



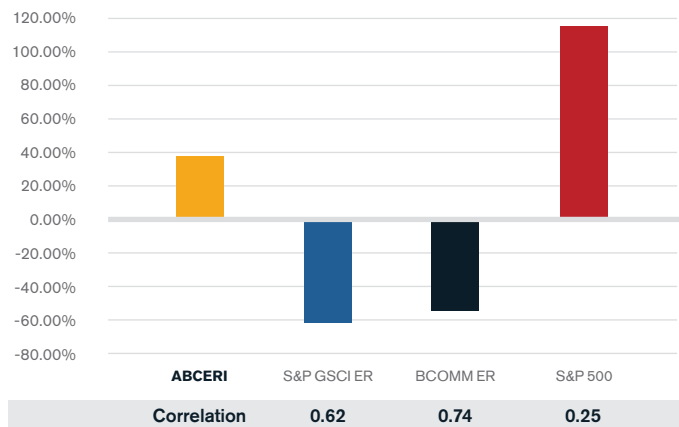
BROAD COMMODITY INDEX

COMMENTARY +
STRATEGY FACTS

OCTOBER 2019



CUMULATIVE PERFORMANCE
(SINCE JANUARY 2007*)



INVEST WITH AUSPICE

Call us

888 792 9291

Visit us online to find out more

auspicecapital.com

AUSPICE Capital Advisors

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



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

Futures trading is speculative and is not suitable for all customers. Past results are not necessarily indicative of future results. This document is for information purposes only and should not be construed as an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. Auspice Capital Advisors Ltd. makes no representation or warranty relating to any information herein, which is derived from independent sources. No securities regulatory authority has expressed an opinion about the securities offered herein and it is an offence to claim otherwise. *The performance of Auspice Broad Commodity Index prior to 9/30/2010 is simulated and hypothetical as published by the NYSE. See Important Disclaimers and Notes on last page.

SUMMARY

Most commodities found a stronger tone led by many Ag markets including Grains. Both precious and base metals also moved higher. The energy weighted GSCI gained 1.10% while the more diverse Bloomberg Commodity index added 1.87%.

Like last month, global equity markets moved higher despite another US Fed interest rate cut in October. Rhetoric surrounding global growth and trade wars remain a worry, yet many equity markets are making new all-time highs. The S&P added 2.04% while the Nasdaq jumped 3.66% and the MSCI World gained 2.45%. The resource tilted Canadian TSX/S&P60 softened by 1.16% as the TSX Energy sub-index fell 10.40%.

Bond futures remained volatile and sold-off after rallying last month. The US dollar weakened against most global currencies while the Japanese Yen continued to weaken. The ongoing UK Brexit drama had the Euro and Pound strengthen, highlighting a challenging and choppy currency market overall.

RESULTS

The tactical approach of the Auspice Broad Commodity program performed in line with sector benchmarks (Table 1). ABCERI added 1.17% in October. The ABCERI long-term results (12 year and annualized returns since 2007) are the only positive results amongst comparables and in line with equity benchmarks long term.

Looking at the Historical Growth chart, note the commodity benchmark performance looks a lot more “equity like” (see correcting at the same time) while the ABCERI protects during corrections – a key differentiator. The ABCERI has experienced far less volatility in 2019 as has been the case long-term.

OUTLOOK

While it remains very hard to compete with the ongoing rally in equities, we believe that commodities remain undervalued, on a relative basis. As such, the most prudent approach is a tactical one. Even in month’s like October, where the overall commodity market moved up, long exposure in only the strongest trending markets has been effective. Most importantly this approach has provided a much less volatile exposure with less drawdown and better returns over the long-term.

The chart at right continues to illustrate that one can gain the exposure without the volatility and sharp corrections experienced by the long-only commodity benchmarks (BCOM). We believe the patience will be rewarded as the commodity market finds solid footing on an individual market merit basis.

Chart 1 HISTORICAL GROWTH SINCE 2007

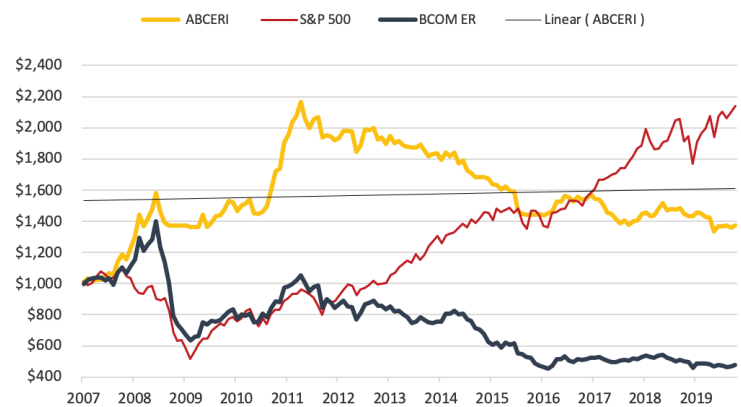


Table 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER	S&P GSCI ER	S&P 500
1 Month	1.17%	1.87%	1.10%	2.04%
2019 YTD	-4.05%	3.29%	7.94%	21.17%
1 yr (Nov 18)	-5.00%	-4.75%	-12.01%	12.02%
3 yr (Nov 16)	-10.69%	-6.67%	2.51%	42.87%
5 yr (Nov 14)	-18.26%	-32.70%	-45.24%	50.52%
10 yr (Nov 09)	-6.68%	-39.91%	-48.24%	193.15%
12 yr (Nov 07)	15.98%	-56.82%	-69.42%	96.05%
Annualized (Jan 07)				
Return	2.51%	-5.62%	-7.21%	6.12%
Std Deviation	10.38%	16.26%	21.95%	14.66%
Sharpe Ratio	0.30	-0.26%	-0.21	0.53
MAR Ratio	0.07	-0.08	-0.09	0.12
Worst Drawdown	-38.34%	-67.41%	-81.12%	-52.56%

HISTORICAL GROWTH OF A \$1,000 INVESTMENT



ATTRIBUTIONS AND TRADES

There were no changes to the long commodity positions held by the portfolio.

The portfolio remains long 3 of 12 commodity components (or 25%) and includes the Metals and Ags sectors (see Chart 3). This allows for significant growth of position as the tactical opportunity develops.

The portfolio made gains in Metals with a compliment from Ags. See Chart 2.

SECTOR HIGHLIGHTS

ENERGY

There are no energy exposures at this time. The petroleum side of the market is generally consolidating with a slight bid tone recently while natural gas has similarly traded back and forth.

METALS

Long precious metals led the portfolio gains as Silver and Gold moved up. Copper was also stronger while the portfolio is without a weight. This will be one to watch as US-China trade-war rhetoric persists.

AGRICULTURE

Wheat led the Grain markets higher providing an Ag sector gain. The portfolio remains on the sidelines in Corn and Soybeans. Soft commodities were stronger as both Sugar and Cotton rallied yet remain in a long-term downtrend. This sector remains one to watch as the portfolio has the ability to add significant exposure.

Chart 2 INDEX RETURN ATTRIBUTION

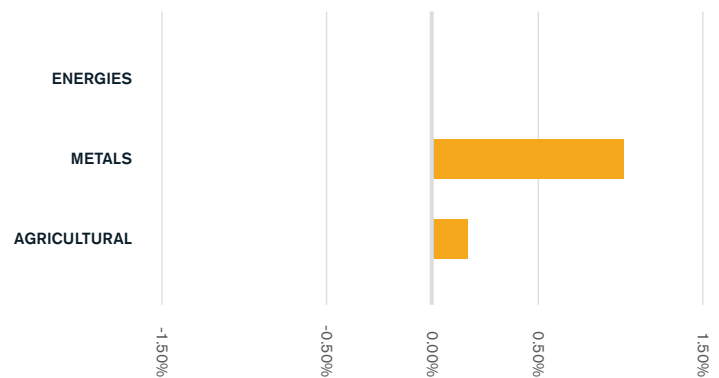
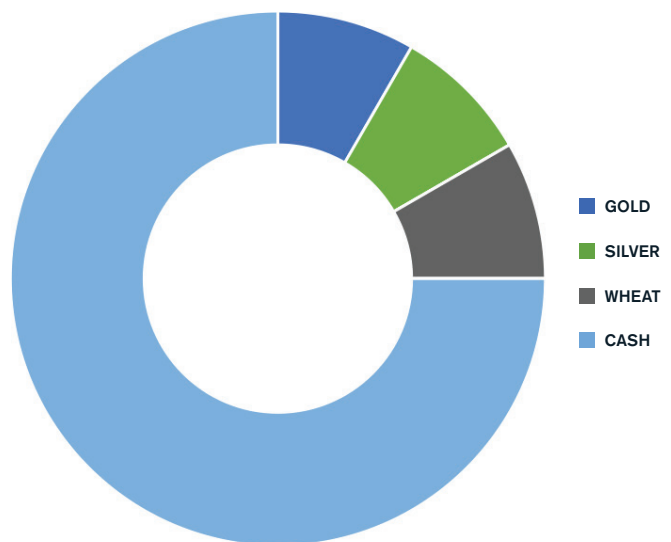


Chart 3 COMPONENT EXPOSURE: LONG / CASH



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.

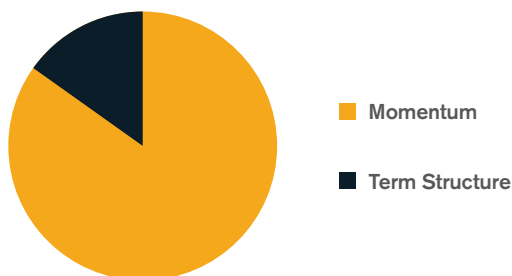
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

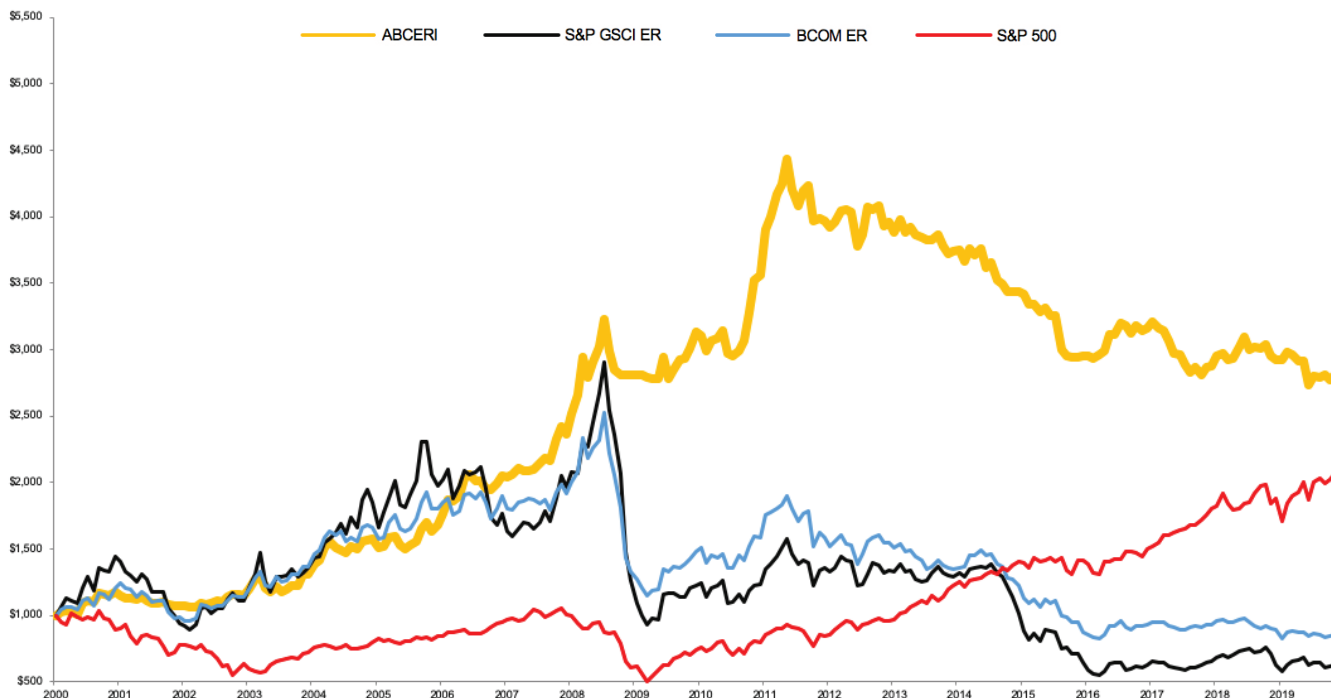
OTHER DETAILS

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
2019	1.74%	-0.55%	-1.44%	-0.18%	-6.28%	2.52%	-0.27%	0.51%	-1.08%	1.17%			-4.05%
2018	0.58%	-1.63%	0.40%	2.80%	2.68%	-3.16%	0.60%	-0.20%	0.72%	-2.60%	-1.09%	0.10%	-0.98%
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

IMPORTANT DISCLAIMERS AND NOTES

Futures trading is speculative and is not suitable for all customers. Past results is not necessarily indicative of future results. This document is for information purposes only and should not be construed as an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. Auspice Capital Advisors Ltd. makes no representation or warranty relating to any information herein, which is derived from independent sources. No securities regulatory authority has expressed an opinion about the securities offered herein and it is an offence to claim otherwise.

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.

INVEST WITH AUSPICE

Call us

888 792 9291

Visit us online to find out more

auspicecapital.com

AUSPICE Capital Advisors

SUITE 510 - 1000 7TH AVE SW

CALGARY, ALBERTA CANADA T2P 5L5

