



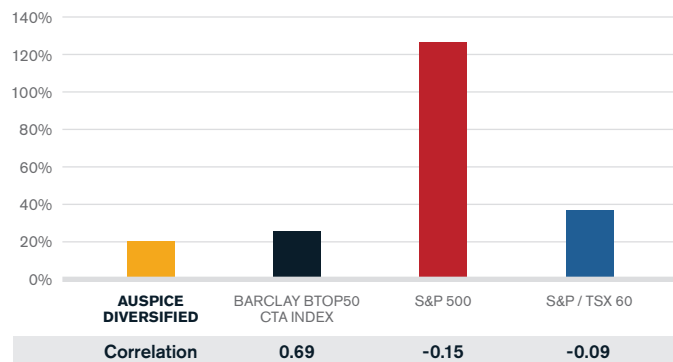
DIVERSIFIED PROGRAM

COMMENTARY +
PORTFOLIO FACTS

DECEMBER 2019



CUMULATIVE PERFORMANCE (SINCE JANUARY 2007*)



*Cumulative performance from January 2007. This represents the first full year of the fund and is most representative of the current strategy and portfolio.

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Winner - 2014
Altegris CTA Challenge



Silver Medal
Best Opportunistic Hedge Fund - 2010

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SUMMARY

The Auspice Diversified Program gained in December adding 0.25%. The Barclay BTOP50 CTA softened 0.32% for the month while the SocGen CTA Index was down an estimated 0.54% (per Table 1). Chart 1 illustrates there is a history of stronger gains at critical times while performing alongside benchmarks long-term.

Global equities finished the year up in December adding to one of the strongest years in history with many markets at all-time highs. Optimism regarding a US-China trade pact along with the US Fed holding rates steady and low helped. The S&P and Nasdaq added 2.86% and 3.38% to end up 28.88% and 35.00% respectively while the MSCI World gained 2.89%. The resource tilted Canadian TSX/S&P60 was muted and down 0.36% despite the TSX Energy sub-index adding 11.02%.

Commodities had a strong end to a generally sideways year with some markets pulling benchmarks to positive territory for the year. Strength was widespread in December with gains in petroleum Energies, Grains, Metals and Softs. The energy weighted GSCI gained 6.84% while the more diverse Bloomberg Commodity index bounced back adding 4.90%, the bulk of the 2019 gain.

Bond futures softened to end the year, continuing the recent correction despite a strong move higher for the year overall. The US dollar followed similar pattern while "commodity currencies" led gains alongside a strong British Pound post-election following a decisive win for Boris Johnson and a mandate to pull the U.K. out of the European Union.

OUTLOOK

As mentioned last month, we have been observing volatility in many commodity sectors. This is easy to miss given the opposing realities of equities making new all-time highs and a volatility index (VIX) at very low levels. It is easy to get lulled to sleep.

As such, we come into 2020 very excited about the commodity markets. While the commodity to equity ratio (at right) touched and all time low in 2019, there are signs that change is afoot as signalled by the strong year-end price move. We believe both supply and demand factors are beginning to line up. The need for materials is not miraculously going away and there is a recognized risk of a "sharp and visible drop" in capex¹ per Goldman Sachs.

Chart 1 HISTORICAL GROWTH OF \$1000 INVESTMENT

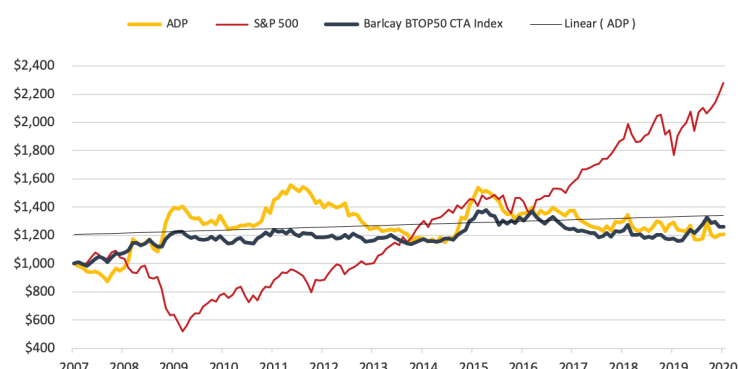
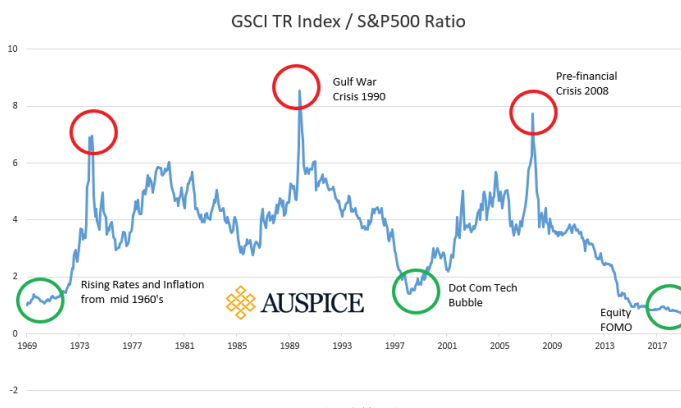


Table 1 ABSOLUTE PERFORMANCE

	Auspice Diversified	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	0.25%	-0.32%	2.86%	-0.36%
2019 YTD	-6.75%	6.73%	28.88%	18.11%
1 yr (Jan 19)	-6.75%	6.73%	28.88%	18.11%
3 yr (Jan 17)	-12.09%	1.24%	44.31%	12.76%
5 yr (Jan 15)	-17.72%	-4.15%	56.92%	18.72%
10 yr (Jan 10)	-6.12%	8.46%	189.73%	46.40%
12 yr (Jan 08)	24.73%	17.32%	120.03%	25.53%
Annualized (Jan 07)				
Return	1.45%	1.81%	6.54%	2.43%
Std Deviation	11.58%	6.66%	14.60%	12.52%
Sharpe Ratio	0.21	0.30	0.56	0.30
MAR Ratio	0.06	0.11	0.12	0.06
Worst Drawdown	-26.04%	-16.11%	-52.56%	-44.27%

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



Source: Dr. Torsten Dornin, Incrementum AG

1. Goldman Sachs recommends going long on commodity index, oil in 2020
<https://rb.gy/d3sbna>

ATTRIBUTIONS AND TRADES

Equity Indices again had the strongest attribution, leading the portfolio higher, while complimented by Soft Commodities and Metals.

Equity gains came principally from North American markets but the Nikkei (long) and VIX (short) also added value. All positions have been held.

Soft Commodities had a strong performance on the back of upside in Coffee, Cotton and Sugar. These are all late years shifts from long-term down trends added in December.

Energies suffered as the rally in petroleum markets hurt trend strategies with similar challenges in short-term strategies. While non-correlated overall, these strategies can, for short periods of time, provide similar results. Gasoline was added from the long-side on the back of the strength.

The Currency sector gained as the British Pound and Aussie dollar rallied. This was largely offset by a loss in the Swiss Franc which was entered from the short side in late November and covered.

Return Drivers: Trend following strategies led gains while the non-correlated short-term strategies were negative for the month (see Chart 3).

POSITION HIGHLIGHTS

GAINS

- Long positions in equity indices led by S&P500 and Nasdaq.
- Long British Pound.
- Long Coffee led Softs.

LOSSES

- Losses in short-term and short trend exposures in energy.
- Swiss Franc covered as it rallied early in the month.
- Short Soybeans.

Chart 2 SECTOR PNL MONTHLY ATTRIBUTION

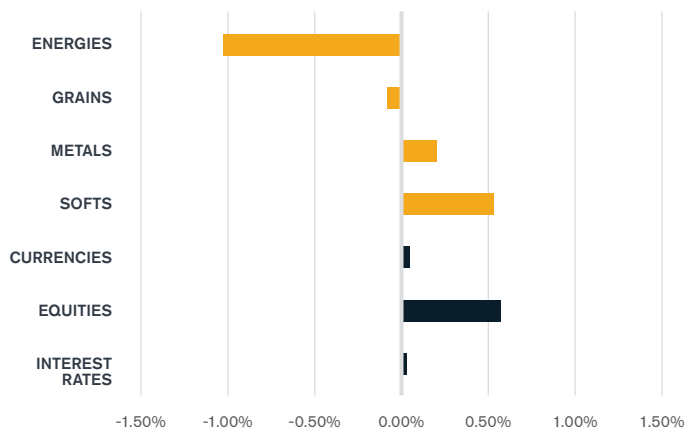
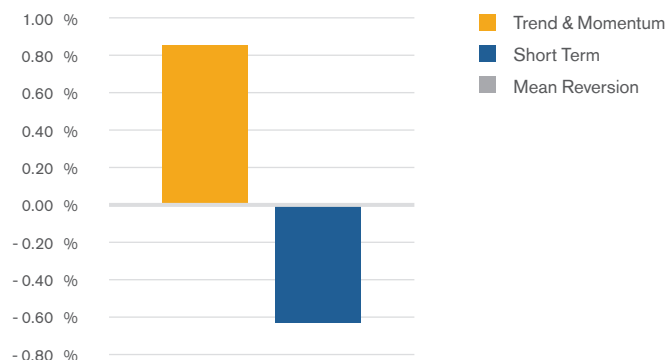


Chart 3 STRATEGY (RETURN DRIVER) ATTRIBUTION



* Strategy Attribution excludes all fees.

EXPOSURE AND RISK ALLOCATION

Commodity to Financial exposure had the commodity markets make a big gain to 71:29 from 56:44 last month per Chart 4. This highlights the movement and gains experienced recently.

Within commodities, the most notable change was increasing Soft Commodities while trimming Energy and Grains. Within Financials, Equities led the reduction complimented by Currencies.

Portfolio exposure, as measured by the Margin to Equity ratio, expanded to 8.7% from 4.8% which is above the historical average level of 6.8% (see Chart 6 next page).

Chart 4 COMMODITIES VS. FINANCIAL EXPOSURE

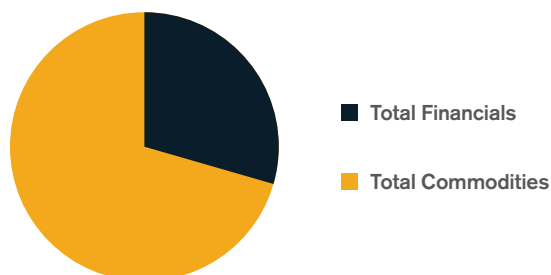
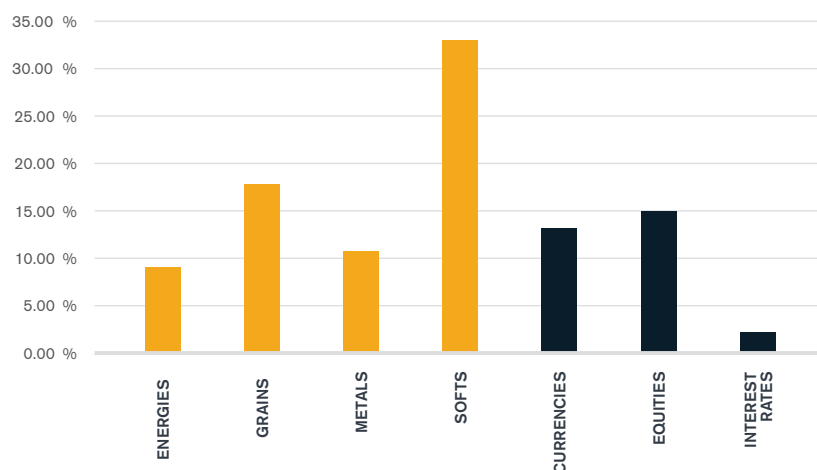


Chart 5 CURRENT SECTOR RISK



CURRENT RISK BY SECTOR

ENERGIES 8.96%

Largest Holdings	Position	% of Risk
Natural Gas	Short	4.24%
Gasoline	Long	4.04%
Crude Oil (WTI)	Short	0.35%

GRAINS 17.75%

Largest Holdings	Position	% of Risk
Wheat	Long	14.65%
Corn	Short	2.16%
Soybean Meal	Short	0.72%

METALS 10.76%

Largest Holdings	Position	% of Risk
Copper	Long	6.33%
Palladium	Long	2.41%
Gold	Long	1.03%

SOFTS 33.13%

Largest Holdings	Position	% of Risk
Cotton	Long	14.08%
Sugar	Long	11.62%
Coffee	Long	5.02%

CURRENCIES 12.67%

Largest Holdings	Position	% of Risk
British Pound	Long	5.81%
Aussie Dollar	Long	4.62%
Japanese Yen	Short	1.90%

EQUITIES 14.91%

Largest Holdings	Position	% of Risk
DJ EuroStoxx 50	Long	2.76%
S&P500	Long	2.59%
Hang Seng	Long	2.53%

INTEREST RATES 1.82%

Largest Holdings	Position	% of Risk
Euro Schatz (Germany)	Short	0.98%
Long Gilt (UK)	Long	0.69%
Treasury Note/10yr (USA)	Long	0.08%

* Risk is expressed as the maximum expected loss in a position or sector divided by the total portfolio risk across all positions.

STRATEGY DESCRIPTION

Auspice Diversified is our flagship strategy. It is a rules-based multi-strategy investment program designed to deliver superior, non-correlated returns at critical times. It represents the culmination of the ongoing research and experience of the Auspice Portfolio Management and Research teams.

The strategy draws from all of Auspice's current research (the Auspice Building Blocks). The strategy is rooted in trend following but is our most active and evolving multi-strategy quantitative approach pulling together other complementary strategies and wrapping them in a rigorous risk and capital allocation model. The strategy is designed to be agile and resilient as we believe these traits are necessary in order to generate performance long term.

With a long term correlation of -0.15 to the S&P (see front page), and a modest 0.53 correlation to the SG CTA Index (1 year basis - daily returns), this demonstrates the combined performance and non-correlation to equity and other CTAs is accretive and valuable.

THE MAIN POINTS OF DIFFERENTIATION INCLUDE:

- Higher allocation to commodities relative to our peers,
- Negative correlation to equity, no correlation to commodity,
- Low risk (margin to equity average <7.0%) makes it scalable, low round turns per million.
- Portfolio Management team with experience trading in volatile environments.
- Positive skew: Auspice Diversified has outperformed at critical times of crisis, recovery, and volatility expansion.

FUND FACTS

Chart 6 PORTFOLIO EXPOSURE (MARGIN TO EQUITY)

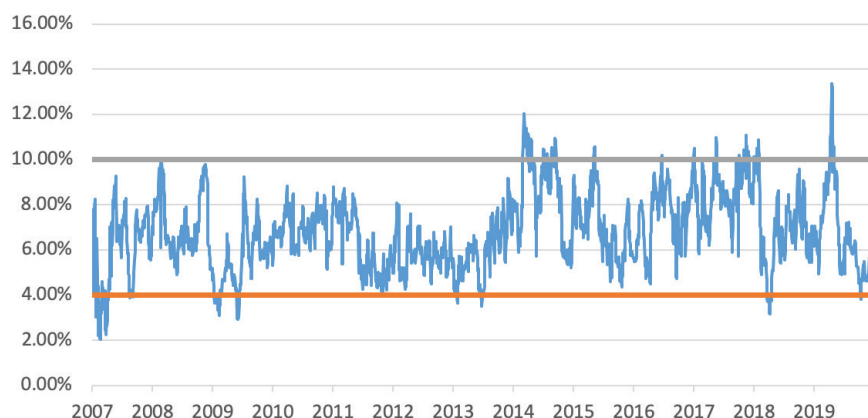


Table 3 NAVS

NAV	Auspice Diversified Trust		
Class A	8.2854	0.16%	-7.55%
Class F	8.8724	0.25%	-6.58%
Class S	8.0853	0.16%	-7.54%
Class I	10.7747	0.34%	-5.57%
Class X*	10.1556	0.25%	-6.56%

Program Statistics (from Jan 2007)		Trade Statistics	
Annualized Return	1.45%	Avg Monthly Gain	2.83%
Annualized Std Dev	11.58%	Avg Monthly Loss	-2.15%
Largest Drawdown	-26.04%	Daily Std Dev	0.67%
Sharpe Ratio ¹	0.21	Daily VAR (sim w/99% conf)	-1.46%
MAR Index ²	0.06	Round Turns per \$million	600
Sortino	0.36	Margin to Equity ratio	6.8
Upside/Downside Deviation	0.15 / 0.05	Average Hold Period (Days)	67
Correlation to S&P 500	-0.15	% Profitable	40%
Correlation to TSX60	-0.09	\$Win / \$Loss	1.51
Correlation to BCOM ER	0.03	Skew	0.98

Program Details	
Structure	Unit Trust / LP / Mngd Account / Offshore
Mgmt Fee	0-2%
Incentive Fee	20% w/High-Water Mark
Liquidity	Monthly (no lockup)
Firm Assets	\$194MM
Min. Investment	Accredited Investor / QEP
Unit Pricing	\$CAD or \$USD

1. Assumes Risk free rate of 0%.

2. MAR is the annualized return divided by the largest drawdown.

FUND FACTS (CONT)

▶ MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2019	-4.14%	-0.47%	-0.65%	3.50%	-7.43%	-0.37%	0.52%	10.60%	-7.59%	-1.33%	1.42%	0.25%	-6.75%
2018	3.12%	-5.81%	-2.27%	-0.19%	1.41%	-1.48%	1.89%	3.57%	-0.84%	-4.75%	3.66%	1.64%	-0.61%
2017	-3.66%	-1.89%	-1.35%	-1.39%	-0.53%	-0.51%	-1.61%	2.76%	-2.53%	5.16%	-0.27%	0.67%	-5.31%
2016	-0.22%	3.12%	-4.93%	3.59%	-1.64%	0.56%	2.44%	-1.55%	-1.06%	-1.34%	2.68%	-0.13%	1.15%
2015	4.66%	-1.93%	0.47%	-0.98%	-2.03%	-1.84%	-4.36%	-2.14%	0.26%	-2.74%	2.56%	0.66%	-7.47%
2014	-2.02%	1.62%	-1.84%	3.25%	-3.11%	2.65%	-0.43%	3.92%	8.56%	-0.78%	7.05%	4.19%	24.76%
2013	0.40%	-2.23%	0.26%	0.99%	-0.90%	0.66%	-1.54%	-1.33%	-4.07%	2.01%	0.04%	-0.36%	-6.01%
2012	2.41%	-1.11%	-1.19%	0.60%	1.72%	-6.29%	1.17%	-0.70%	-3.64%	-1.80%	2.38%	-0.81%	-10.24%
2011	1.39%	2.97%	-1.16%	4.09%	-1.31%	-1.62%	2.16%	-1.09%	-2.60%	-3.82%	1.07%	-3.44%	-3.66%
2010	-3.26%	0.45%	0.61%	0.95%	0.01%	0.62%	-1.02%	1.07%	1.82%	6.98%	-2.51%	6.68%	12.53%
2009	-0.61%	1.08%	-2.27%	-3.32%	-0.58%	0.15%	-3.23%	0.75%	1.44%	-2.31%	4.84%	-3.83%	-7.93%
2008	5.60%	14.59%	-1.72%	-1.58%	0.71%	2.86%	-5.61%	-1.99%	6.86%	10.80%	5.77%	2.73%	44.30%
2007	-1.43%	-1.76%	-2.42%	-0.79%	0.71%	-1.32%	-3.16%	-3.07%	5.87%	4.53%	-2.13%	2.29%	-3.11%

* Returns represent the performance for Auspice Diversified Trust, Class X (1.5% management and 15% performance fee with hurdle rate). Prior to December 2019, the returns were from Auspice Managed Futures LP, Series 1 (2% management and 20% performance fee) and based in Canadian Dollars (CAD). See Important Disclaimer and Notes for addition details.

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COMPARABLE INDICES

*Returns for **Auspice Diversified Program ("ADP")** represent the performance for Auspice Diversified Trust, Class X (1.5% management and 15% performance fee with hurdle rate). Prior to December 2019, the returns were from Auspice Managed Futures LP, Series 1 (2% management and 20% performance fee) and based in Canadian Dollars (CAD).

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 **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 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.

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.

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.

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.

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 such as the Barclay CTA Index and the Auspice Diversified Program. Adding non-correlated assets within a portfolio has the potential to reduce portfolio volatility and drawdowns.

QUALIFIED INVESTORS

For U.S. investors, any reference to the Auspice Diversified Strategy or Program, "ADP", is only available to Qualified Eligible Persons "QEP's" as defined by CFTC Regulation 4.7.

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