AUSPICE

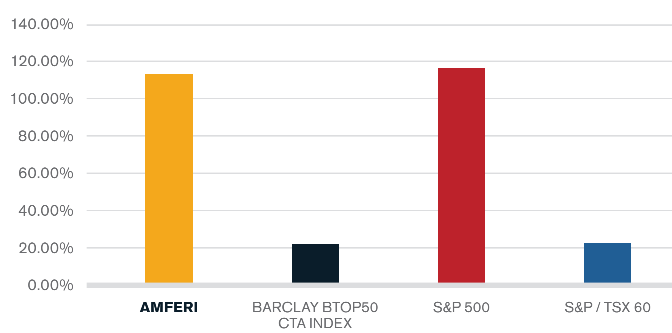
MANAGED FUTURES INDEX

COMMENTARY + STRATEGY FACTS

MAY 2020

CUMULATIVE PERFORMANCE

(SINCE JANUARY 2007*)



Correlation	0.62	-0.23	-0.21

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SUMMARY

While stimulus efforts took some pause, global equities seemed to use any and all information positively to gain. The S&P added 4.53% to only be down 5.77% for the year, while the Nasdaq and MSCI World added 6.75% and 4.63%. The Canadian TSX/S&P60 gained 2.86% while the TSX Energy sub-index continues to struggle despite the gain in energy commodities, softening 0.65% to be off 46.76% in 2020.

Commodities found a bottom and led by the energy sector, have started to climb as economic activity starts to pick-up. While oil almost doubled in price in May, gains were found broadly including some soft commodities, precious and base metals. The energy weighted GSCI jumped 16.36% while the more diverse Bloomberg Commodity index added 4.33%.

Bond futures traded a tight range and ended the month largely unchanged. While data shows economic activity down 20% since February, a far sharper drop than during the 2008 financial crisis and in a much shorter timeframe, the US Fed has taken pause from a rate perspective. Talk of negative rates in the US has calmed while intensified in the UK. The US dollar lost some ground in May allowing many currencies to gain especially the Canadian and Aussie “commodity currencies”.

RESULTS

The AMFERI gave back 1.66% while the benchmark Barclay BTOP50 CTA fell 0.32% for the month (per Table 1). The strategy remains outperforming in 2020 with the YTD spread at over 3% and positive.

Chart 1 illustrates the long-term outperformance while Table 1 highlights this for 10, 13 year and since early 2007. The annualized result since 2007 is in-line equity benchmark gains with over 25% less relative volatility and half the drawdown, a significant outperformance on a risk-adjusted basis.

OUTLOOK

Last month we highlighted that the outlook from the IMF warned of output losses “dwarfing” the financial crisis, industrial production and manufacturing hitting lows not seen since WWII and unprecedented unemployment.

This month Jay Powell, the chair of the Federal Reserve, stated that “additional policy measures” may be needed from the US central bank and fiscal authorities to prevent greater long-term damage to the economy from the coronavirus pandemic. He added “…the path ahead is both highly uncertain and subject to significant downside risks.”

Chart 1 HISTORICAL GROWTH SINCE 2007

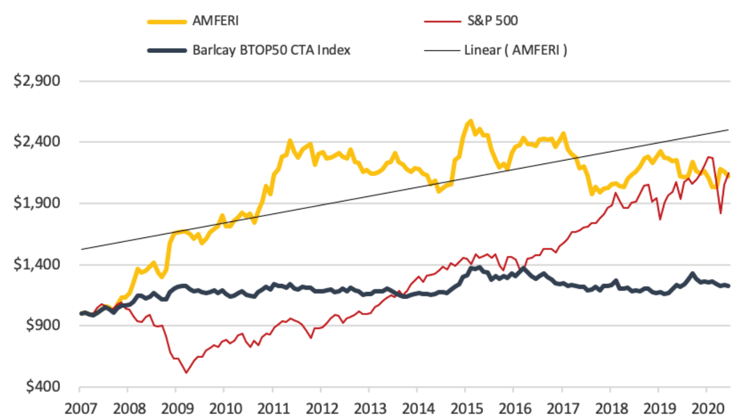

Table 1 ABSOLUTE PERFORMANCE

	AMFERI	Barclay BTOP50 CTA Index	S&P 500	TSX 60
1 Month	**-1.66%**	-0.32%	4.53%	2.86%
2020 YTD	**1.00%**	-2.25%	-5.77%	-9.63%
1 yr (Jun 19)	**0.16%**	0.96%	10.62%	-4.65%
3 yr (Jun 17)	**-3.63%**	0.81%	26.23%	1.19%
5 yr (Jun 15)	**-13.48%**	-7.86%	44.46%	4.81%
10 yr (Jun 10)	**18.48%**	6.58%	184.33%	32.61%
13 yr (Jun 07)	**105.94%**	18.92%	98.89%	14.04%
Annualized (Jan 07)				
Return	**5.78%**	1.55%	5.86%	1.58%
Std Deviation	**11.49%**	6.58%	15.42%	1.34%
Sharpe Ratio	**0.59**	0.26	0.49	0.22
MAR Ratio	**0.25**	0.10	0.11	0.04
Worst Drawdown	**-23.32%**	-16.11%	-52.56%	-44.27%

Yet the equity market continued to rally. And while we have expressed our surprise, we want to make sure something is clear: given we invest agnostically, without fundamentally driven opinion, we are open to what the market provides in terms of movement, up or down, across a variety of commodity and financial markets. While this strategy does not participate in equity markets, we believe the potential for significant movement and volatility across our diverse portfolio is high given the circumstances. As such, there is a potential great opportunity set for 2020 and notably does not have the potential to get “caught” should the equity market correct.

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ATTRIBUTIONS AND TRADES

There were no portfolio changes from a directional perspective. Most changes were focused on position risk re-sizing.

The portfolio remains short 11 of 12 commodity components (or 92%) and includes all 3 sectors - Energies, Metals and Ags (see Chart 3).

In the financial markets, the portfolio remains long US interest rate futures across the curve and positioned the same in currencies.

Performance was positive in 2 of 5 index sectors, both commodity and financial. Gains were again led by short exposures in the Grains portion of Ags. This was complemented by a gain from a slightly softening Cotton market. Natural gas was the largest portfolio gain and weakest commodity as the market softened 13%.

Negative performance came from existing shorts across the rising Energy and Metals markets while Gold provided a small offset. See Chart 2.

SECTOR HIGHLIGHTS

ENERGY

WTI Crude oil made significant gains alongside Gasoline and to a lesser extent, Heating Oil. While a large gain, we remain short and a substantial way from a trend change at this time. Natural gas fell sharply and provided a significant profitable offset to the negative performance for the sector.

METALS

Metals made gains across both precious and base markets. Silver led the way gaining nearly 24% to be the strongest commodity outside of energies. With the exception of Gold, the portfolio remains short the sector, but this will be one to monitor closely, especially Silver.

AGRICULTURE

Ags had a positive sector gain as modest weakness across the grains was complimented by Cotton. Sugar went the other direction, rallying 5% yet we remain short the long-term trend.

INTEREST RATES

US Rate futures were quiet for the first month in many and we remain long across the curve.

CURRENCIES

Currencies also moderated after intense volatile in March and April. As the US dollar softened, currencies were led higher by Canadian and Aussie dollars. As we are positioned with the longer term trend, there was a modest loss in the sector. The exception was long positioning in the Japanese Yen, also softening alongside the US Dollar.

Chart 2 INDEX RETURN ATTRIBUTION

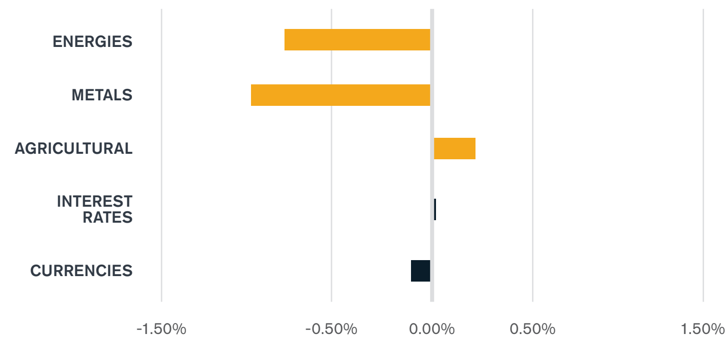
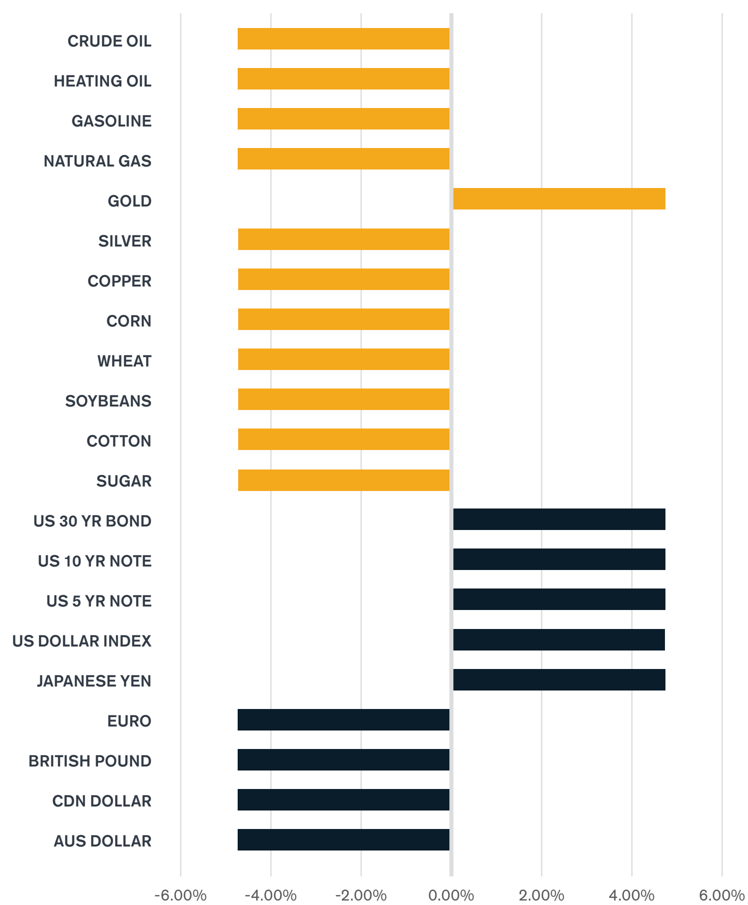


Chart 3 COMPONENT EXPOSURE: SHORT/LONG



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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:

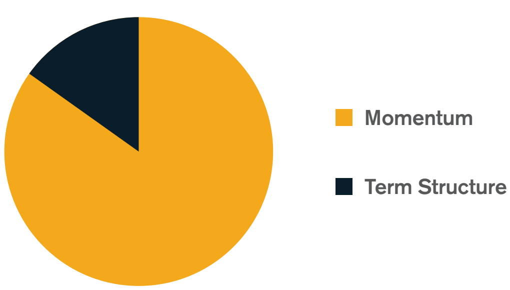
STRATEGY DESCRIPTION

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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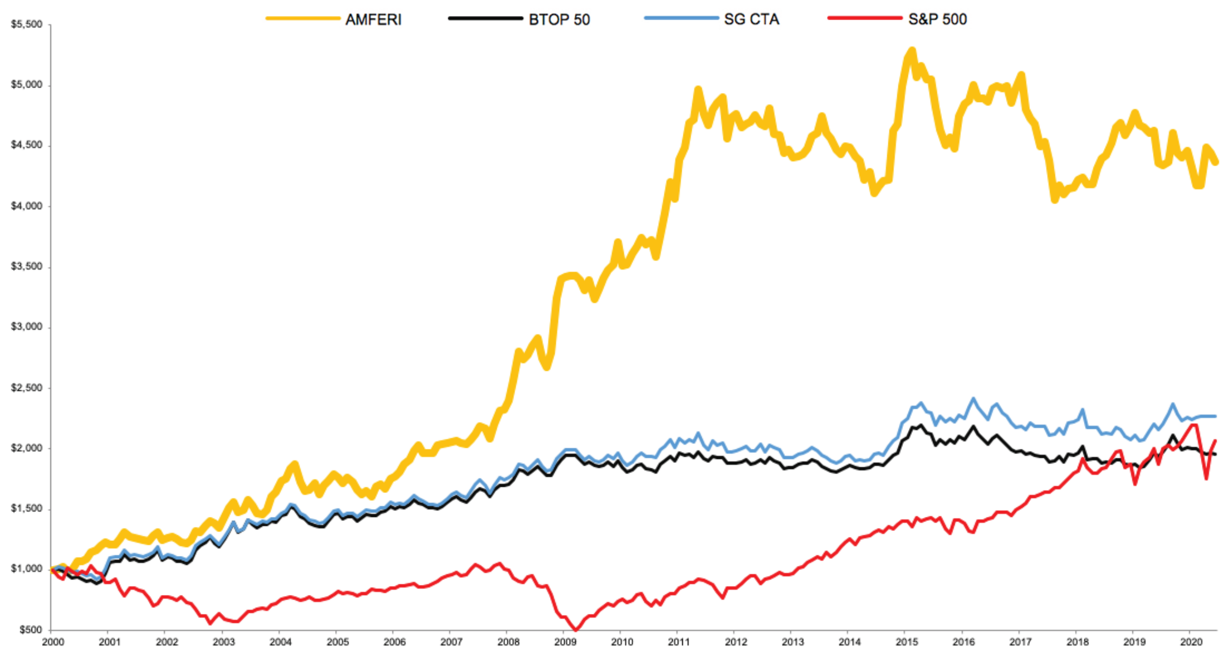
COMPARATIVE MANAGED FUTURES INDEX PERFORMANCE



MONTHLY PERFORMANCE TABLE*

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	RETURN
2020	-3.37%	-0.11%	7.44%	-0.97%	-1.66%								**1.00%**
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

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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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