



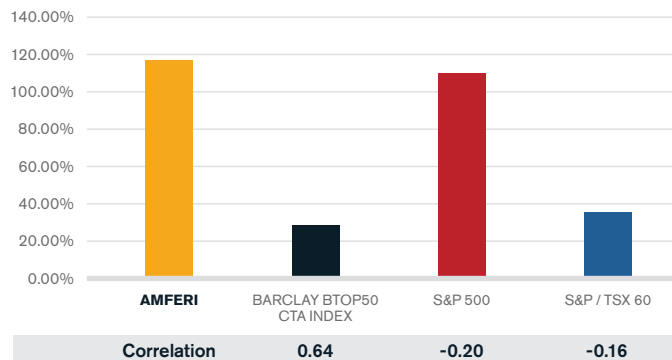
# MANAGED FUTURES INDEX

COMMENTARY +  
STRATEGY FACTS

SEPTEMBER 2019



## CUMULATIVE PERFORMANCE (SINCE JANUARY 2007\*)



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## SUMMARY

After correcting in August following the US Fed cut of rates July 31st, global equity markets bounced back despite another cut in September. While global growth remains a concern and middle-east tensions are growing, 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%.

Commodities also firmed up despite Gold softening off August highs. Grains and Soft commodities bounced 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%.

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

The AMFERI softened 3.47% in September after strong gains last month at a critical time. This is hallmark of Auspice CTA programs after the outperforming 2018 campaign which saw the strategy gain over 13%. AMFERI performed similar to the sector benchmarks for the month (per Table 1): Barclay BTOP50 CTA fell 2.94% for the month while the SocGen CTA Index lost an estimated 3.12%.

Note the strategy lags benchmarks as equity performs (H1 2019) but illustrates long term outperformance and at critical times per Chart 1 and given long term performance 10, 12 year and since early 2007 in Table 1.

## OUTLOOK

We believe this is likely just the beginning of an extended period of opportunity. We have finally seen volatility rise to a more "normal" level and it encompasses assets beyond just equities in commodities, currencies and interest rates. The markets are experiencing more frequent and surprising drivers including those from central bank actions, trade disputes, and commodity price dislocations and disruptions.

Chart 1 HISTORICAL GROWTH SINCE 2007

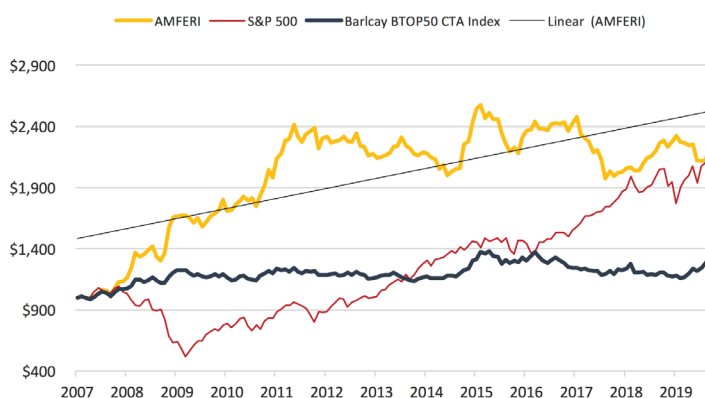


Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	-3.47%	-2.94%	1.72%	1.58%
2019 YTD	-7.00%	9.29%	18.74%	16.13%
1 yr (Oct 18)	-5.31%	7.05%	2.15%	4.79%
3 yr (Oct 16)	-11.01%	0.75%	37.29%	16.25%
5 yr (Oct 14)	-3.93%	5.42%	50.93%	15.47%
10 yr (Oct 09)	27.93%	8.38%	181.60%	46.59%
12 yr (Oct 07)	101.44%	23.44%	94.97%	22.09%
Annualized (Jan 07)				
Return	6.24%	2.01%	5.99%	2.34%
Std Deviation	11.50%	6.67%	14.71%	12.60%
Sharpe Ratio	0.64	0.33	0.51	0.29
MAR Ratio	0.27	0.13	0.11	0.05
Worst Drawdown	-23.32%	-16.11%	-52.56%	-44.27%

The strategy has illustrated its ability to perform at these critical points, time and again. The tradeoff? You have to be patient to achieve this type of highly divergent, positively skewed returns most beneficial for portfolio diversification.

## ATTRIBUTIONS AND TRADES

It was a relatively quiet month for the portfolio. While the financial positions were left unchanged, two commodity positions were shifted from long to short. Within Grains, Corn was shifted to short while in Energy, Gasoline was also changed.

The portfolio remains tilted short commodities, now in 9 of 12 components (or 75%) and includes all 3 sectors – Energies, Metals and Ags (see Chart 3).

Performance was negative in all 5 index sectors, both commodity and financial, with Metals and Ags most challenging (Chart 2).

The strongest performing portfolio components were commodity including short WTI Crude Oil and long Wheat. This was complimented by currencies: long US Dollar Index and the Canadian Dollar as well as short the Euro.

The weakest performing components came from long exposures in Gold and Silver as well as new and existing shorts in Corn and Soybeans respectively.

## SECTOR HIGHLIGHTS

### ENERGY

The Energy sector had a small negative attribution on the back of shorts in Heating Oil, Gasoline and Natural Gas. This was offset by the short in Crude which provided positive value despite the Saudi attacks.

### METALS

Metals had a challenging month as long exposures in precious metals lost ground while Copper was stronger against its short exposure. All positions held.

### AGRICULTURE

Shorts in Grains pulled the sector lower as Corn, Wheat and Soybeans rallied after starting the month continuing to sell off. While Wheat provided an offset, Sugar and Cotton also rallied against long standing shorts in these Soft commodities. The sector remains tilted short at this time.

### INTEREST RATES

US Rate futures sold off sharply to start the month before regaining ground. The sector attribution was negative as the positions are long across the term structure.

### CURRENCIES

The Currency sector softened as gains in the US Dollar Index, Canadian Dollar and Euro were offset by a rally in the Pound and sell-off in the Yen. All positions held.

Chart 2 INDEX RETURN ATTRIBUTION

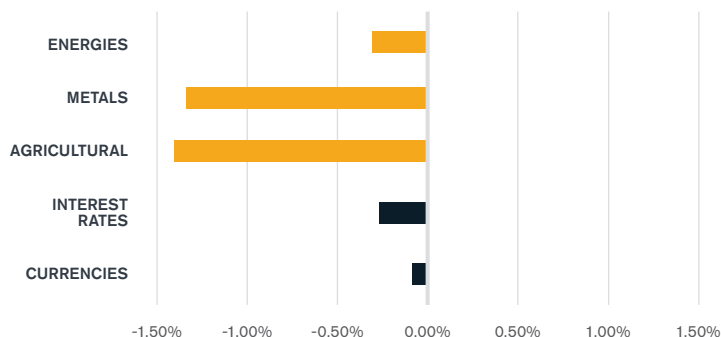
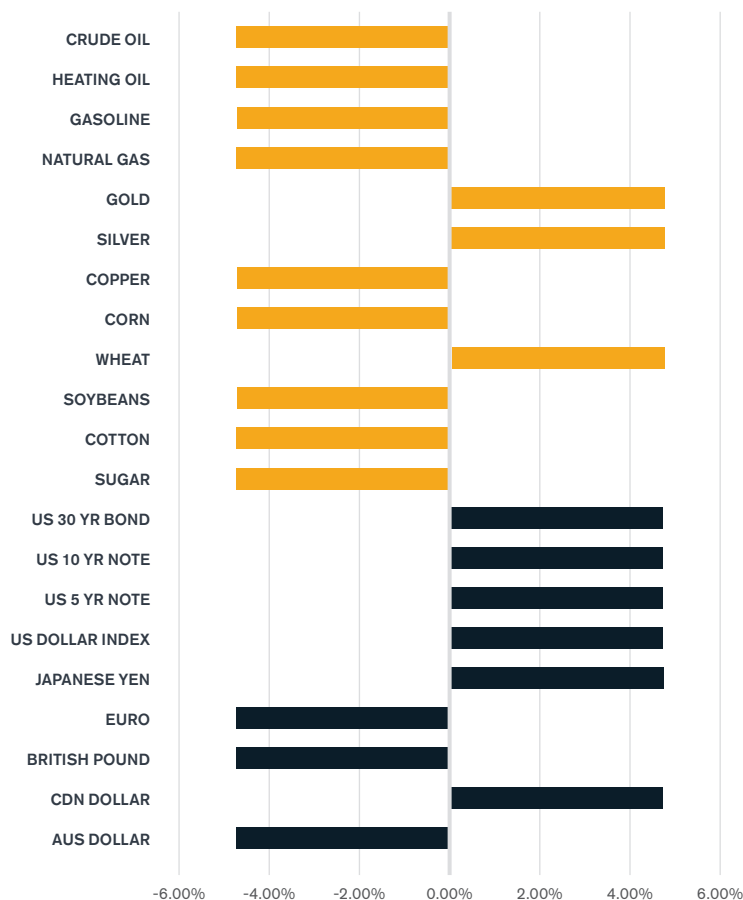


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



## 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:

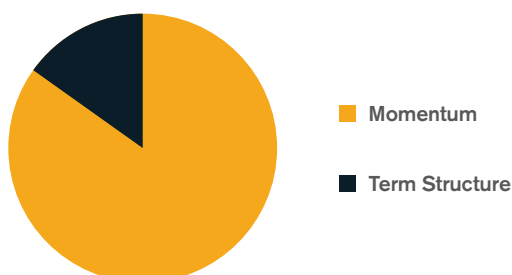
## STRATEGY DESCRIPTION

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 indices 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

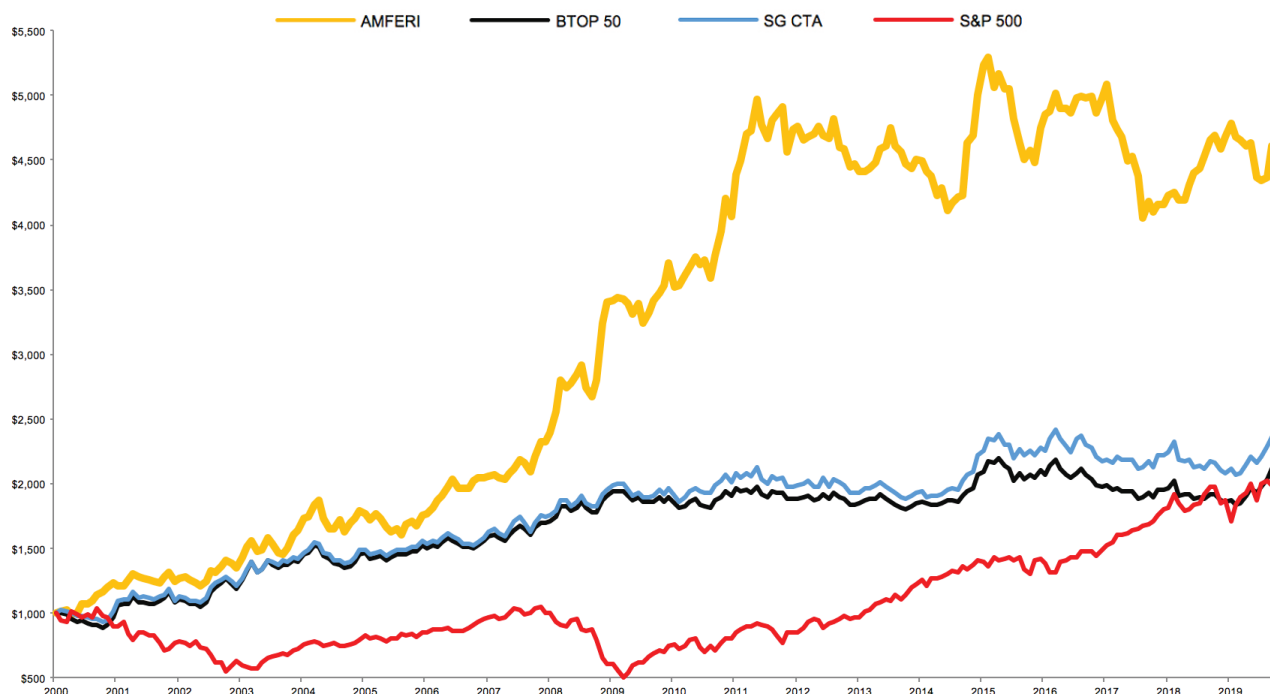
Licensing and/or sub-advisory of the strategy  
Bespoke product design  
ETFs: through partner firms  
40 Act Mutual Funds: US investors through partner firms  
Separately Managed Accounts

# AUSPICE MANAGED FUTURES INDEX

## COMMENTARY + STRATEGY FACTS

SEPTEMBER 2019

### 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%	-5.76%	-0.36%	0.50%	5.44%	-3.47%				-7.00%
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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