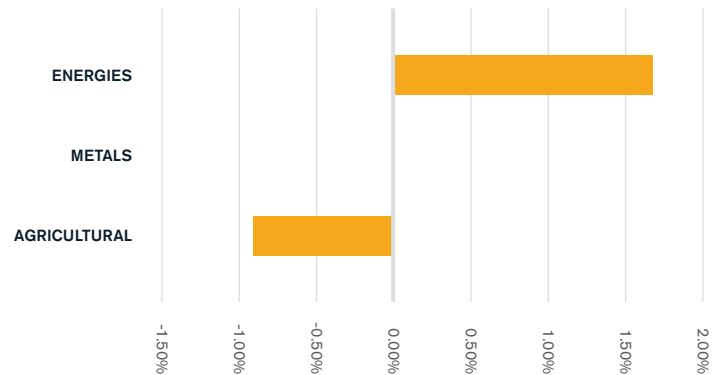
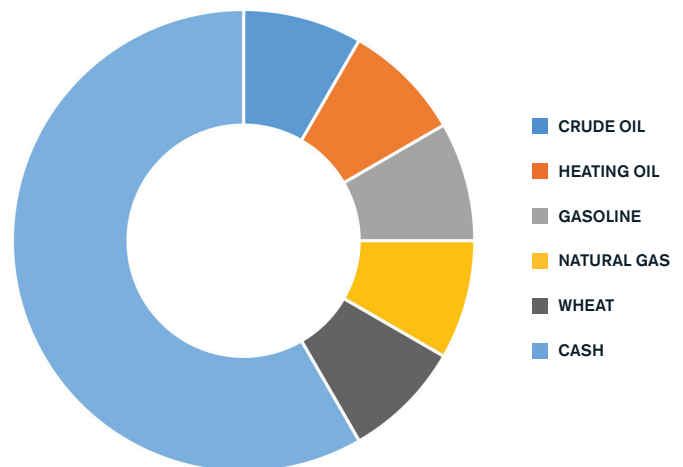


Chart 3 COMPONENT EXPOSURE: LONG / CASH



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.

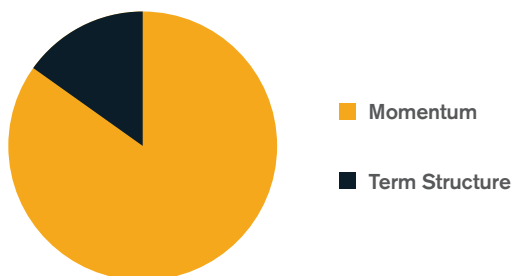
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

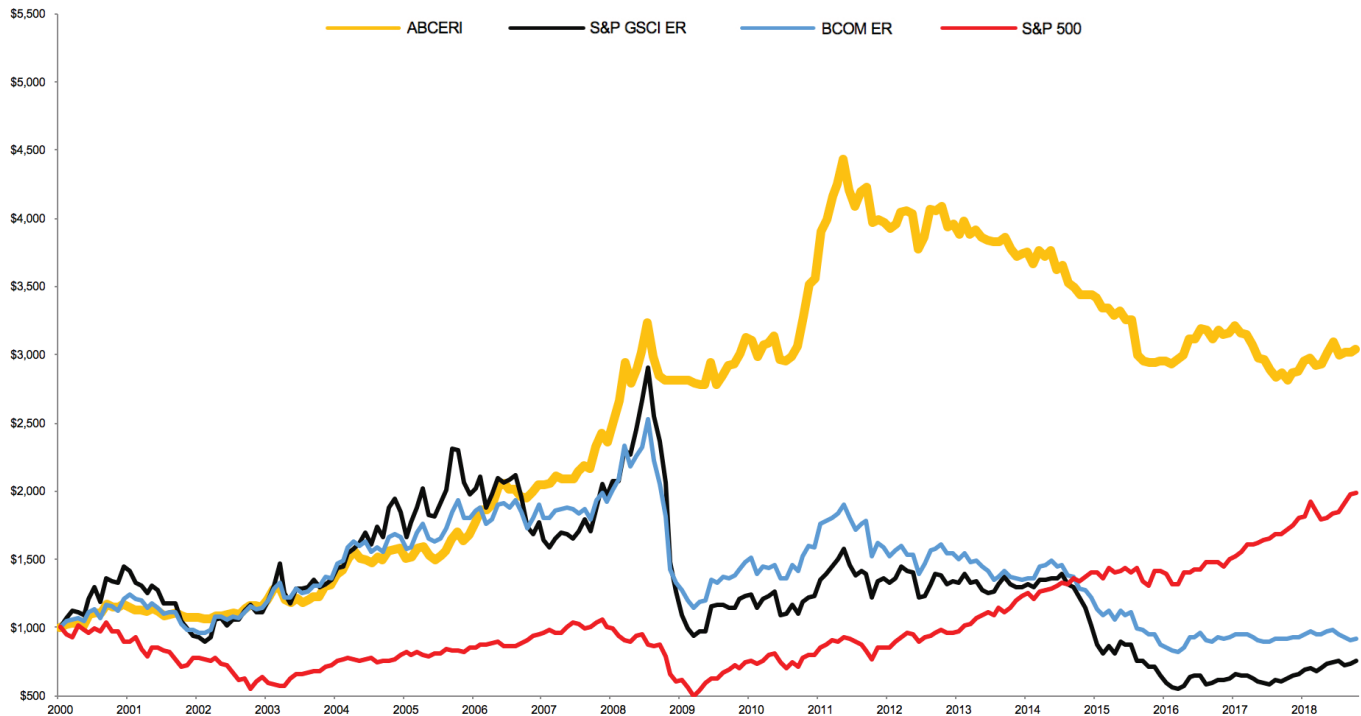
OTHER DETAILS

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%	0.60%	-0.20%	0.72%				2.68%
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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