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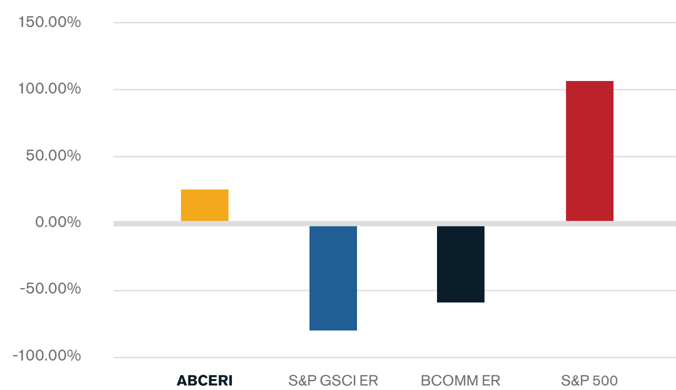
BROAD COMMODITY INDEX

COMMENTARY + STRATEGY FACTS

APRIL 2020

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



	ABCERI	S&P GSCI ER	BCOMM ER	S&P 500
Correlation		0.61	0.75	0.26

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MORNINGSTAR™ ★★★★★

3 Year Morningstar Rating™ for Direxion Auspice Broad Commodity Strategy Fund ETF (COM), which tracks ABCERI

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SUMMARY

The commodity rout, beyond energy, leveled off as talks of economic “re-start” has begun with some positive signs in Asia. Energy continued to lead the headlines as WTI oil futures traded negative for the first time in history. The energy weighted GSCI fell 9.68% while the more diverse Bloomberg Commodity index lost 1.55%.

Global equities continued the move up after bottoming since late March as a wide range of government stimulus efforts kicked in. The S&P added 12.68% to only be down 9.85% for the year, while the Nasdaq and MSCI World added 15.29% and 10.80%. The Canadian TSX/S&P60 gained 8.75% while the TSX Energy sub-index bounced 28.45%.

Bond futures stabilized off the March highs, as central bank actions, primarily stimulus from the balance sheet, left rate actions muted. The US dollar was relatively stable versus last month while many currencies recovered some of their deep sell-offs. The Canadian dollar was surprisingly resilient considering oil was trading single digit for the CCI (Canadian Crude Index).

RESULTS

The ABCERI gained a modest but standout 0.07% in April. The tactical approach of the Auspice Broad Commodity program has started to add back exposure, controlling the downside and starting to participate on the upside far better than long-only sector benchmarks (Table 1). The ABCERI long-term results (13 year and annualized returns since 2007) are the only positive results amongst comparables. The spread to the GSCI benchmark is now over 37% for 2020 year-to-date and 5-year results alongside a 12.5% annualized spread since 2007

OUTLOOK

With the bounce in equities and continued fall of commodities, the commodity to equity ratio (at right) continues to make new **all-time** lows. To repeat, commodities have **NEVER** been this week versus equities. Despite their weakness the last decade, commodities have fallen even more recently on relative basis and indeed led the reaction, starting in January, to reduced economic activity caused by the global coronavirus pandemic. They were the canary in the coal mine few saw coming.

We believe that as economies restart, alongside significant government stimulus programs ranging from financial to infrastructure, prices, including commodities are likely to respond. Whether this is classic or unexpected inflation, or stagflation (the worst kind) given the loss of employment, the risk is present.

(CONTINUED NEXT PAGE)

Chart 1 HISTORICAL GROWTH SINCE 2007

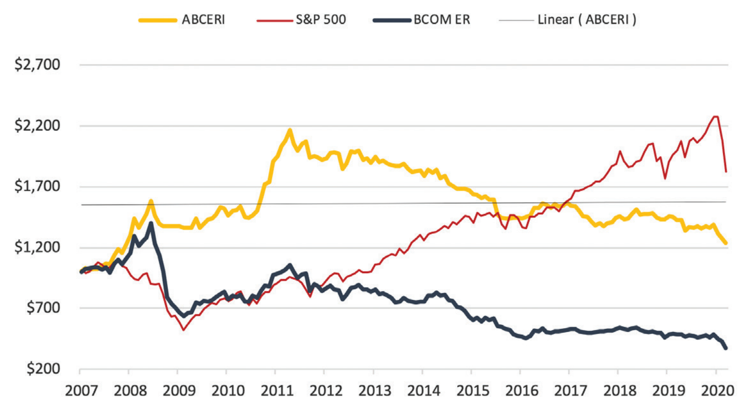
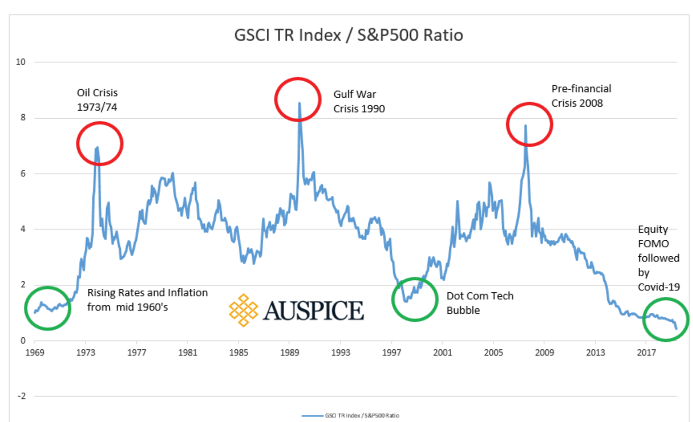


Table 1 ABSOLUTE PERFORMANCE

	ABCERI	BCOM ER	S&P GSCI ER	S&P 500
1 Month	**0.07%**	-1.55%	-9.68%	12.68%
2020 YTD	**-10.81%**	-24.71%	-48.08%	-9.85%
1 yr (May 19)	**-13.14%**	-24.42%	-49.03%	-1.13%
3 yr (May 17)	**-14.96%**	-27.51%	-42.19%	22.16%
5 yr (May 15)	**-23.68%**	-41.30%	-61.32%	39.65%
10 yr (May 10)	**-19.47%**	-54.79%	-72.50%	145.42%
13 yr (May 07)	**20.97%**	-64.84%	-79.44%	96.47%
Annualized (Jan 07)				
Return	**1.62%**	-7.27%	-10.98%	5.55%
Std Deviation	**10.38%**	16.55%	23.60%	15.43%
Sharpe Ratio	**0.22**	-0.35	-0.32	0.47
MAR Ratio	**0.04**	-0.10	-0.13	0.11
Worst Drawdown	**-42.90**	-73.87%	-88.06	-52.56%

GSCI TR INDEX / S&P500 RATIO



Source: Dr. Torsten Dennin, Incrementum AG

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OUTLOOK (CONTINUED)

To reiterate, given we don't know which markets will react or react first, we believe it is prudent to tactically consider all markets based on real momentum, not betting on the entire sector or a long-only index. Given the diversity of the sector, the tactical approach we employ is a disciplined way to participate in the commodity sector, focused on price momentum on an individual commodity merit basis. This gives the investor the best chance to catch commodity upside or inflationary pressure from this point while mitigating further downside risk.

ATTRIBUTIONS AND TRADES

There was a single change to the Broad Commodity portfolio after exiting all commodity exposures in March - it added back Gold (see Chart 3). As such, the only attribution came from Metals (see Chart 2).

This exemplifies the tactical approach not only limits downside risk by reducing individual commodity exposure on weakness, but agnostically adds it back wherever the strength re-emerges.

SECTOR HIGHLIGHTS

ENERGY

A shocking month in WTI Crude oil as futures in the prompt delivery month (May) traded negative, pressuring the sector. However, Gasoline and Natural gas found a bottom early in the month and moved higher. An historical agreement between OPEC+ and its allies witnessed a plan to cut production extending into 2022, but this was met with caution as storage in the US nears capacity. This is keeping pressure on the crude oil market despite some uptick in gasoline usage and refinery capacity. The portfolio remains without exposure at this time.

METALS

The sector found a bottom and moved up early in the month before consolidating for the latter half. Gold gained 6%, making new highs and we shifted back to long. Silver and Copper followed suit, making gains, yet we remain without exposure at this moment.

AGRICULTURE

Ags were highlighted by weakness in Grains and complimented by Sugar. However, Cotton bucked the trend and gained 12%. We remain without exposure in the entire sector.

Chart 2 INDEX RETURN ATTRIBUTION

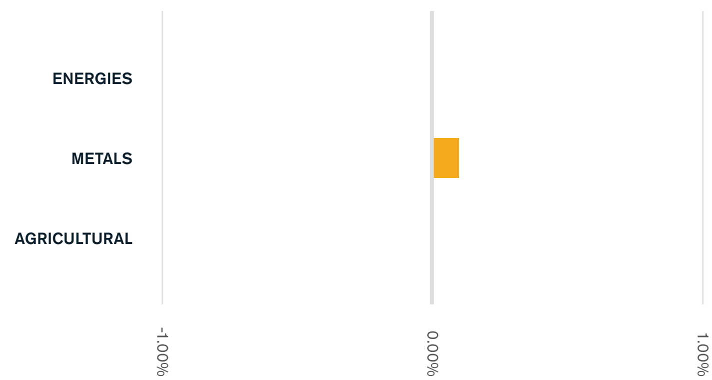
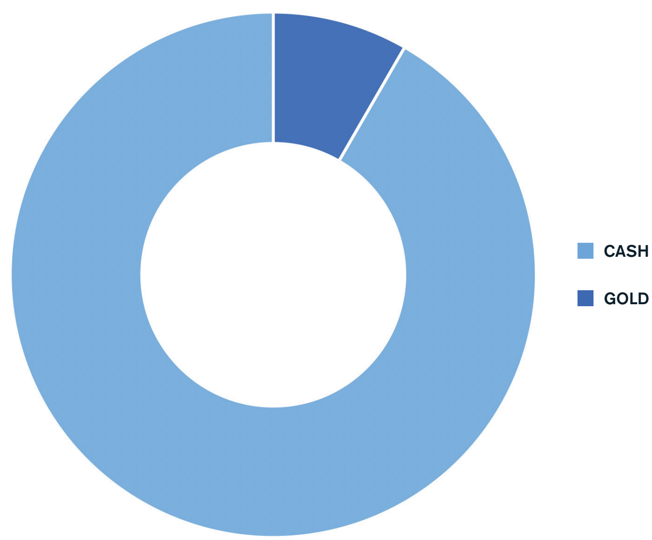


Chart 3 COMPONENT EXPOSURE: LONG / CASH



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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.

STRATEGY DESCRIPTION

The Auspice Broad Commodity Index aims to capture upward trends in the commodity markets while minimizing risk during downtrends.

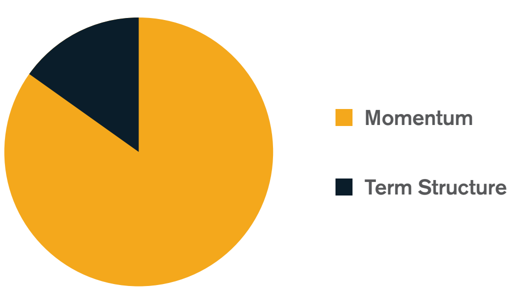
The index is tactical long strategy that focuses on Momentum and Term Structure to track either long or flat positions in a diversified portfolio of commodity futures which cover the energy, metal, and agricultural sectors. The index incorporates dynamic risk management and contract rolling methods.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

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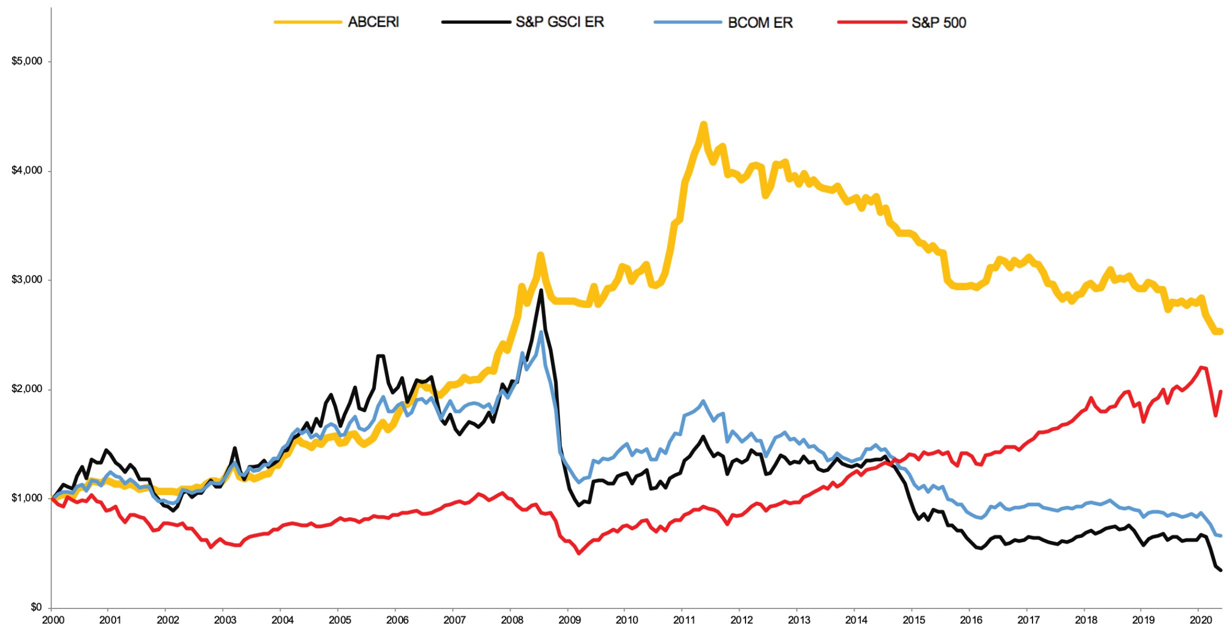
COMPARATIVE BROAD COMMODITY INDEX PERFORMANCE



MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2020	-5.36%	-3.02%	-2.89%	0.07%									**-10.81%**
2019	1.74%	-0.55%	-1.44%	-0.18%	-6.28%	2.52%	-0.27%	0.51%	-1.08%	1.17%	-0.71%	1.75%	**-3.06%**
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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