



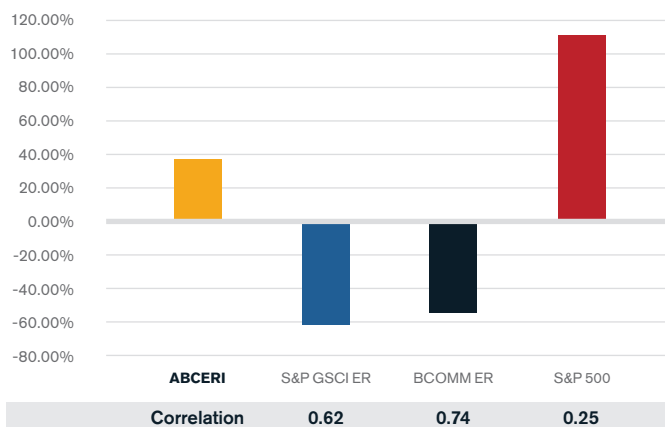
BROAD COMMODITY INDEX

COMMENTARY +
STRATEGY FACTS

SEPTEMBER 2019



CUMULATIVE PERFORMANCE (SINCE JANUARY 2007*)



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SUMMARY

Risk on, risk off. Reversing course from August, it was a risk-on month for equities and most commodities. Despite Gold softening, commodities firmed up with Grains and Soft commodities bouncing off recent lows while energy received a boost from attacks on the Saudi facilities and fields. The energy weighted GSCI gained 1.58% while the more diverse Bloomberg Commodity index added 1.01%.

Global equity markets bounced back despite another US Fed cut in September. While global growth remains a concern the North American markets remain near all-time highs. The S&P added 1.72% while the Nasdaq was muted at 0.46% and the MSCI World gained 1.94%. The resource tilted Canadian TSX/S&P60 added 1.58% as the volatile TSX Energy sub-index jumped 9.54%.

Bond futures reversed sharply in the first week of the month before finding buying and rallying part of the way back. The US dollar consolidated before again adding to gains against most global currencies with the Japanese Yen moving sharply lower, a reversal from last month. The ongoing UK Brexit drama had the Euro continue to weaken while the Pound found strength and traded higher.

RESULTS

While the tactical approach of the Auspice Broad Commodity program substantially outperformed sector benchmarks (Table 1) last month, not only preserving capital but making gains, ABCERI was off 1.08% in September as markets bounced back. 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 benchmark performance looks a lot more “equity like” (see correcting at the same time) while the ABCERI protects during corrections – a key differentiator.

OUTLOOK

Given the aforementioned risk-on/off environment, and recent year's commodity weakness, we believe the most disciplined approach is a tactical one. While this means we may miss some short-term moves or even the start of some trends, the benefit provided by a tactical commodity strategy that has far less downside risk than other approaches continues to be illustrated by the ABCERI strategy.

As the chart at right illustrates, while equity volatility has increased but markets remain buoyant, this has not yet inspired a whole-sale commodity rally. However, avoiding the sharp corrections as experienced in late 2018 and recently in August can be achieved through the ABCERI program. This allows one to wait patiently, for individual commodity merit and opportunity.

Chart 1 HISTORICAL GROWTH SINCE 2007

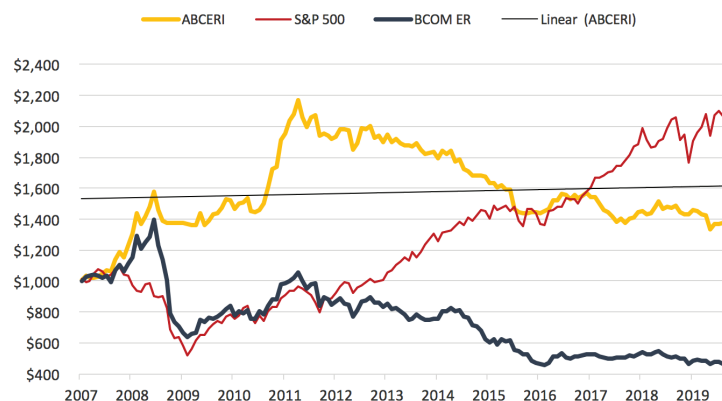
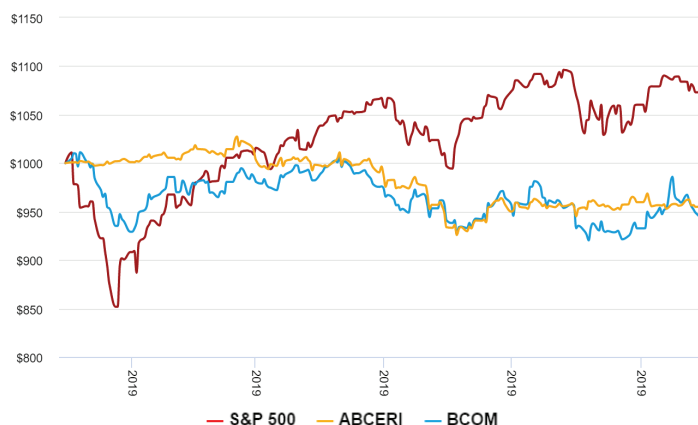


Table 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER	S&P GSCI ER	S&P 500
1 Month	-1.08%	1.01%	1.58%	1.72%
2019 YTD	-5.17%	1.39%	6.77%	18.74%
1 yr (Oct 18)	-8.55%	-8.71%	-18.22%	2.15%
3 yr (Oct 16)	-12.74%	-8.86%	-0.15%	37.29%
5 yr (Oct 14)	-19.20%	-34.47%	-49.08%	50.93%
10 yr (Oct 09)	-5.44%	-39.08%	-45.79%	181.60%
12 yr (Oct 07)	19.28%	-56.36%	-66.96%	94.97%
Annualized (Jan 07)				
Return	2.43%	-5.80%	-7.34%	5.99%
Std Deviation	10.41%	16.30%	22.02%	14.71%
Sharpe Ratio	0.30	-0.27	-0.21	0.51
MAR Ratio	0.06	-0.09	-0.09	0.11
Worst Drawdown	-38.34%	-67.41%	-81.12%	-52.56%

HISTORICAL GROWTH OF A \$1,000 INVESTMENT



ATTRIBUTIONS AND TRADES

There were two changes to the long commodity positions held as the portfolio exited long Corn and Gasoline.

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

The portfolio made gains in Ags with a tiny compliment from Energies but this did not make up for losses in Metals. See Chart 2.

SECTOR HIGHLIGHTS

ENERGY

While some components of the petroleum energy market were slightly stronger, WTI Crude Oil actually was weaker despite the immediate reaction post the Saudi attacks. The sole remaining long exposure in Gasoline, which has outperformed other petroleum products in 2019, was again softer and was exited to hold no sector exposure at this time.

METALS

Long precious metals gave back some of the gains made last month while Copper was slightly stronger where the portfolio is without a weight.

AGRICULTURE

After extending weakness to start the month, the long Corn exposure was exited to only hold Wheat. The sector, including Softs, spent the remainder of the month rallying. Wheat performed well for a sector gain. This sector will be one to watch if further strength can show up after extended long-term weakness.

Chart 2 INDEX RETURN ATTRIBUTION

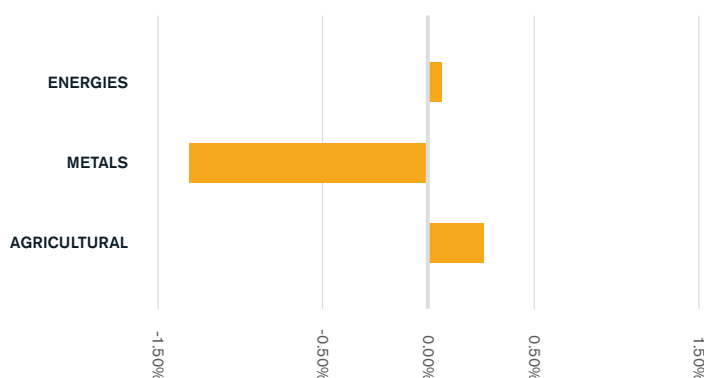
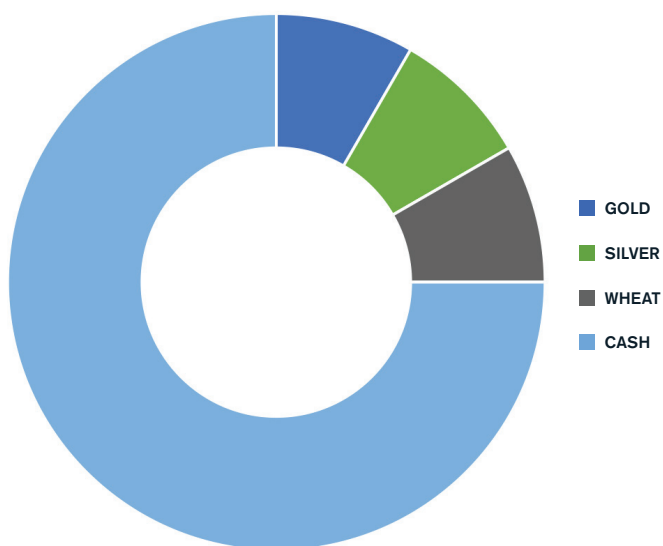


Chart 3 COMPONENT EXPOSURE: LONG / CASH



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.

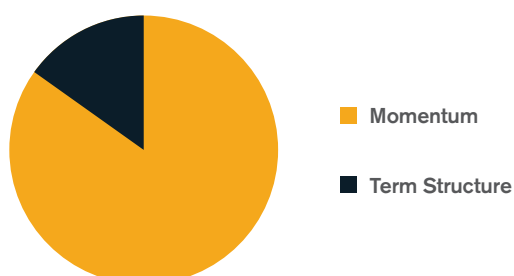
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

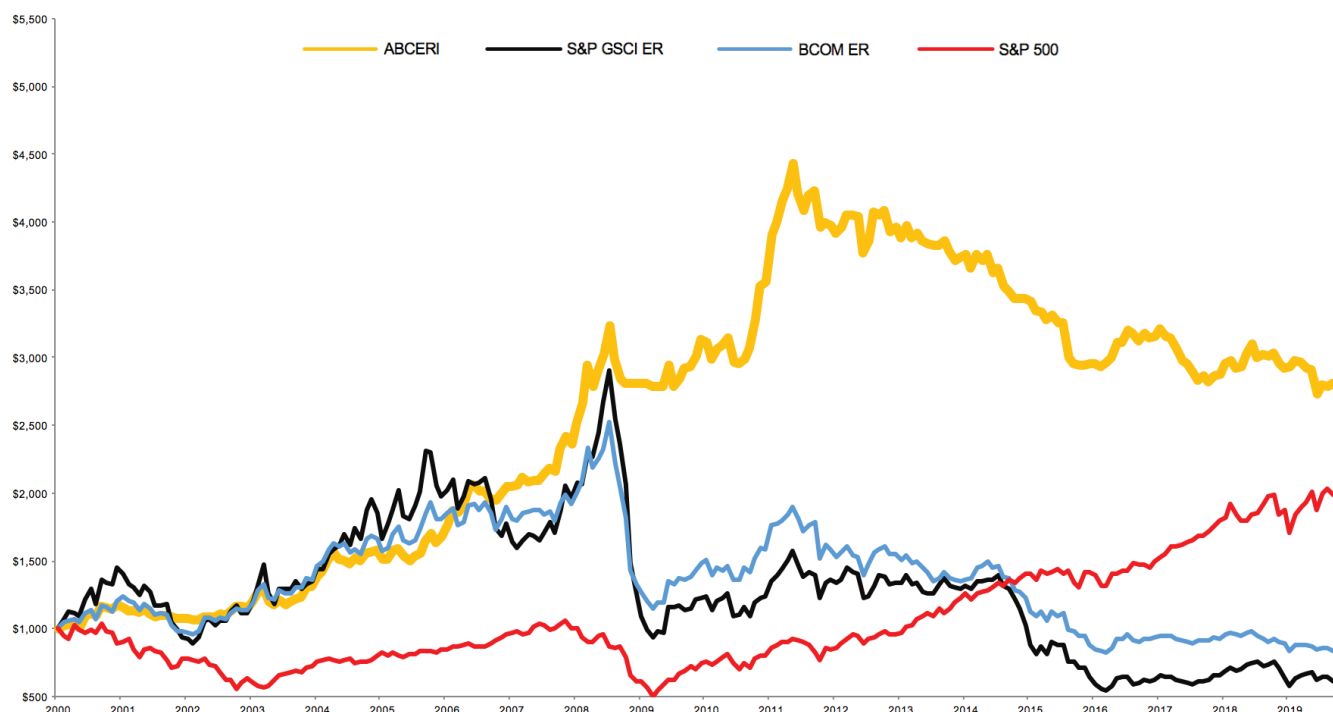
Licensing and/or sub-advisory of the strategy
Bespoke product design
ETFs: through partner firms
40 Act Mutual Funds: US investors through partner firms
Separately Managed Accounts

AUSPICE BROAD COMMODITY INDEX

COMMENTARY + STRATEGY FACTS

SEPTEMBER 2019

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%				-5.17%
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



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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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