



# MANAGED FUTURES INDEX

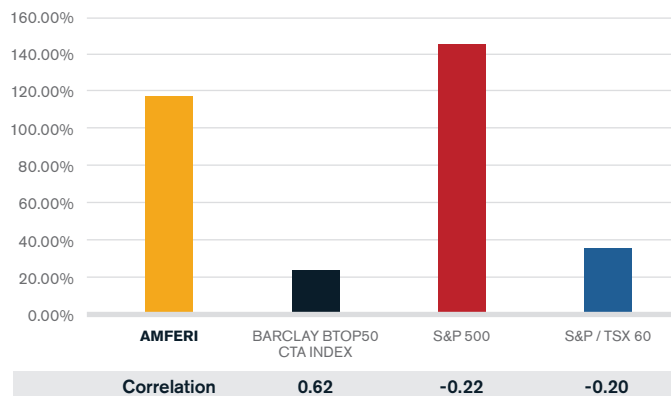
COMMENTARY +  
STRATEGY FACTS

AUGUST 2020



## CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007\*)



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## SUMMARY

Global stock markets were led higher by extraordinary gains in the US markets where the S&P500 and NASDAQ made new all-time highs. The S&P500 added 7.01% while the NASDAQ added 9.59% for a 31.24% gain in 2020. The Canadian TSX/S&P60 was up 2.25% yet still remains negative in 2020.

Commodities have come alive in recent months and continued to perform despite headliner Gold taking a breather with broad gains in Metals, Ags and Energies. Grains rallied while Silver continued to catch up propelling a stronger gain from the more diverse Bloomberg Commodity index adding 6.75% while the energy weighted GSCI added 4.58%.

Bond futures were slightly lower despite central banks stating rates would remain low for the foreseeable future. The US dollar continued to weaken as global currencies continue to trend higher.

## RESULTS

The AMFERI added 1.68% to a positive 2020 result while the benchmark Barclay BTOP50 CTA softened slightly (per Table 1). With this gain the strategy has outperformed benchmarks in 2020.

Chart 1 illustrates the significant long-term outperformance while Table 1 highlights this both recently (YTD, 1 and 3 year) as well as long-term (10, 13 year and since early 2007). The annualized result since 2007 is in-line equity benchmark gains with over 26% less relative volatility and half the drawdown, a significant outperformance on a risk-adjusted basis.

## OUTLOOK

As we enter the fall, it is hard not to feel nervous about the markets and economy. The stock market has roared back, rates are low and money is cheap alongside unprecedented stimulus. On a historical basis, commodities remain cheap. Moreover, given the re-emergence of commodity trend and volatility in recent months, we are excited to have a tilt towards this diversified asset class at a time that equity risk remains high.

If we look at the recent past, the Auspice program added value at the right times (Q1 2020, Q4 2018). While we cannot guarantee that will occur, the structure of the portfolio, without equity exposure, ensures it will not be an additional drag to portfolio returns.

Chart 1 HISTORICAL GROWTH SINCE 2007

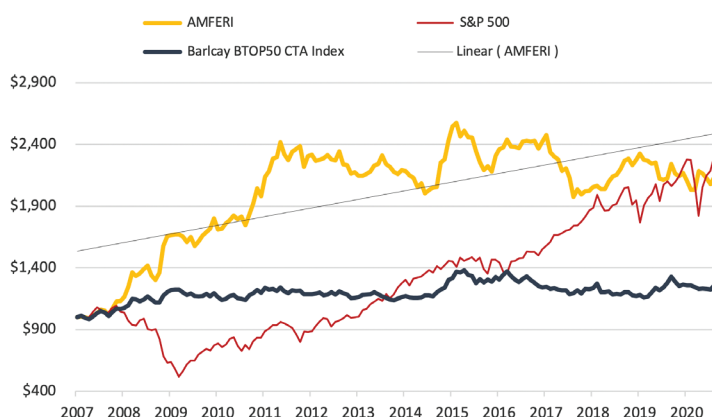


Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	1.68%	-0.26%	7.01%	2.25%
2020 YTD	2.92%	-0.14%	8.34%	-2.40%
1 yr (Sep 19)	-3.33%	-5.44%	19.61%	0.82%
3 yr (Sep 17)	6.50%	3.25%	41.62%	10.97%
5 yr (Sep 15)	-1.21%	-1.97%	77.48%	21.47%
10 yr (Sep 10)	18.19%	6.83%	233.58%	42.72%
13 yr (Sep 07)	112.95%	24.50%	137.47%	24.85%
Annualized (Jan 07)				
Return	5.82%	1.68%	6.83%	2.13%
Std Deviation	11.43%	6.57%	15.44%	13.33%
Sharpe Ratio	0.60	0.28	0.55	0.25
MAR Ratio	0.25	0.11	0.13	0.05
Worst Drawdown	-23.32%	-16.11%	-52.56%	-44.27%

## ATTRIBUTIONS AND TRADES

It was a very busy month as continued momentum in recent trends led to a number of pivots in both commodity and financial markets.

Performance was positive in 3 of 5 index sectors as gains in Metals was complimented by the Currencies and Ag sectors. The strongest gains were again made by long Silver alongside Copper while Soybeans and Cotton that were added in August also added value. The most challenging markets were Gasoline and Natural Gas alongside Corn. See Chart 2.

The portfolio added long exposure in six commodity markets or 9 of 12 components, shifting the long exposure to 75% from 25%. This now includes all three sectors – Energies, Ags and Metals (see Chart 3).

Within financials, further US dollar weakness led to shifting to a long exposure in a couple more currencies.

## SECTOR HIGHLIGHTS

### ENERGY

Coming into the month short across the sector, the persistent upside momentum led to shifts in our trend definition in most markets. Gains in energies were widespread including petroleum markets and an exceptional gain in Natural Gas. As Gasoline rallied 9%, gas exploded 36% higher. We shifted to long in WTI Oil, Gasoline and Natural Gas during the month with the only market currently remaining short is Heating Oil.

### METALS

While remaining the long-standing commodity exposure of 2020, gold took a breather after gaining approximately 30% in 2020. Despite this, the Metals sector led portfolio performance as Silver continued higher gaining 17% in August. This was complimented by base metals including Copper adding 6%.

### AGRICULTURE

Ags had a small gain as a number of position changes occurred. We have shifted exposure in both Grains and Softs from short to long. Soybeans led Grains moving 7% higher and were added while we remain short both Corn and Wheat at this moment. However, we shifted both Cotton and Sugar to long within Softs for a well-rounded and diverse exposure.

### INTEREST RATES

US Rate futures moved slightly lower and we remain long across the curve.

Chart 2 INDEX RETURN ATTRIBUTION

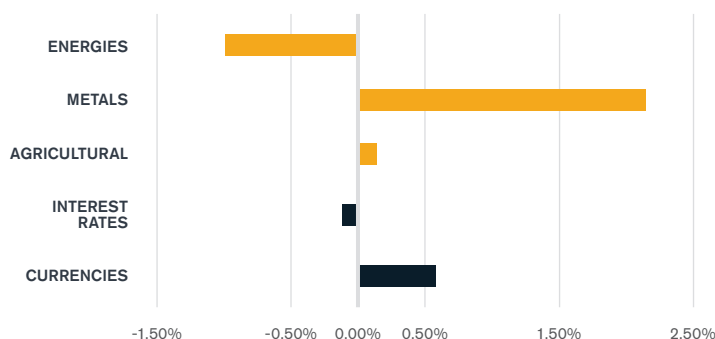
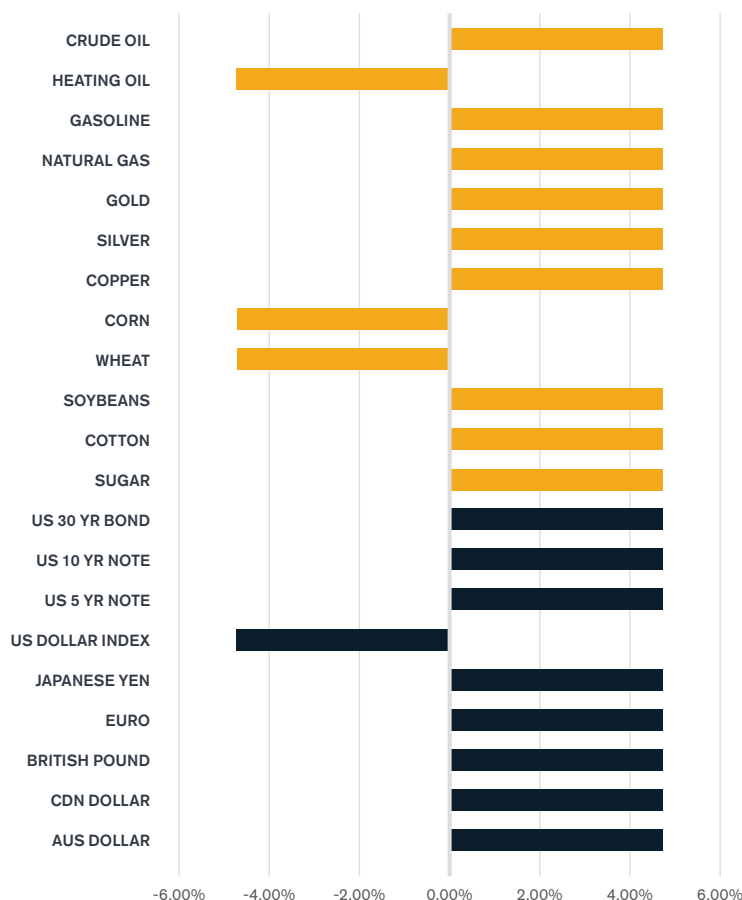


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



### CURRENCIES

Global currencies continued to strengthen in August vis-à-vis the US Dollar and more changes were made to shift exposures. The British Pound and Canadian Dollar have shifted to long for a solid sector gain.

## 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:

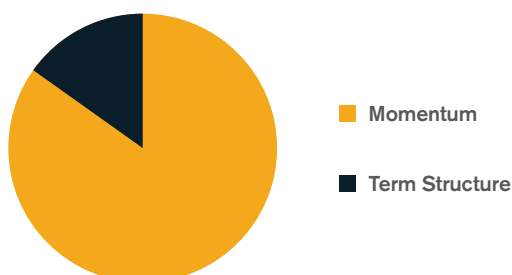
## STRATEGY DESCRIPTION

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

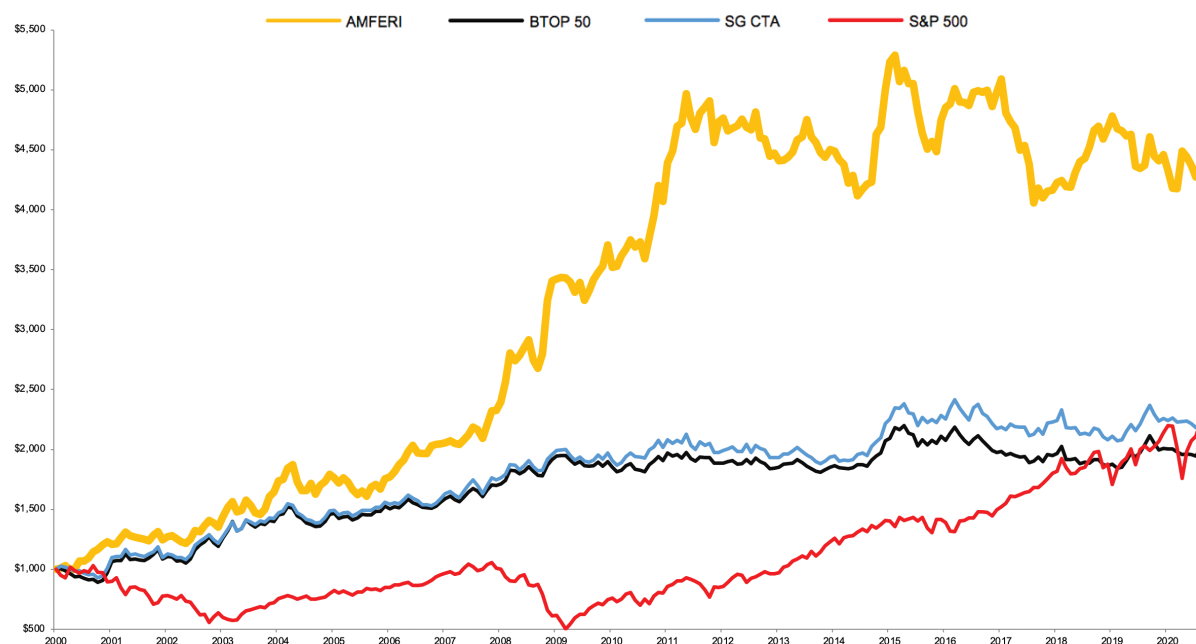
Licensing and/or sub-advisory of the strategy  
Bespoke product design  
ETFs: through partner firms  
40 Act Mutual Funds: US investors through partner firms  
Separately Managed Accounts

# AUSPICE MANAGED FUTURES INDEX

## COMMENTARY + STRATEGY FACTS

AUGUST 2020

### COMPARATIVE MANAGED FUTURES INDEX PERFORMANCE



### MONTHLY PERFORMANCE TABLE\*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2020	-3.37%	-0.11%	7.44%	-0.97%	-1.66%	-2.20%	2.48%	1.68%					2.92%
2019	-2.20%	-0.35%	-0.97%	0.32%	-5.76%	-0.36%	0.50%	5.44%	-3.47%	-0.90%	1.21%	-2.99%	-9.50%
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

## IMPORTANT DISCLAIMERS AND NOTES

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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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