AUSPICE

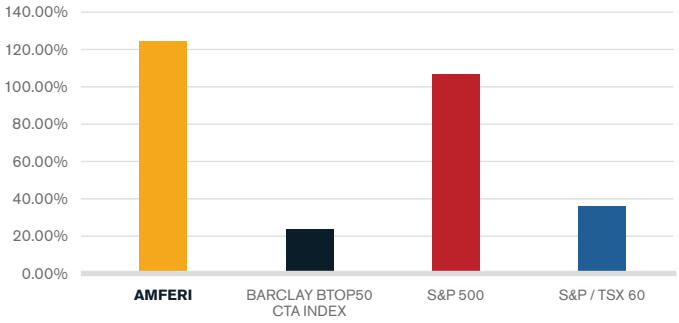
MANAGED FUTURES INDEX

COMMENTARY + STRATEGY FACTS

APRIL 2019

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



	AMFERI	BARCLAY BTOP50 CTA INDEX	S&P 500	S&P / TSX 60
Correlation		0.65	-0.22	-0.18

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SUMMARY

Equities led the charge in April in most global markets with many now eclipsing the 2018 (October) highs and erasing the Q4 sell-off. The S&P added 3.93%, Nasdaq gained 4.74% while the MSCI World added 3.37%. The resource tilted Canadian TSX/S&P60 gained 3.65% to make new highs.

Commodities were again mixed as petroleum energies remained strong while Metals and Grains struggled. As such the energy weighted GSCI outperformed gaining 2.63% while the more diverse Bloomberg Commodity index was lagging and negative at -0.63%.

After an explosive March that witnessed bond futures extend sharply higher, April brought correction and higher rates. We believe this may be on the back of inflationary concerns given the rising oil market and strong Q1 US economic figures surprising many. The US dollar has regained strength on the back of this vis-à-vis most global currencies.

RESULTS

The AMFERI added 0.32% in April, moderating the correction thus far in 2019. The strategy continues to operate in a bespoke fashion after massively outperforming in 2018 yet lagged the sector benchmarks for the month (per Table 1): Barclay BTOP50 CTA gained 2.97% for the month while the SocGen CTA Index added an estimated 2.68%.

The strategy illustrates long term outperformance and at critical times per Chart 1.

OUTLOOK

As we reflect on performance over the last year, a few things become apparent. First, given the prominent CTA benchmarks were down in 2018, it tells us that many managers are tilted financially (versus commodities) given the challenges and reversal of trends in those markets late in the year. Second, the performance from commodity trends is beneficial and yet not focused on by many large managers making up the CTA benchmarks as highlighted by our outperformance in 2018. Third, this is confirmed in 2019 as these same benchmarks that underperformed last year are performing well, and so far outperforming, alongside equities.

At Auspice, our goals have been to perform well over the long term, ideally outperforming peer benchmarks and specifically when investors need the protection most as traditional equity markets fall.

Chart 1 HISTORICAL GROWTH SINCE 2007

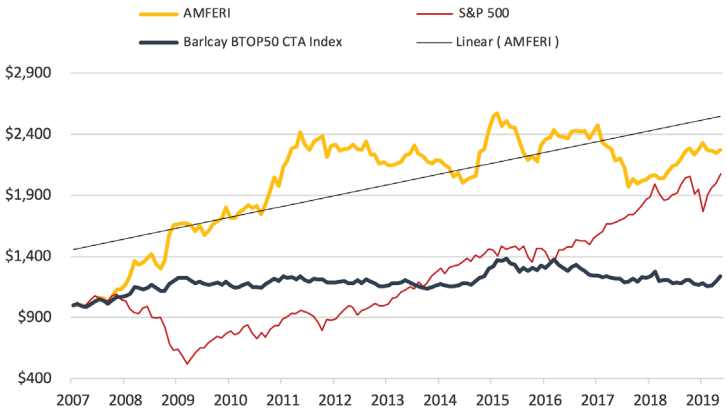

Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	**0.32%**	2.97%	3.93%	3.65%
2019 YTD	**-3.18%**	4.71%	17.51%	15.73%
1 yr (May 18)	**7.33%**	2.15%	11.25%	7.93%
3 yr (May 16)	**-5.42%**	-5.33%	42.63%	21.96%
5 yr (May 14)	**8.01%**	6.39%	56.36%	18.74%
10 yr (May 09)	**39.84%**	4.59%	237.51%	75.90%
12 yr (May 07)	**122.64%**	22.64%	98.72%	29.94%
Annualized (Jan 07)				
Return	**6.81%**	1.73%	6.11%	2.40%
Std Deviation	**11.41%**	6.54%	14.68%	12.76%
Sharpe Ratio	**0.69**	0.29	0.53	0.29
MAR Ratio	**0.29**	0.11	0.12	0.05
Worst Drawdown	**-23.32%**	-16.11%	-52.56%	-44.27%

We have illustrated this benefit historically and anticipate more opportunity in the future after a period of capital protection given the 2018 outperformance. We view this period as a timing opportunity to add the strategy especially in light of the sharp equity bounce and accretive value to other CTA investments.

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ATTRIBUTIONS AND TRADES

Portfolio changes were focused in commodity and specifically within Energies. There were no changes to positions in financial markets.

The portfolio is now long commodity exposures in 7 of 12 components (or 58%) and includes all 3 sectors – Energies, Metals and Ags (see Chart 3).

Performance was positive in 2 of the 5 index sectors, with Ags having the largest gain and Metals the biggest drag (Chart 2). Overall, positive attribution came from commodities while financials were slightly negative.

Within commodities, Grains led gains with support from some of the energies which were all shifted to exposures in the opposite direction during the month.

Within financial markets, the correction in interest rate futures pulled back performance slightly while currencies gained on US dollar strength.

Chart 2 INDEX RETURN ATTRIBUTION

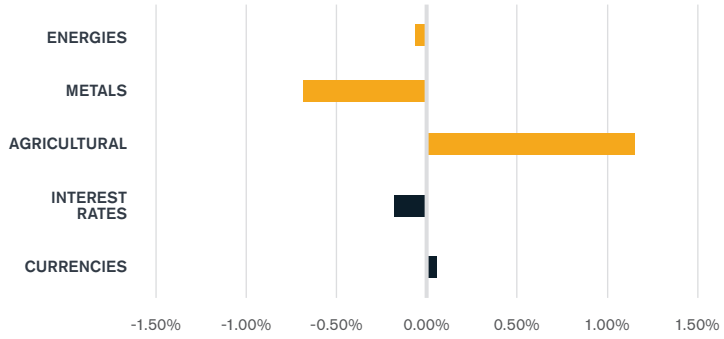
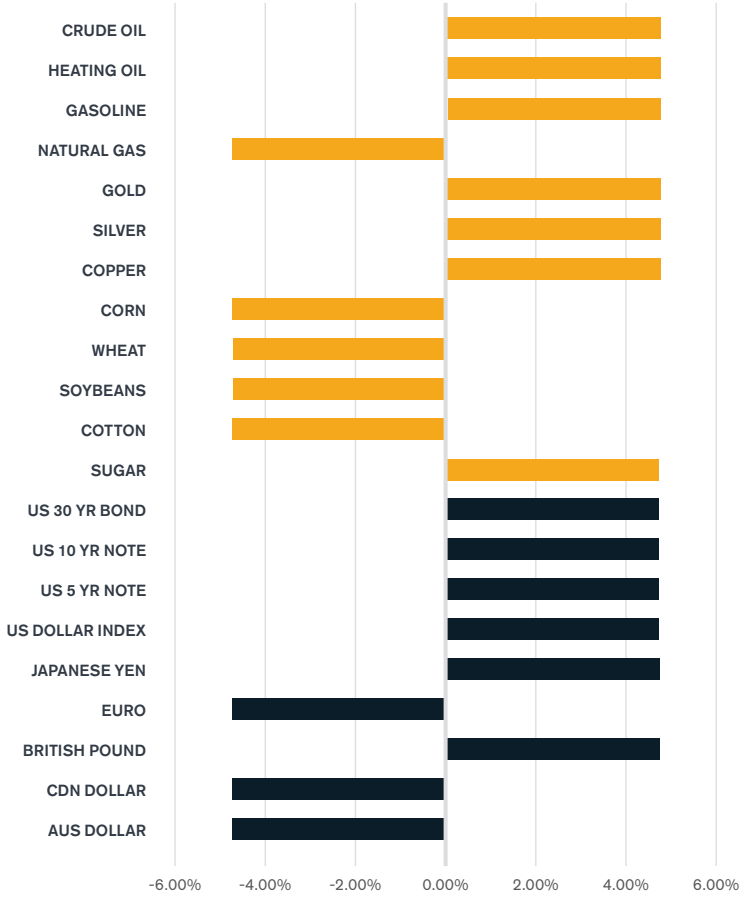


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



SECTOR HIGHLIGHTS

ENERGY

The strategy pivoted in all energy markets during April shifting to long across the petroleum side of the market while exiting the lagging Natural Gas market. Changes made resulted in a positive attribution for the month.

METALS

Metals experienced continued weakness in both base and precious metals markets. To this point the weakness is considered corrective within a long-term trend higher and as such positions are held. The strategy remains long all components in the sector.

AGRICULTURE

Ags had a great month in performance on the back of weakness across Grains and led by Wheat and Soybeans. Corn bounced back at month end for a less positive attribution. Softs also provided a net positive result as weakness in Cotton eclipsed a loss from a correction in the long Sugar position.

INTEREST RATES

The long-term trend higher in Rate futures corrected providing a small loss to the portfolio. Sector remains long across the curve.

CURRENCIES

With the exception of the Japanese Yen, currencies made small gains with the existing trends. While the Yen has outperformed many other currencies, this month it joined the weakness against the US dollar. Weakness across other markets including the Euro, Canadian and Aussie dollars provided a small gain for the month.

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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.

THE MAIN POINTS OF DIFFERENTIATION INCLUDE:

Auspice has addressed typical concerns with the valuable Managed Futures/CTA sector:

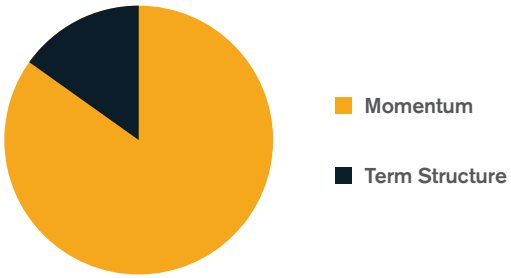
STRATEGY DESCRIPTION

The Auspice Managed Futures Index aims to capture upward and downward trends in the commodity and financial markets while carefully managing risk.

The strategy focuses on Momentum and Term Structure strategies and uses a quantitative methodology to track either long or short positions in a diversified portfolio of exchange traded futures, which cover the energy, metal, agricultural, interest rate, and currency sectors. The index incorporates dynamic risk management and contract rolling methods. The index is available in total return (collateralized) and excess (non-collateralized) return versions.

CHALLENGE	SOLUTION
Transparency	Rules-based index published approach that is completely transparent
Liquidity	Daily available (40 act Mutual Funds, ETFs)
High Fees	Low cost, management fee-only provider. No underlying or hidden fees typically associated with sub-advisory
Ability to perform in bear market	Outperformance in critical times
All Managed Futures the same	Compliments many single or multi-manager Managed Futures strategies
Financial markets concentration resulting in high correlation to equities	More balance of commodities and financials with no stock indicies exposure results in lower correlation to equity and peers
Lack of long term track record	Proven long term track record is published by NYSE
Brand recognition	Strategy used by public pensions, institutional investors and retail distributors in US and Canada

RETURN DRIVERS



OTHER DETAILS

Calculated and published by NYSE since 2010.
Tickers: Bloomberg AMFERI, Reuters AMFERI

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

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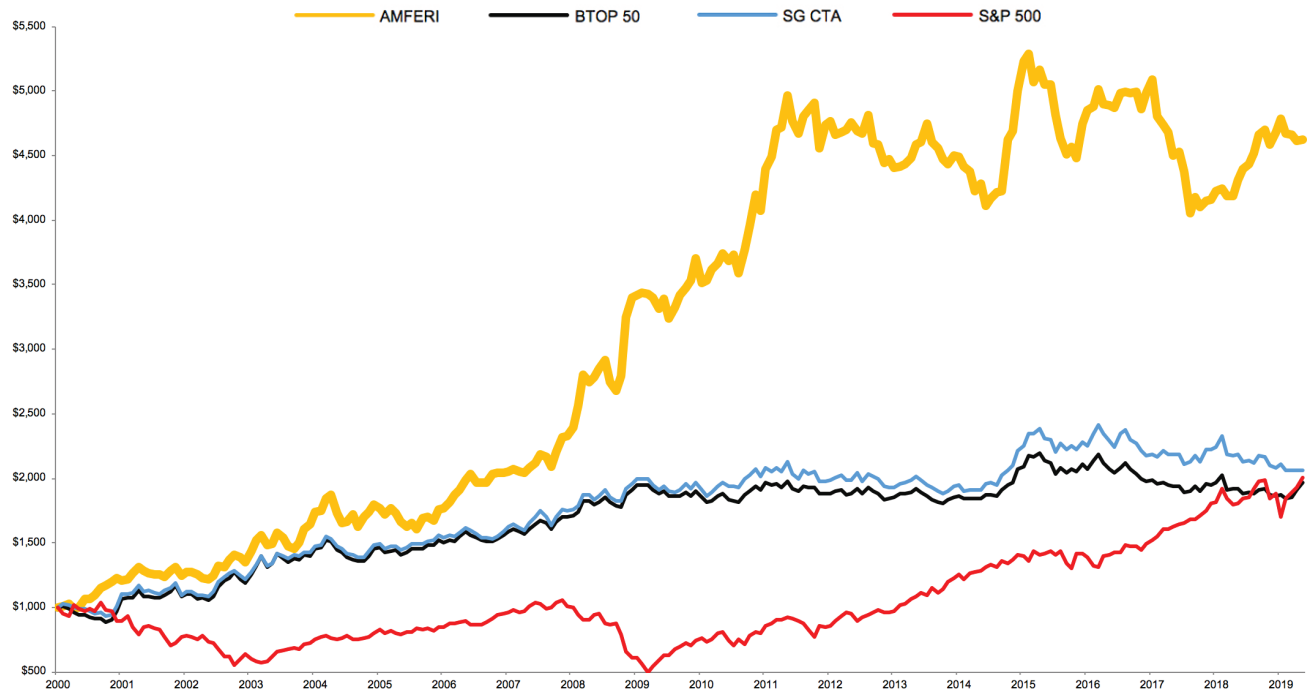
COMPARATIVE MANAGED FUTURES INDEX PERFORMANCE



MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2019	-2.20%	-0.35%	-0.97%	0.32%									**-3.18%**
2018	0.43%	-1.25%	-0.10%	2.99%	1.99%	0.74%	2.09%	3.03%	0.75%	-2.25%	1.93%	2.18%	**13.12%**
2017	-5.56%	-1.48%	-1.05%	-4.02%	0.84%	-3.43%	-7.36%	3.08%	-1.95%	1.32%	0.20%	1.54%	**-16.94%**
2016	0.57%	2.67%	-2.25%	-0.07%	-0.51%	2.29%	0.26%	-0.25%	0.31%	-2.70%	2.44%	2.17%	**4.87%**
2015	1.11%	-4.22%	1.89%	-2.14%	-0.04%	-4.59%	-3.79%	-2.78%	1.40%	-1.92%	5.85%	2.26%	**-7.26%**
2014	-1.67%	-0.86%	-3.50%	1.47%	-3.79%	1.38%	0.96%	0.38%	9.45%	1.26%	6.70%	4.64%	**16.55%**
2013	0.08%	0.55%	1.01%	2.27%	0.55%	3.09%	-3.05%	-0.96%	-1.87%	-0.86%	1.47%	-0.31%	**1.82%**
2012	-2.20%	0.46%	0.40%	1.21%	-1.48%	-0.41%	3.11%	-4.44%	-0.22%	-3.16%	0.60%	-1.38%	**-7.45%**
2011	2.23%	4.62%	0.54%	5.20%	-4.05%	-2.00%	2.91%	0.98%	1.08%	-7.07%	3.85%	0.60%	**8.48%**
2010	0.31%	2.47%	1.50%	2.09%	-1.55%	1.14%	-3.74%	4.92%	4.81%	6.42%	-3.14%	7.91%	**24.87%**
2009	0.41%	-0.14%	-1.02%	-2.52%	2.51%	-4.43%	2.46%	2.86%	1.70%	1.52%	4.97%	-5.03%	**2.80%**
2008	6.80%	9.39%	-2.14%	1.42%	2.58%	2.12%	-5.75%	-2.49%	4.42%	16.05%	4.92%	0.50%	**42.65%**
2007	0.75%	-1.02%	-0.45%	1.90%	2.05%	2.94%	-0.82%	-3.48%	5.56%	5.18%	0.12%	3.19%	**16.68%**
2006	2.34%	3.43%	2.02%	3.61%	2.71%	-3.20%	-0.30%	0.09%	3.24%	0.62%	0.25%	0.41%	**16.06%**
2005	-2.46%	2.45%	-1.94%	-3.87%	-2.36%	1.70%	-2.48%	4.80%	1.03%	-2.03%	5.04%	0.90%	**0.35%**
2004	0.76%	5.16%	1.70%	-7.67%	-4.21%	0.12%	3.53%	-5.24%	4.32%	2.20%	3.33%	-1.56%	**1.52%**
2003	5.61%	2.95%	-5.34%	0.93%	5.66%	-2.64%	-4.26%	-0.92%	2.93%	7.09%	2.28%	5.80%	**20.92%**
2002	0.65%	-1.93%	-1.81%	-1.12%	2.66%	5.99%	-0.72%	3.94%	2.96%	-1.54%	-2.51%	6.40%	**13.15%**
2001	0.50%	3.90%	3.87%	-2.30%	-1.13%	-0.53%	-0.65%	-1.01%	3.72%	2.35%	-5.23%	2.00%	**5.18%**
2000	1.43%	1.78%	-3.61%	1.19%	6.54%	0.03%	2.32%	4.74%	1.85%	3.01%	2.27%	-1.81%	**21.17%**

Represents index data simulated prior to third party publishing as calculated by the NYSE

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COMPARABLE INDICES

*Returns for **Auspice Managed Futures Excess Return Index (AMFERI)** 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 Managed Futures Index prior to 11/17/2010 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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